ENI SPA
Form 6-K
March 05, 2007
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN ISSUER
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of February 2007

Eni S.p.A.
(Exact name of Registrant as specified in its charter)

Piazzale Enrico Mattei 1 - 00144 Rome, Italy
(Address of principal executive offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F x Form 40-F o

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2b under the Securities Exchange Act of 1934.)

Yes o No x

(If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): ________)

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Press Release dated February 12, 2007

Press Release dated February 22, 2007

Press Release dated February 23, 2007

Press Release dated February 23, 2007

Report on Preliminary Results for 2006

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorised.

Eni S.p.A.

Name: Fabrizio Cosco
Title: Company Secretary

Date: February 28, 2007

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PRESS RELEASE

Eni signs with Nigeria LNG the agreement for the purchase of 2 billion cubic meters per year of liquefied natural gas (LNG)

San Donato Milanese (Milan), 12 February 2007 Eni signed today a twenty years Sale and Purchase Agreement (SPA) with Nigeria LNG (NLNG) Limited for the acquisition of 1.375 Million Tonnes per year (equivalent to approximately 2 billion cubic meters per year) of liquefied natural gas (LNG). LNG volume sold to Eni will be part of the volume which would be produced from the expansion plant in Bonny named "NLNG T7" which is expected to come into operation in 2012.

Nigeria LNG is a Nigerian Joint Venture company whose shareholders are Nigerian National Petroleum Corporation (49%), Shell (25.6%), TotalFinaElf (15%) and Eni (10.4%).

LNG will be delivered by Nigeria LNG to the terminal of Cameron, Louisiana, where Eni already holds a re-gasification capacity of some 6 bcm/year, and will be sold to the US market. The volumes of LNG delivered to Eni through this agreement represent some 17% of the whole production of Bonny s Train 7 expansion.

This agreement will make a further sizeable contribution to Eni supplies' portfolio, enabling the company to strengthen its activities in the USA and its role as leading player in the global LNG market .

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PRESS RELEASE

Eni acquires operated assets by Maurel & Prom in Congo for a total amount of US $ 1,434 million

Eni enhances its presence in Congo

San Donato Milanese (Milan), 22 February 2007 - Eni acquires large portion of the Congolese activities operated by Maurel & Prom, a French upstream company, listed on Euronext Paris Stock Exchange, and active in Africa, Europe and South America.

The transaction includes all Maurel & Prom interests in the producing fields of M Boundi (48.6%) and Kouakouala A (66%), the production concession of Kouakouala B, C, D (50%) as well as most of the interests in the Kouilou (50%) exploration permit. All assets are located onshore in Congo.

The agreed price for the transaction is US $ 1,434 million, which includes the exploration asset for US $ 80 million.

The net equity production of the M Boundi field is expected to be 17,000 bopd in 2007 and to grow to approximately 28,000 bopd in 2010, with an average increase of 18% per year in the 2007/2010 period, as a result of the implementation of a water injection program.

This giant field holds 1.4 billion boe of volume of original oil in place and produces a high quality oil (39 °API).

Through this acquisition, Eni s entitlement production in Congo will increase from the 67,000 bpd recorded in 2006 to about 100,000 bpd in 2010 and the 2P equity reserves will increase by 126 million boe ($ 10.7 per barrel).

The deal is consistent with Eni s strategy of acquiring hydrocarbons reserves and production in legacy countries where it plays an important role as operator and where it can add value by applying its core competencies.

The transaction is subject to the partners waiver of their pre-emption right on the M Boundi Field and to the approval by the Congolese authorities.

Eni has been active in Congo since 1968 with exploration and development activities in which it has invested a total of US $3.9 billion. Overall production at December 31, 2006 was 407 million boe.

Banca Leonardo acted as financial advisor to Eni.

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ENI ANNOUNCES PRELIMINARY RESULTS FOR THE FOURTH QUARTER AND FULL YEAR 2006

RECORD EARNINGS AND CASH FLOW

Full year dividend proposal: euro 1.25 per share, up 13.6% (includes interim dividend of euro 0.60 per share paid in October 2006)
Adjusted net profit: down 1.7% to euro 2.35 billion for the fourth quarter and up 12.5% to euro 10.41 billion for 2006
Net profit: down 27.8% to euro 1.52 billion for the fourth quarter and up 4.9% to euro 9.22 billion for 2006
Cash Flow: euro 1.78 billion for the fourth quarter and euro 17 billion for 2006
Total shareholder return [a]: 14.8% in 2006
Oil and natural gas production was stable in the quarter; up 2% year on year
Gas sales in Europe were down 1.5% in the quarter; up 4% year on year

San Donato Milanese, February 23, 2007 - Eni, the international oil and gas company today announces its group results for the fourth quarter and for 2006 (unaudited).

Paolo Scaroni, Chief Executive Officer, commented:
Full year 2006 results were a record, driven by continued improvements in performance and consistent execution of our strategy, in a broadly favourable trading environment. I am particularly pleased that the total shareholder return came in at an excellent 14.8%, one of the highest among our peers. Our disciplined approach to growth is the cornerstone of delivering superior results that generate attractive long term returns for our shareholders.

Fourth Quarter 2005	Third Quarter 2006	Fourth Quarter 2006	% Ch. 4Q 06 vs 05		Full Year 2005	Full Year 2006	% Ch.
				Summary Group results (million euro)			
4,396	4,828	3,957	(10.0)	Operating profit	16,827	19,327	14.9
4,931	5,127	4,776	(3.1)	Adjusted operating profit (1)	17,558	20,490	16.7
2,105	**2,422**	**1,520**	**(27.8)**	**Net profit** (2)	**8,788**	**9,217**	**4.9**
0.56	0.66	0.41	(26.6)	- per ordinary share (euro) (3)	2.34	2.49	6.6
1.34	1.67	1.06	(20.4)	- per ADS ($) (3)(4)	5.81	6.26	7.7
2,396	**2,620**	**2,355**	**(1.7)**	**Adjusted net profit** (1)(2)	**9,251**	**10,412**	**12.5**
0.64	0.71	0.64		- per ordinary share (euro) (3)	2.46	2.81	14.4
1.52	1.81	1.65	8.4	- per ADS ($) (3)(4)	6.12	7.07	15.5

(1) For a detailed explanation of adjusted operating profit and net profit see page 19.

(2) Profit attributable to Eni shareholders.

(3) Fully diluted. Dollar amounts are converted on the basis of the average EUR/USD exchange rate quoted by the ECB for the periods presented.

(4) One American Depositary Share is equal to two Eni ordinary shares.

(a) The Total Shareholder Return is a measure of the total return of a share calculated on a yearly basis, based on the change in price from the beginning and end of year, and dividends distributed and reinvested at the ex dividend date.

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Financial highlights

Fourth Quarter

Adjusted net profit was euro 2.35 billion, slightly down from a year ago (down 1.7%). Adjusted operating profit of euro 4.78 billion decreased 3.1% from a year ago, due to the negative impact of the 8.5% appreciation of the euro versus the dollar, higher exploratory expenses, and a weak refining performance. On the positive side, the Gas & Power and Petrochemical divisions posted better operating results.

Net borrowings increased by euro 2.91 billion in the quarter to euro 6.76 billion, as cash needs for capital expenditure of euro 2.94 billion, the payment of an interim dividend of euro 2.21 billion and the repurchase of 4.33 million of own shares at a cost of euro 105 million exceeded net cash generated by operating activities[1] of euro 1.78 billion and a reduction in net borrowings as a result of exchange rate differences.

Full Year

Revenues were up 16.8% to euro 86.10 billion.

Adjusted net profit was euro 10.41 billion, up 12.5% from a year ago. This reflects a better operating performance (up 16.7% to euro 20.49 billion), partly offset by a higher Group tax rate on an adjusted basis, up 2.7 percentage points (from 46% to 48.7%).

Net cash generated by operating activities totalled euro 17 billion allocated as follows: euro 7.83 billion to capital expenditure and euro 5.85 billion to shareholder distribution in terms of dividends and share repurchase. The balance combined with the positive impact of exchange rate differences contributed to a euro 3.71 billion reduction in net borrowings.

Repurchase of own shares: a total of 53.13 million of own shares were purchased at a cost of euro 1,241 million. Since the inception of the share repurchase programme, a total of 335 million of own shares were repurchased at a cost of euro 5,512 million, reducing by approximately 8% the number of shares outstanding and boosting 2006 earnings per share by the same amount.

At year-end, the ratio of net borrowings to shareholders equity including minorities decreased to 0.16 from 0.27 at year-end 2005.

Return on average capital employed (ROACE)[2] calculated on an adjusted basis for the twelve-month period ending December 31, 2006 was 22.7% (20.5% in 2005).

2006 Dividend

The Board of Directors intends to submit to the Annual Shareholders Meeting the proposal of distributing a cash dividend of euro 1.25 per share[3] for 2006, up 13.6% as compared to 2005 (euro 1.10 per share). Included in this annual payment is euro 0.60 per share which was distributed as interim dividend in October 2006. The balance of euro 0.65 per share is payable on June 21, 2007 to shareholders on the register on June 18, 2007.

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(1) See disclaimer below.

(2) Non-GAAP financial measures disclosed throughout this press release are accompanied by explanatory notes and tables to help investors to gain a full understanding of said measures in line with guidance provided for by CESR recommendation No. 2005-178b. See pages 28 and 29 for leverage, net borrowings and ROACE, respectively.

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

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Fourth Quarter 2005	Third Quarter 2006	Fourth Quarter 2006	% Ch. 4Q 06 vs 05		Full Year 2005	Full Year 2006	% Ch.
				Key operating data			
1,806	1,709	1,796	(0.6)	Oil and natural gas production (kboe/d)	1,737	1,770	1.9
10,564	7,259	10,406	(1.5)	Natural gas sales in Europe (mmcf/d)	9,076	9,435	4.0
530	*526*	*572*	*8.0*	*- of which upstream sales*	*563*	*544*	*(3.4)*
				Retail sales of refined products in Europe			
247	260	248	0.4	Agip brand (kbbl/d)	248	249	0.4
6.07	6.33	6.07		Electricity sold production (TWh)	22.77	24.82	9.0

Fourth Quarter

Oil and natural gas production for the quarter averaged 1.8 mmboe/d, almost unchanged compared with the fourth quarter of 2005, despite the adverse impact of the loss of production at the Venezuelan Dación oilfield (down 61 kbbl/d) as a consequence of the unilateral cancellation of the service contract for the field by the Venezuelan state oil company PDVSA. Libya, Kazakhstan and the Gulf of Mexico were the main growth areas.

Natural gas sales in Europe were down 1.5% to 10,406 mmcf/d, due to mild weather conditions affecting sales in Italy. This decrease was partly offset by the growth in sales in a number of target European markets and the build-up of supplies of natural gas from Libya.

The trading environment was supported by higher oil prices with average Brent crude prices close to $60 per barrel, up 5% compared to the fourth quarter of 2005, and improved selling margins on natural gas and petrochemical products. These positives were offset in part by the appreciation of the euro over the dollar (up 8.5%) and a steep decline in refining margins on the Brent crude marker (down 56.8%), partly offset by the higher profitability of processed crudes.

Full Year

Oil and natural gas production for the year averaged 1.77 mmboe/d, up 1.9% compared with 2005. This included the loss of production at the Venezuelan Dación oilfield (down 46 kbbl/d) and lower entitlements in certain Production Sharing Agreements (PSAs)[4] and buy-back contracts due to higher oil and gas prices (down 21 kbbl/d). Eni delivered its 3% production growth rate based on a $55 per barrel scenario, as announced in the 2006 quarterly production outlook. Libya, Angola and Egypt were the main growth areas.

Net proved reserves at December 31, 2006 stood at 6.44 bboe (down 6% compare with December 31, 2005), representing 10 years of remaining production at the current rate. Organic proved additions, as calculated by applying a year-end Brent price of $58.93 per barrel, replaced 65% of production. Assuming Brent is constant at $40 per barrel when determining entitlements in PSAs, the three-year average proved reserve replacement ratio would be 106%.

Natural gas sales in Europe were up 4% to 9,435 mmcf/d driven primarily by the growth in sales in a number of target European markets and the build-up of supplies of natural gas from Libya.

Exploration activity: Eni invested euro 1,348 million, a 106% increase compared to 2005, executing a huge exploration campaign leading to the completion of 68 exploratory wells (36 net to Eni) with a commercial rate of success of 43% (49% net to Eni). A further 26 wells are in progress as of the year-end and 152,000 square kilometres of new acreage has been acquired (99% operated by Eni).

(4) In PSAs the national oil company awards the execution of exploration and production activities to the international oil company (contractor). The contractor bears the mineral and financial risk of the initiative and, when successful, recovers capital expenditure and costs incurred in the year (Cost oil) by means of a

share of production. This production share varies along with international oil prices. In certain PSAs changes in international oil prices also affect the share of production to which the contractor is entitled in order to remunerate its capital employed (Profit oil). A similar scheme applies to buy-back contracts.

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Outlook

Eni will present in detail its strategy, targets and outlook for its 2007-2010 plan at 15:00 CET today.
The outlook for Eni in 2007 remains positive, with key business trends for the year as follows:

- **production of liquids and natural gas** is forecast to remain on the same level as 2006 (1.77 mmboe/d in 2006). Mature field decline in Italy and in the North Sea is expected to be offset by a growth in Libya, due to the build-up of the Western Libyan Gas Project;
- **sales volumes of natural gas in Europe** are forecast to increase from 2006 levels (9,435 mmcf/d). Major increases are expected in the Iberian Peninsula, German/Austrian and French markets;
- **sold production of electricity** is expected to increase from 2006 levels (24.82 TWh) due to the ramp-up of production capacity in Brindisi and the planned start-ups of new capacity at the Ferrara power plant;
- **refining throughputs on Eni s account** are forecast to decline slightly from 2006 (761 kbbl/d) due to the termination of the contract for processing certain volumes of crude at the Priolo refinery s facilities owned by a third party, to be offset by higher throughputs expected at Gela, Livorno and Sannazzaro refineries;
- **retail sales of refined products** are expected to slightly increase in Italy due to planned marketing initiatives, and in the rest of Europe due to new acquisitions of service stations in target markets.

In 2007 management expects to increase capital expenditure from the 2006 level (euro 7.83 billion in 2006).

Increases will be apportioned to the development of oil and natural gas reserves, upgrading of refineries and the retail network, and upgrading of natural gas import and transport infrastructure.

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Disclaimer
Due to the seasonality in demand for natural gas and certain refined products and the changes in a number of external factors affecting Eni s operations, such as prices and margins of hydrocarbons and refined products, Eni s results from operations and changes in net borrowings for the fourth quarter cannot be extrapolated on an annual basis.

Cautionary statement
This press release, in particular the statements under the section "Outlook", contains certain forward-looking statements particularly those regarding capital expenditure, development and management of oil and gas resources, dividends, share repurchases, allocation of future cash flow from operations, future operating performance, gearing, targets of production and sale growth, new markets, and the progress and timing of projects. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future.
Actual results may differ from those expressed in such statements, depending on a variety of factors, including the timing of bringing new fields on stream; management s ability in carrying out industrial plans and in succeeding in commercial transactions; future levels of industry product supply; demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; development and use of new technology; changes in public expectations and other changes in business conditions; the actions of competitors and other factors discussed elsewhere in this document.

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This press release and Eni s Report on the Preliminary Results for the Fourth Quarter and Full Year of 2006 (unaudited) are also available on the Eni web site: "www.eni.it".

About Eni
Eni is one of the leading integrated energy companies in the world operating in the oil and gas, power generation,

petrochemicals, engineering and construction industries. Eni is present in 73 countries and is Italy s largest company by market capitalisation.

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Summary results for the fourth quarter and for 2006

(million euro)

Fourth Quarter 2005	Third Quarter 2006	Fourth Quarter 2006	% Ch. 4Q 06 vs 05		Full Year 2005	Full Year 2006	% Ch.
21,506	**20,366**	**21,416**	**(0.4)**	**Net sales from operations**	**73,728**	**86,105**	**16.8**
4,396	**4,828**	**3,957**	**(10.0)**	**Operating profit**	**16,827**	**19,327**	**14.9**
(209)	82	341		Exclusion of inventory holding (gains) losses	(1,210)	88	
744	217	478		Exclusion special items:	1,941	1,075	
				of which:			
290	*21*	*182*		*- non-recurring items*	*290*	*206*	
454	*193*	*296*		*- other special items*	*1,651*	*869*	
4,931	**5,127**	**4,776**	**(3.1)**	**Adjusted operating profit**	**17,558**	**20,490**	**16.7**
2,105	**2,422**	**1,520**	**(27.8)**	**Net profit pertaining to Eni**	**8,788**	**9,217**	**4.9**
(131)	30	213		Exclusion of inventory holding (gains) losses	(759)	33	
422	168	622		Exclusion special items:	1,222	1,162	
				of which:			
290	*19*	*199*		*- non-recurring items*	*290*	*218*	
132	*149*	*423*		*- other special items*	*932*	*944*	
2,396	**2,620**	**2,355**	**(1.7)**	**Adjusted net profit pertaining to Eni**	**9,251**	**10,412**	**12.5**
102	90	178	74.5	Net profit of minorities	459	606	32.0
2,498	**2,710**	**2,533**	**1.4**	**Adjusted net profit**	**9,710**	**11,018**	**13.5**
				Break-down by division:			
1,572	1,958	1,304	(17.0)	Exploration & Production	6,186	7,279	17.7
640	472	873	36.4	Gas & Power	2,552	2,862	12.1
221	257	115	(48.0)	Refining & Marketing	945	629	(33.4)
64	4	141	120.3	Petrochemicals	227	174	(23.3)
118	117	131	11.0	Engineering and Construction	328	400	22.0
(90)	(94)	(85)	(5.6)	Other activities	(297)	(301)	(1.3)
(46)	(16)	57	..	Corporate and financial companies	(142)	54	..
19	12	(3)	..	Unrealized profit in inventory (1)	(89)	(79)	11.2
2,498	**2,710**	**2,533**	**1.4**		**9,710**	**11,018**	**13.5**
				Net profit pertaining to Eni			
0.56	0.66	0.41	(26.6)	- per ordinary share (euro)	2.34	2.49	6.6
1.34	1.67	1.06	(20.4)	- per ADS ($)	5.81	6.26	7.7
				Adjusted net profit pertaining to Eni (2)			
0.64	0.71	0.64		- per ordinary share (euro)	2.46	2.81	14.4
1.52	1.81	1.65	8.4	- per ADS ($)	6.12	7.07	15.5
3,744.8	3,688.1	3,684.7	(1.6)	Weighted average number of outstanding shares (2)	3,763.4	3,701.3	(1.7)
2,072	4,555	1,780	(14.1)	Net cash provided by operating activities	14,936	17,003	13.8
2,464	1,835	2,944	19.5	Capital expenditure	7,414	7,833	5.7

(1) Unrealized profit in inventory concerned intra-group sales of goods and services recorded at period end in the equity of the purchasing business segment.

(2) Assuming dilution.

Trading environment indicators

Fourth Quarter 2005	Third Quarter 2006	Fourth Quarter 2006	% Ch. 4Q 06 vs 05		Full Year 2005	Full Year 2006	% Ch.
56.90	69.49	59.68	4.9	Average price of Brent dated crude oil (1)	54.38	65.14	19.8
1.189	1.274	1.290	8.5	Average EUR/USD exchange rate (2)	1.244	1.256	1.0
47.86	54.55	46.26	(3.3)	Average price in euro of Brent dated crude oil	43.71	51.86	18.6
5.05	4.27	2.18	(56.8)	Average European refining margin (3)	5.78	3.79	(34.4)
4.25	3.35	1.69	(60.2)	Average European refining margin in euro	4.65	3.02	(35.1)
2.3	3.2	3.6	56.5	Euribor - three month rate (%)	2.2	3.1	40.9
4.3	5.4	5.3	23.3	Libor - three month dollar rate (%)	3.5	5.2	48.6

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

(2) Source: ECB.

(3) In US dollars per barrel FOB Mediterranean Brent dated crude oil. Source: Eni calculations based on Platt s Oilgram data.

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Results for the fourth quarter of 2006

Bottom line
Eni s net profit for the fourth quarter of 2006 was euro 1,520 million, down euro 585 million from the fourth quarter of 2005, or 27.8%, due essentially to: (i) a lower operating performance (down euro 439 million, or 10%), due to the adverse impact of the appreciation of the euro over the dollar (8.5%), higher exploration expenses and weaker refining activity, partly offset by the improved operating performance of the Gas & Power and Petrochemicals divisions; (ii) a higher Group tax rate, from 50.3% to 59.2% primarily due the Algerian Government s introduction of a windfall tax on upstream earnings, effective from August 1, 2006. This included higher current taxation and a deferred tax charge (for a total of euro 328 million, of which euro 149 million pertaining to taxation for the period).

Eni s adjusted net profit at euro 2,355 million was slightly down from the fourth quarter of 2005 (down 1.7%). Adjusted net profit is calculated by excluding an inventory holding loss of euro 213 million and special charges of euro 622 million (both amounts net of the related tax effect).

Special charges for the quarter were principally related to a deferred tax charge, reflecting the windfall tax levied by the Algerian Government as discussed above, asset impairments, consisting mainly of impairments of assets in the Exploration & Production and the Petrochemical divisions, risk provisions with respect to fines imposed by certain regulatory and antitrust Authorities, environmental provisions and redundancy incentives.

Divisional performance
The following comments are based on adjusted net profit.

The decline in the Group adjusted net profit for the fourth quarter was attributable to a reduction of profits reported in the:

- **Exploration & Production** division (down euro 268 million or 17%), due to a lower operating performance (down euro 386 million) impacted by currency translation effects and increased exploration expenses. These negatives were partially offset by higher realisations in dollars (oil up 5%; natural gas up 11.2%);
- **Refining & Marketing** division (down euro 106 million or 48%), due to a lower operating performance (down euro 231 million) adversely impacted by the weak refining environment (Brent margins were down 2.87 $/bbl or 56.8% from a year ago) and the appreciation of the euro over the dollar, partly offset by the benefit derived from the higher profitability of processed crudes. Other negatives during the quarter included a deterioration of operating results of marketing activities in Italy due to the adverse impact of mild weather conditions on sales of refined products for heating uses.

These decreases were partly offset by a better adjusted net profit reported in the:

- **Gas & Power** division (up euro 233 million, or 36.4%), primarily reflecting the benefit from the partial reversal of a provision accrued in 2005 financial statements as an estimate of the impact of regulation enacted by the Authority for Electricity and Gas with resolution No. 248/2004. Operating performance improved from a year ago as a result of higher natural gas selling margins, supported by a favourable trading environment. Volumes of natural gas sold by consolidated subsidiaries (down 192 mmcf/d, or 2%) and volumes distributed through low pressure pipelines to the Italian retail market were both down from a year ago, due to mild weather conditions. Increasing adjusted net profit for the sector was also a result of the stronger performance of certain equity-accounted entities;
- **Petrochemical** division (up euro 77 million, or 120.3%), reflecting an improved operating performance (up euro 80 million) resulting from a recovery in margins.

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Results for 2006

Bottom line
Eni s net profit for 2006 was a record euro 9,217 million, up euro 429 million compared to 2005, or 4.9%. This increase reflected a better operating performance (up euro 2,500 million), partially offset by a higher Group tax rate, which rose from 46.8% to 51.8%. The increase in the Group tax rate was recorded mainly in the Exploration & Production division due to: (i) the Algerian windfall tax on upstream earnings (euro 328 million, of which euro 149 million pertaining to taxation for the period); (ii) an increase in the supplemental tax rate implemented by the British Government, applicable to profit before taxes earned by operations in the North Sea, effective from the start of 2006, affecting both current taxation and deferred tax liabilities (euro 198 million, of which euro 107 million pertaining to taxation for the period).

Eni s adjusted net profit for the year was up 12.5% to euro 10,412 million. Adjusted net profit is calculated by excluding an inventory holding loss of euro 33 million and special charges of euro 1,162 million (both amounts are net of the related fiscal effect).

Special charges for the year were principally related to asset impairments, mainly impacting assets in the Exploration & Production division, environmental provisions and redundancy incentives, risk provisions with respect to fines imposed by regulatory and antitrust Authorities, and a deferred tax charge, reflecting the windfall tax levied by the Algerian Government and the supplemental tax rate in the UK, as mentioned above.

Return on average capital employed (ROACE) calculated on an adjusted basis for the twelve-month period ending on December 31, 2006 was 22.7% (20.5% in 2005).

Eni s results benefited from a **favourable trading environment**, with a higher Brent crude oil price (up 19.8% compared to 2005) and higher selling margins on petrochemical products. These positives were partially offset by declining refining margins (margin on Brent were down 34.4%). Selling margins on natural gas were underpinned by a favourable trading environment. The euro appreciated by 1% over the dollar.

Divisional performance
The following comments are based on adjusted net profit.

Group adjusted net profit for the year was supported by the increase reported in the:

- **Exploration & Production** division (up euro 1,093 million, or 17.7%), reflecting a better operating performance (up euro 2,860 million) as a result of higher realisations in dollars (oil up 22.4% and natural gas up 17.8%) combined with increased production volumes sold (up 10.2 mmboe). These positives were offset in part by higher operating costs and amortisation charges, and increased exploration expenses. Adjusted net profit for the year was also negatively affected by the effects of exchange rates and a higher tax rate from 51.8% to 53.9%;
- **Gas & Power** division (up euro 310 million, or 12.1%), reflecting a better operating performance (up euro 351 million) resulting from higher natural gas selling margins due to a favourable trading environment and the reduced impact of the tariff regime implemented by the Authority for Electricity and Gas with Resolution No. 248/2004. Growth in natural gas sales by consolidated subsidiaries (up 304 mmcf/d, or 3.8%) and in volumes transported outside Italy contributed positively. On a negative note, transportation activities in Italy posted lower operating results due to the tariff regime enacted by the Authority for Electricity and Gas with Resolution No. 166/2005 and distribution activities suffered from lower volumes. Adjusted net profit for the year was supported by a better performance of certain equity-accounted entities;
- **Engineering and Construction** division (up euro 72 million, or 22%), reflecting a better operating performance against the backdrop of favourable trends in the demand for oilfield services.

These increases were partly offset by lower adjusted net profit reported in the **Refining & Marketing** division (down euro 316 million, or 33.4%), due to a poor operating performance (down euro 424 million) dragged down by a weak refining environment, the appreciation of the euro over the dollar and the impact of higher level of planned maintenance activity. Divisional results were also adversely impacted by the weaker performance of marketing activities in Italy due to lower sales as a consequence of the mild weather conditions of the fourth quarter.

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Net borrowings and cash flow
Net borrowings as of December 31, 2006 amounted to euro 6,765 million, representing a decrease of euro 3,710 million from December 31, 2005. **Net cash provided by operating activities** totalled euro 17,003 million. Main cash outflows were: (i) financial requirements for capital expenditure and investments which totalled euro 7,928 million; (ii) dividend payments amounting to euro 4,832 million, of which euro 2,400 million pertained to the payment of the balance of the dividend for fiscal year 2005 and euro 2,210 million pertained to the payment of an interim dividend for fiscal year 2006 by the parent company Eni SpA, also Saipem SpA and Snam Rete Gas SpA distributed dividends amounting to euro 207 million; and (iii) the repurchase of shares for euro 1,241 million by Eni SpA and euro 477 million by Snam Rete Gas SpA and Saipem SpA. Cash from divestments (euro 328 million) and currency translation effects (approximately euro 650 million) also contributed to the reduction in net borrowings.

Leverage, the ratio of net borrowings to shareholders equity including minority interests decreased to 0.16, from 0.27 at December 31, 2005.

Net borrowings increased by euro 2,915 million from September 30, 2006 (euro 3,850 million) as cash inflow generated by operating activities (euro 1,780 million) partially covered the financial requirements for capital expenditure and investments amounting to euro 2,963 million, the payment of an interim dividend for fiscal year 2006 by the parent company Eni SpA (euro 2,210 million) and the repurchase of own shares for euro 105 million.

Repurchase of own shares
In the period from January 1 to December 31, 2006, a total of 53.13 million **own shares** were purchased by the company for a total cost of euro 1,241 million (representing an average cost of euro 23.35 per share). Since the inception of the share buy-back programme (September 1, 2000), Eni has repurchased 335 million shares, equal to 8.36% of outstanding capital stock, at a total cost of euro 5,512 million (representing an average cost of euro 16.45 per share).

Capital expenditure
2006 **capital expenditure** amounted to euro 7,833 million (euro 7,414 million in 2005) and was primarily related to:

- the development of oil and gas reserves (euro 3,629 million) in particular in Kazakhstan, Angola, Egypt and Italy and exploration projects (euro 1,348 million) particularly in Angola, Egypt, Norway, Nigeria, the Gulf of Mexico and Italy, including also the acquisition of 152,000 square kilometres of new acreage (99% operated by Eni);
- the upgrading and maintenance of Eni s natural gas transport and distribution networks in Italy (euro 785 million);
- ongoing construction of combined cycle power plants (euro 229 million);
- projects aimed at improving flexibility and yields of refineries (euro 376 million), including the start-up of construction of a new hydrocracking unit at the Sannazzaro refinery, and upgrading the refined product distribution network in Italy and in the rest of Europe (euro 223 million);
- the construction of a new FPSO unit and upgrading of the fleet and logistic centres in the Engineering and Construction segment (euro 591 million).

Eni SpA parent company preliminary accounts for 2006

Eni s Board of Directors also examined Eni SpA s preliminary results for 2005 prepared in accordance with IFRSs, which showed net profit amounting to euro 5,821 million (euro 6,042 million in 2005)[5]. The euro 221 million decrease was primarily due to lower operating profit offset by higher net interest incomes and net income from investments, and lower income taxes.

Financial and operating information by division for the fourth quarter and for 2006 is provided in the following pages.

(5) Accounts of the parent company for 2005 closed with a net profit of euro 5,288 million in accordance with Italian GAAP. When restated in accordance with IFRS, 2005 net profit of the parent company amounts to euro 6,042 million.

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Exploration & Production

(million euro)

Fourth Quarter 2005	Third Quarter 2006	Fourth Quarter 2006	% Ch. 4Q 06 vs 05		Full Year 2005	Full Year 2006	% Ch.
				Results			
6,419	6,562	6,152	(4.2)	Net sales from operations	22,531	27,173	20.6
3,561	**4,041**	**3,141**	**(11.8)**	**Operating profit**	**12,592**	**15,580**	**23.7**
				Exclusion of inventory holding (gains) losses			
20	54	54		Exclusion of special items:	311	183	
(43)	*48*	*51*		*- asset impairments*	*247*	*231*	
	3	*(7)*		*- gains on disposal of assets*		*(61)*	
6	*3*	*10*		*- provision for redundancy incentives*	*7*	*13*	
57				*- provision to the reserve for contingencies*	*57*		
3,581	**4,095**	**3,195**	**(10.8)**	**Adjusted operating profit**	**12,903**	**15,763**	**22.2**
(21)	(11)	(22)		Net financial incomes (expenses) [d]	(80)	(59)	
(10)	37	(18)		Net incomes (expenses) from investments [d]	10	85	
(1,978)	(2,163)	(1,851)		Income taxes [d]	(6,647)	(8,510)	28.0
55.7	*52.5*	*58.7*		*Adjusted tax rate*	*51.8*	*53.9*	
1,572	**1,958**	**1,304**	**(17.0)**	**Adjusted net profit**	**6,186**	**7,279**	**17.7**
				Results also include:			
1,265	1,106	1,414	11.8	- amortisations and depreciations	4,101	4,776	16.5
274	*255*	*419*	*52.9*	*- of which amortisations of exploration expenditure*	*618*	*1,075*	*73.9*
1,517	**1,152**	**1,937**	**27.7**	**Capital expenditure**	**4,965**	**5,203**	**4.8**
				Production [a] [b]			
1,132	1,041	1,079	(4.7)	Total liquids [c] (kbbl/d)	1,111	1,079	(2.9)
3,885	3,849	4,132	6.4	Natural gas (mmcf/d)	3,602	3,955	9.8
1,806	**1,709**	**1,796**	**(0.6)**	**Total hydrocarbons** (kboe/d)	**1,737**	**1,770**	**1.9**
				Average realisations			
52.26	65.20	54.85	5.0	Liquids [c] ($/bbl)	49.09	60.09	22.4
171.27	192.14	190.39	11.2	Natural gas ($/mmcf)	158.94	187.25	17.8
43.53	**52.21**	**45.53**	**4.6**	Total hydrocarbons ($/boe)	**41.06**	**48.87**	**19.0**
				Average oil marker price			
56.90	69.49	59.68	4.9	Brent dated ($/bbl)	54.38	65.14	19.8
47.86	54.55	46.26	(3.3)	Brent dated (euro/bbl)	43.71	51.86	18.6
59.99	70.38	59.94	(0.1)	West Texas Intermediate ($/bbl)	56.44	66.00	16.9
432.96	214.36	235.20	(45.7)	Gas Henry Hub ($/kmc)	311.48	238.02	(23.6)

(a) Supplementary operating data is provided on page 32.

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

(c) Includes condensates.

(d) Excluding special items.

Fourth Quarter result

The adjusted operating profit of the Exploration & Production division totalled euro 3,195 million, down euro 386 million or 10.8% from the fourth quarter of 2005 reflecting primarily:

- an adverse impact of approximately euro 331 million resulting from the appreciation of the euro versus the dollar;
- an increased exploration expense (up euro 145 million; euro 159 million on a constant exchange rate basis).

These negatives were partly offset by higher realisations in dollars (oil up 5%, natural gas up 11.2%). The adjusted net profit was euro 1,304 million, down euro 268 million from the fourth quarter of 2005, also impacted by a higher tax rate, from 55.7% to 58.7%, primarily due to the Algerian windfall tax.

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Full year result
The adjusted operating profit for the year was euro 15,763 million, up euro 2,860 million, reflecting higher realisations in dollars combined with higher sold production volumes (up 10.2 mmboe or 1.7%), partly offset by increased production costs and amortisation charges, an increased exploration expense, and the adverse impact of the appreciation of the euro versus the dollar. This better operating performance was partly offset by an increase in the adjusted tax rate (from 51.8% to 53.9%), resulting in a 17.7% increase in the adjusted net profit for the year.

Special items
Special charges excluded from the adjusted operating profit were euro 54 million in the fourth quarter and euro 183 million in 2006 relating primarily to asset impairments. Other special charges for the quarter included primarily the deferred tax impact of the Algerian windfall tax for euro 179 million. For the full year, other special charges also included the deferred tax impact of the supplemental tax rate applicable to the profit earned in the North Sea enacted by the British Government, and a charge for the settlement of a taxation proceeding against a Venezuelan authority, for a combined amount of euro 342 million.

Fourth Quarter production
Oil and natural gas production in the fourth quarter averaged 1,796 kboe/d virtually unchanged from the fourth quarter of 2005 (down 0.6%). Production for the quarter was impacted by the unilateral cancellation of the Dación field contract by the Venezuelan state company PDVSA with effect from April 1, 2006 (down 61 kboe/d). Production increases were driven primarily by start-ups/full production of large gas projects (Libya, Nigeria, Australia and Croatia) and liquid production growth in Libya, the United States and Kazakhstan, where the positive contribution was offset in part by mature field decline and the impact of outages and disruptions in Nigeria due to security issues.

Daily production of oil and condensates for the fourth quarter (1,079 kbbl) increased mainly in Libya due to new production, in the United States, due to further progress in the recovery of production at facilities damaged by hurricanes in the third and fourth quarters of 2005 and in Kazakhstan due to a better field performance. Production decreased in Venezuela and Nigeria.

Daily production of natural gas for the fourth quarter (4,132 mmcf/d) increased mainly in Libya (achievement of full production at the Bahr Essalam field), Nigeria (start-up of trains 4 and 5 of the Bonny LNG plant), Australia (start-up of the gas phase of the Bayu Undan field) and Croatia (start-up of the Ika, Ida and Ivana C-K fields). Declines in production were attributable mainly to mature field decline in Italy and in the United Kingdom.

Full year production and proved reserves
For the full year, daily production of oil and gas averaged 1,770 kboe/d, increasing by 33 kboe/d from 2005 (up 1.9%), despite the impact of the loss of production of the Dación oil field in Venezuela and of adverse entitlement effects. Libya, Angola and Egypt were the main growth areas.

Daily production of oil and condensates for the full year (1,079 kbbl) increased mainly in Angola and Libya. Daily production of natural gas for the full year (3,955 mmcf/d) increased mainly in Libya, Egypt and Nigeria, partly offset by mature field decline in Italy.

Eni s proved reserves of oil and natural gas at December 31, 2006 stood at 6,436 million boe (oil and condensates 3,481 million barrels; natural gas 2,955 million boe), decreasing 401 million boe from December 31, 2005, or 6%.

Changes in Eni s 2006 proved reserves are as follows:

(mboe)

Net proved reserves at December 31, 2005		**6,837**
Revisions, extensions and discoveries and improved recovery	417	
Production	(646)	(229)
		6,608
Divestment of proved property		(2)
Unilateral cancellation by PDVSA of the contract concerning the Dación field		(170)
Net proved reserves at December 31, 2006		**6,436**

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Additions to proved reserves booked in 2006 were 417 million boe and derived from: (i) extensions and discoveries (161 million boe) in particular in Kazakhstan, Algeria, Libya and Egypt; (ii) improved recovery (105 million boe), in particular, in Algeria, Angola, Egypt and Nigeria, and (iii) net upward revisions of 151 million boe mainly in Kazakhstan, Egypt and Libya.

The unilateral cancellation of the service contract for the Dación oilfield by the Venezuelan state oil company PDVSA determined a decrease in the Eni s proved reserves of 170 million barrels.
In 2006 Eni s proved reserves replacement ratio[6] was 65% (38% all sources, including the loss of proved reserves at the Venezuelan Dación oilfield and other disposals) representing 10 years of remaining production at the current rate (10.8 as at December 31, 2005).
Considering the adverse entitlement impact in certain PSAs and buy-back contracts resulting from higher oil prices (Brent price was 58.925 dollars/barrel at December 31, 2005) and assuming Brent constant at $40 per barrel when determining entitlements in PSAs, the three-year average proved reserve replacement ratio would be 106%.

At December 31, 2006, Eni s proved developed reserves stood at 4,059 million boe (oil and condensates 2,144 million barrels, natural gas 1,915 million boe) or 63% of total proved reserves (63% as of December 31, 2005).

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(6) Ratio of changes in proved reserves for the year resulting from revisions of previously reported reserves, improved recovery, extensions, discoveries and sales or purchases of minerals in place, to production for the year. A ratio higher than 100% indicates that more proved reserves were added than produced in a year. The Reserve Replacement Ratio is a measure used by management to indicate the extent to which production is replaced by proved oil and gas reserves booked according with the Securities Exchange Commission (SEC) criteria under the S-X Regulation, Rule 4-10. The Reserve Replacement Ratio is not an indicator of future production because the ultimate development and production of reserves is subject to a number of risks and uncertainties. These include the risks associated with the successful completion of large-scale projects, including addressing ongoing regulatory issues and completion of infrastructure, as well as changes in oil and gas prices, political risks and geological and other environmental risks.

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Gas & Power

(all figures in millions of euro, except where indicated)

Fourth Quarter 2005	Third Quarter 2006	Fourth Quarter 2006	% Ch. 4Q 06 vs 05		Full Year 2005	Full Year 2006	% Ch.
				Results			
7,419	5,265	8,170	10.1	Net sales from operations	22,969	28,368	23.5
641	**592**	**1,303**	**103.3**	**Operating profit**	**3,321**	**3,802**	**14.5**
(32)	(6)	(41)		Exclusion of inventory holding (gains) losses	(127)	(67)	
281	33	7		Exclusion of special items	337	147	
				of which:			
290	24	(2)		Non-recurring items	290	22	
(9)	9	9		Other special items:	47	125	
1				*- asset impairments*	*1*	*51*	
3	*3*	*2*		*- environmental provisions*	*31*	*44*	
3	*5*	*15*		*- provisions for redundancy incentives*	*8*	*37*	
(16)	*1*	*(8)*		*- other*	*7*	*(7)*	
890	**619**	**1,269**	**42.6**	**Adjusted operating profit**	**3,531**	**3,882**	**9.9**
516	*186*	*832*	*61.2*	*Market and Distribution*	*1,777*	*2,062*	*16.0*
254	*230*	*286*	*12.6*	*Transport in Italy*	*1,162*	*1,087*	*(6.5)*
109	*140*	*144*	*32.1*	*Transport outside Italy*	*448*	*579*	*29.2*
11	*63*	*7*	*(36.4)*	*Power generation*	*144*	*154*	*6.9*
13	6	(1)		Net financial incomes (expenses) [(a)]	37	16	
76	100	97		Net incomes (expenses) from investments [(a)]	370	489	
(339)	(253)	(492)		Income taxes [(a)]	(1,386)	(1,525)	
34.6	*34.9*	*36.0*		*Adjusted tax rate (%)*	*35.2*	*34.8*	
640	**472**	**873**	**36.4**	Adjusted net profit	**2,552**	**2,862**	**12.1**
411	**311**	**453**	**10.2**	Capital expenditure	**1,152**	**1,174**	**1.9**
				Natural gas sales (mmcf/d)			
6,015	3,605	5,470	(9.1)	Italy to third parties *	5,077	4,944	(2.6)
564	576	595	5.5	Own consumption *	536	593	10.6
2,702	2,038	3,063	13.4	Rest of Europe *	2,268	2,687	18.5
85	104	46	(45.9)	Outside Europe	113	74	(34.5)
9,366	**6,323**	**9,174**	**(2.0)**	**Sales to third parties and own consumption of consolidated companies**	**7,994**	**8,298**	**3.8**
788	**621**	**756**	**(4.1)**	**Natural gas sales of affiliates** (net to Eni)	**685**	**741**	**8.2**
12		*4*	..	*Italy**	*7*	*2*	*(71.4)*
741	*514*	*702*	*(5.3)*	*Rest of Europe**	*626*	*666*	*6.4*
35	*107*	*50*	*42.9*	*Outside Europe*	*52*	*73*	*40.4*
10,015	**6,944**	**9,930**	**(2.2)**	**Total natural gas sales and own consumption**	**8,679**	**9,039**	**4.1**
10,564	**7,259**	**10,406**	**(1.5)**	**Sales of natural gas in Europe**	**9,077**	**9,436**	**4.0**
10,034	6,733	9,834	(2.0)	G&P in Europe *	8,514	8,892	4.4
530	526	572	8.0	Upstream in Europe	563	544	(3.4)
8,464	**7,301**	**8,617**	**1.8**	**Transport of natural gas in Italy** (mmcf/d)	**8,234**	**8,513**	**3.4**
5,662	4,641	5,746	1.5	Eni	5,310	5,524	4.0
2,802	2,660	2,871	2.5	On behalf of third parties	2,924	2,990	2.3

6.07	**6.33**	**6.07**	**0.0**	**Electricity production sold** (TWh)	**22.77**	**24.82**	**9.0**

(a) Excluding special items.

* Market segments with asterisk merge into "G&P in Europe".

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Fourth Quarter result
The adjusted operating profit of the Gas & Power division totalled euro 1,269 million, up euro 379 million or 42.6% from the fourth quarter of 2005 reflecting primarily:

- the partial reversal of a provision accrued in the 2005 financial statements as an estimate of the impact of regulation enacted by the Authority for Electricity and Gas with resolution No. 248/2004[7];
- higher natural gas selling margins supported by a favourable trading environment, relating, in particular, to movements in the euro vs. the dollar exchange rate.

These positive factors were partly offset by a decline in natural gas sales by consolidated subsidiaries (down 192 mmcf/d or 2%) and lower volumes distributed through low pressure pipelines to the Italian retail market due to mild weather conditions. The adjusted net profit of the Gas & Power division increased by euro 233 million also reflecting the increased contribution of certain equity-accounted entities, in particular Unión Fenosa Gas in Spain.

Full year result
For the full year, the adjusted operating profit of the Gas & Power division rose 9.9% to euro 3,882 million, primarily reflecting higher selling margins on natural gas due to a favourable trading environment and the reduced impact of the tariff regime enacted by the Authority for Electricity and Gas with Resolution No. 248/2004. Growth in natural gas sales by consolidated subsidiaries (up 304 mmcf/d, or 3.8%), in electricity production sold (up 2.05 TWh, or 9%) and in volumes transported outside Italy due to the coming on stream of volumes transported through the GreenStream gasline from Libya contributed positively. These positives were partly offset by a lower operating result from transportation activities in Italy due to the tariff regime implemented by the Authority for Electricity and Gas with Resolution No. 166/2005 and a lower operating result from distribution activities due to lower volumes. Also, higher purchase costs were incurred in the first quarter of the year, owing to a climatic emergency. Full year adjusted net profit was up euro 310 million to euro 2,862 million, also benefiting from the improved performance of certain equity-accounted entities.

Special items
Special charges for the quarter (euro 7 million) referred to redundancy incentives.
Special charges for the full year recorded in the operating profit (euro 147 million) included certain of non-recurring charges pertaining to fines imposed by the Authority for Electricity and Gas, as well as asset impairments, redundancy incentives and environmental provisions. Other special items pertained to Eni s share of a gain recorded by the Galp affiliate on the sale of a regulated gas asset.

Fourth Quarter sales
Natural gas sales in Europe for the fourth quarter amounted to 10,406 mmcf/d (including own consumption and sales by affiliates), down 158 mmcf/d from the fourth quarter of 2005 due primarily to the negative impact of mild weather conditions on sales in the Italian market (down 522 mmcf/d, or 7.9%). All market segments posted lower volumes: the thermoelectric sector (down 154 mmcf/d), the residential and commercial sector (down 154 mmcf/d), the wholesaler sector (down 149 mmcf/d) and the industrial sector (down 88 mmcf/d).
The decline in the domestic market was partly offset by growth in other European target markets, up 322 mmcf/d or 9.4%, in particular:

- sales under long-term supply contracts to Italian importers were up 184 mmcf/d; and
- supplies to the Turkish, Austrian and German and French markets.

In the fourth quarter of 2006, electricity production sold was flat.

Full year sales
In 2006, natural gas sales in Europe increased by 359 mmcf/d to 9,436 mmcf/d, reflecting a growth in the rest of Europe (up 459 mmcf/d, or 15.9%), particularly sales to Italian importers and sales to Turkey, the Iberian Peninsula,

Austria, Germany and France. This increase was partly offset by a decrease in sales in Italy (down 81 mmcf/d, or 1.4%), with all market segments posting lower sales with the exception of the industrial segment and the build up of supplies to feed Eni s own power plants. In 2006, electricity production sold increased by 2.05 TWh to 24.82 TWh (up 9%), reflecting the continuing ramp-up of new production capacity, in particular at the Brindisi plant (up 3.05 TWh), whose effects were offset in part by the standstill of the Ravenna power plant (down 0.85 TWh).

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(7) The impact of the regulatory regime was determined based on the indexation mechanism set out by Resolution No. 248/2004 from the Authority for Electricity and Gas, and certain resolutions enacting Resolution No. 248/2004, this in spite of the fact that Resolution No. 248/2004 was annulled by an administrative body due to certain formal flaws.

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Refining & Marketing

(all figures in millions of euro, except where indicated)

Fourth Quarter 2005	Third Quarter 2006	Fourth Quarter 2006	% Ch. 4Q 06 vs 05		Full Year 2005	Full Year 2006	% Ch.
				Results			
9,555	10,185	8,579	(10.2)	Net sales from operations	33,732	38,210	13.3
329	**250**	**(386)**	**..**	**Operating profit**	**1,857**	**319**	**(82.8)**
(177)	83	386		Exclusion of inventory holding (gains) losses	(1,064)	215	
227	30	148		Exclusion of special items	421	256	
				of which:			
		109		Non-recurring items		109	
227	30	39		Others special items:	421	147	
5		*13*		*- impairments*	*5*	*14*	
157	*23*	*27*		*- environmental charges*	*337*	*111*	
13	*6*	*30*		*- provision for redundancy incentives*	*22*	*47*	
8	*1*	*(4)*		*- provision to the reserve for contingencies*	*39*	*8*	
44		*(35)*		*- other*	*18*	*(33)*	
379	**363**	**148**	**(60.9)**	**Adjusted operating profit**	**1,214**	**790**	**(34.9)**
29	42	31		Net incomes (expenses) from investments [(a)]	231	184	
(187)	(148)	(64)		Income taxes [(a)]	(500)	(345)	
45.8	*36.5*	*35.8*		*Adjusted tax rate (%)*	*34.6*	*35.4*	
221	**257**	**115**	**(48.0)**	**Adjusted net profit**	**945**	**629**	**(33.4)**
317	**137**	**272**	**(14.2)**	**Capital expenditure**	**656**	**645**	**(1.7)**
				Global indicator refining margin			
5.05	4.27	2.18	(56.8)	Brent ($/bbl)	5.78	3.79	(34.4)
4.25	3.35	1.69	(60.2)	Brent (/bbl)	4.65	3.02	(35.1)
7.73	6.82	4.87	(37.0)	Ural ($/bbl)	8.33	6.50	(22.0)
				Refining throughputs and sales (kbbl/d)			
715	679	718	0.4	Refining throughputs on own account Italy	684	667	(2.5)
98	97	95	(3.1)	Refining throughputs on own account Rest of Europe	91	94	3.3
572	570	584	2.1	Refining throughputs of wholly-owned refineries	547	543	(0.7)
100	100	100		Utilisation rate of balanced capacity (%)	100	100	
175	178	171	(2.3)	Retail sales Italy Agip brand	175	173	(1.1)
				Retail sales Italy IP brand	26		..
72	82	77	6.9	Retail sales Rest of Europe	73	76	4.1
225	195	205	(8.9)	Wholesale Italy	210	202	(3.8)
86	85	84	(2.3)	Wholesale Rest of Europe	82	84	2.4
9	8	8	(11.1)	Wholesale Rest of World	8	8	
517	491	501	(3.1)	Other sales	459	480	4.6
1,084	**1,039**	**1,046**	**(3.5)**	**Sales**	**1,033**	**1,023**	**(1.0)**
				Refined product sales by region (kbbl/d)			
624	593	602	(3.5)	Italy	606	598	(1.3)

159	167	161	1.3	Rest of Europe	155	160	3.2
301	279	283	(6.0)	Rest of World	271	264	(2.6)

(a) Excluding special items.

Fourth Quarter result

The adjusted operating profit of the Refining & Marketing division was euro 148 million, down euro 231 million, or 60.9% from the fourth quarter of 2005 reflecting primarily:

- lower realised refining margins attributable to an unfavourable trading environment (Brent margins were down $2.87/bbl or 56.8% from a year ago), exacerbated by the negative impact of the appreciation of the euro over the dollar. These negatives were partly offset by the benefit deriving from the higher profitability of processed crudes; and
- the decline in operating performance of Italian marketing activities due to the adverse impact of mild weather conditions on sales of refined products for heating uses.

The adjusted net profit for the fourth quarter was euro 115 million, down euro 106 million, or 48%, from the fourth quarter of 2005, primarily reflecting the decrease in the operating profit.

Full year result

The adjusted operating profit for the full year was euro 790 million, down euro 424 million, or 34.9%, from a year ago primarily reflecting:

- lower realised refining margins reflecting the unfavourable trading environment and the appreciation of the euro versus the dollar, combined with the impact of longer refinery standstills due to planned maintenance, partly offset by the higher profitability of processed crudes;
- the decline in the operating performance of Italian marketing activities due to lower volumes sold which were negatively affected by the mild weather conditions registered in the fourth quarter, and the divestment of Italiana Petroli carried out in September 2005.

On the positive side marketing activities in the rest of Europe performed well as a result of higher retail margins and higher volumes sold.

The adjusted net profit for the full year was euro 629 million, down euro 316 million, or 33.4%, from 2005, primarily reflecting the decrease in the operating profit.

Special items

Special charges excluded from the adjusted operating profit were euro 148 million in the fourth quarter and euro 256 million for the full year, reflecting primarily the impact of a non recurring charge related to a fine imposed by the Italian Antitrust Authority, and environmental provisions and provisions for redundancy incentives.

Fourth Quarter throughputs and sales

Refining throughputs on Eni s own account for the fourth quarter of 2006 in Italy and outside Italy were 813 kbbl/d, broadly consistent with the fourth quarter of 2005, due principally to higher throughputs processed at the Venice, Livorno and Taranto refineries. This was partly offset by lower volumes processed at the Sannazzaro refinery, the Gela refinery, the third party Priolo refinery (as a result of the accident occurred late in April) and in the Czech Republic. Sales of refined products for the fourth quarter decreased by 38 kbbl/d to 1,046 kbbl/d, compared to the fourth quarter of 2005, due to lower sales on both the Agip branded network and the wholesale markets in Italy (down 24 kbbl/d), partly offset by increased volumes sold in retail markets of the rest of Europe (up 5 kbbl/d). Sales in the retail market in Italy decreased by 4 kbbl/d to 171 kbbl/d, due primarily to increased competition. Sales on the wholesale market in Italy decreased by 20 kbbl/d to 205 kbbl/d, due primarily to the impact of mild weather adversely affecting heating product sales (LPG and home-heating oil). Sales in retail markets in the rest of Europe increased by 5 kbbl/d to 77 kbbl/d, as a result of an increased market share in Germany and the effect of the purchase and lease of service stations in Spain.

Full year throughputs and sales

Refining throughputs on Eni s own account for the full year were 761 kbbl/d, down 14 kbbl/d, or 1.8%, than 2005, owing to lower throughputs on third parties refineries (mainly in Priolo). Steady refining throughputs were achieved at Eni s own refineries as a result of improved performance at the Venice refinery, partly offset by the impact of planned maintenance standstills of the Sannazzaro and Livorno refineries.

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The wholly-owned refineries utilisation rate was 100% reflecting balanced capacity.

For the full year, sales of refined products decreased by 10 kbbl/d to 1,023 kbbl/d, due primarily to lower sales on both the Agip branded network and the wholesale markets in Italy (down 10 kbbl/d), partly offset by increased volumes sold in the rest of Europe (up 5 kbbl/d).

The 26 kbbl/d of lost retail sales in Italy due to the divestment of Italiana Petroli carried out in September 2005 was partially offset by Eni s ongoing supply of significant volumes of fuels and other products to the divested company under a five-year supply contract.

Sales of refined products on the Agip branded network in Italy declined by 2 kbbl/d to 173 kbbl/d, due to competitive pressures; market share decreased from 29.7% to 29.3%. Sales on the wholesale market in Italy decreased by 8 kbbl/d to 202 kbbl/d, due primarily to the decline registered in the fourth quarter, as mentioned above. Sales of refined products increased in both the retail and wholesale markets in the rest of Europe, principally in Germany and Spain.

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Summarized Group profit and loss account

(million euro)

Fourth Quarter 2005	Third Quarter 2006	Fourth Quarter 2006	% Ch. 4Q 06 vs 05		Full Year 2005	Full Year 2006	% Ch.
21,506	21,146	21,416	(0.4)	Net sales from operations	73,728	86,105	16.8
318	109	288	(9.4)	Other income and revenues	798	769	(3.6)
(15,684)	(14,147)	(15,860)	(1.1)	Operating expenses	(51,918)	(61,126)	(17.7)
(290)	*(24)*	*(182)*		*- of which non-recurring items*	*(290)*	*(206)*	
(1,744)	(1,500)	(1,887)	(8.2)	Depreciation, amortisation and writedowns	(5,781)	(6,421)	(11.1)
4,396	**4,828**	**3,957**	**(10.0)**	**Operating profit**	**16,827**	**19,327**	**14.9**
(98)	(42)	52	..	Net financial (expense) income	(366)	161	..
146	279	157	7.5	Net income from investments	914	903	(1.2)
4,444	**5,065**	**4,166**	**(6.3)**	**Profit before income taxes**	**17,375**	**20,391**	**17.4**
(2,237)	(2,553)	(2,468)	(10.3)	Income taxes	(8,128)	(10,568)	(30.0)
50.3	*50.4*	*59.2*		*Tax rate (%)*	*46.8*	*51.8*	
2,207	2,512	1,698	(23.1)	Net profit	9,247	9,823	6.2
				of which:			
2,105	**2,422**	**1,520**	**(27.8)**	**- net profit pertaining to Eni**	**8,788**	**9,217**	**4.9**
102	90	178	74.5	- net profit of minorities	459	606	32.0
2,105	**2,422**	**1,520**	**(27.8)**	**Net profit pertaining to Eni**	**8,788**	**9,217**	**4.9**
(131)	30	213		Exclusion of inventory holding (gain) loss	(759)	33	
422	168	622		Exclusion special items:	1,222	1,162	
290	*19*	*199*		*- non-recurring items*	*290*	*218*	
132	*149*	*423*		*- other special items*	*932*	*944*	
2,396	**2,620**	**2,355**	**(1.7)**	**Adjusted net profit pertaining to Eni** (1)	**9,251**	**10,412**	**12.5**

(1) Adjusted operating profit and net profit adjusted net profit are before inventory holding gains or losses and special items. For an explanation of these measure and reconciliation of adjusted operating profit and net profit to reported operating profit and net profit see below.

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NON-GAAP Measures

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

Management evaluates Group and business performance on the basis of adjusted operating profit and adjusted net profit, which are arrived at by excluding inventory holding gains or losses and special items. Further, finance charges on finance debt, interest income, charges or income deriving from the fair value evaluation of derivative financial instruments held for trading purposes, and exchange rate differences are excluded when determining adjusted net profit of each business segment.
Taxation effect of such items excluded from adjusted net profit is determined based on the specific rate of taxes applicable to each item, with the exception for finance charges or income, which the Italian statutory tax rate of 33% is applied to.
Adjusted operating profit and adjusted net profit are non-GAAP financial measures under either IFRS, or U.S. GAAP. Management includes them to help facilitate comparison of base business performance across periods and to allow financial analysts to evaluate Eni s trading performance on the basis of their forecasting models. In addition, management uses segmental adjusted net profit when calculating return on capital employed by each business segment.

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

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

Special items include certain relevant incomes or charges pertaining to: (i) either infrequent or unusual events and transactions, being identified as non recurring items under such a circumstance; or (ii) certain events or transactions which are not considered to be representative of the ordinary course of business, as in the case of environmental provisions, restructuring charges, asset impairments or write ups and gains or losses on divestments even though they occurred in past exercises or are likely to occur in future ones. As provided for in Decision No. 15519 of July 27, 2006 of the Italian market regulator (CONSOB), non recurring material income or charges are to be clearly reported in the management s discussion and in financial tables.

Finance charges or **incomes related to net borrowings** excluded from the adjusted net profit of business segments are comprised of interest charges on finance debt and interest income earned on cash and cash equivalents not related to operations. Also the effect of the fair value evaluation of derivative financial instruments held for trading purposes and exchange rate differences are excluded from the adjusted net profit of business segments. Therefore, the adjusted net profit of business segments includes finance charge or income deriving from certain segment-operated assets, *i.e.* interest income on certain receivable financing and securities related to operations and finance charge pertaining to the accretion of certain provisions recorded on a discounted basis (as in the case of the asset retirement obligations in the Exploration & Production segment).

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

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Fourth Quarter 2006	**E&P**	**G&P**	**R&M**	**Petrochemicals**	**Engineering and Construction**	**Other activities**	**Corporate and financial companies**	**Unrealized profit in inventory**	**Group**
(million euro)									
Reported operating profit	3,141	1,303	(386)	72	149	(221)	(89)	(12)	3,957
Exclusion of inventory holding (gains) losses		(41)	386	(4)					341
Exclusion of special items									
of which:									
Non-recurring (income) charges		(2)	109	13		62			182
Other special charges:	54	9	39	73	3	82	36		296
environmental charges		2	27			62	11		102
asset impairments	51		13	50	1	12			127
gains on disposal of assets	(7)								(7)
provisions to the reserve for contingencies			4	11					15
provision for redundancy incentives	10	15	30	14	2	1	29		101
other		(8)	(35)	(2)		7	(4)		(42)
Special items of operating profit	*54*	*7*	*148*	*86*	*3*	*144*	*36*		*478*
Adjusted operating profit	3,195	1,269	148	154	152	(77)	(53)	(12)	4,776
Net financial (expense) income *	(22)	(1)				(7)	87		57
Net income from investments *	(18)	97	31	1	47	(1)	1		158
Income taxes *	(1,851)	(492)	(64)	(14)	(68)		22	9	(2,458)
Adjusted tax rate (%)	*58.7*	*36.0*	*35.8*						*49.2*
Adjusted net profit	**1,304**	**873**	**115**	**141**	**131**	**(85)**	**57**	**(3)**	**2,533**
of which:									
- net profit of minorities									178
- adjusted net profit pertaining to Eni									**2,355**
Reported net profit pertaining to Eni									**1,520**
Exclusion of inventory holding (gains) losses									213
Exclusion of special items:									622
- non-recurring (income) charges									*199*
- other special charges									*423*
Adjusted net profit pertaining to Eni									**2,355**

* Excluding special items.

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Fourth Quarter 2005	**E&P**	**G&P**	**R&M**	**Petrochemicals**	**Engineering and Construction**	**Other activities**	**Corporate and financial companies**	**Unrealized profit in inventory**	**Group**
(million euro)									
Reported operating profit	3,561	641	329	37	135	(297)	(41)	31	4,396
Exclusion of inventory holding (gains) losses		(32)	(177)						(209)
Exclusion of special items									
of which:									
Non-recurring (income) charges		290							290
Other special charges:	20	(9)	227	37	7	205	(33)		454
environmental charges		3	157			146	8		314
asset impairments	(43)	1	5	11	4	47	2		27
gains on disposal of assets									
provisions to the reserve for contingencies			8	6		(4)	(119)		(109)
increase insurance charges	57	6	30	17		4	64		178
provision for redundancy incentives	6	3	13	4	3	3	12		44
other		(22)	14	(1)		9			
Special items of operating profit	*20*	*281*	*227*	*37*	*7*	*205*	*(33)*		*744*
Adjusted operating profit	3,581	890	379	74	142	(92)	(74)	31	4,931
Net financial (expense) income *	(21)	13					(91)		(99)
Net income from investments *	(10)	76	29	2	46		(1)		142
Income taxes *	(1,978)	(339)	(187)	(12)	(70)	2	120	(12)	(2,476)
Adjusted tax rate (%)	*55.7*	*34.6*	*45.8*						*49.8*
Adjusted net profit	**1,572**	**640**	**221**	**64**	**118**	**(90)**	**(46)**	**19**	**2,498**
of which:									
- net profit of minorities									102
- adjusted net profit pertaining to Eni									**2,396**
Reported net profit pertaining to Eni									**2,105**
Exclusion of inventory holding (gains) losses									(131)
Exclusion of special items:									422
- non-recurring (income) charges									*290*
- other special charges									*132*
Adjusted net profit pertaining to Eni									**2,396**

* Excluding special items.

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Third Quarter 2006

(million euro)	E&P	G&P	R&M	Petrochemicals	Engineering and Construction	Other activities	Corporate and financial companies	Unrealized profit in inventory	Group
Reported operating profit	4,041	592	250	31	145	(185)	(65)	19	4,828
Exclusion of inventory holding (gains) losses		(6)	83	5					82
Exclusion of special items									
of which:									
Non-recurring (income) charges		24							24
Other special charges:	54	9	30	1		91	8		193
environmental charges		3	23			12			38
asset impairments	48					6			54
gains on disposal of assets	3								3
provisions to the reserve for contingencies			1			53			54
provision for redundancy incentives	3	5	6	4		15	2		35
other		1		(3)		5	6		9
Special items of operating profit	*54*	*33*	*30*	*1*		*91*	*8*		*217*
Adjusted operating profit	4,095	619	363	37	145	(94)	(57)	19	5,127
Net financial (expense) income *	(11)	6					(34)		(39)
Net income from investments *	37	100	42		27				206
Income taxes *	(2,163)	(253)	(148)	(33)	(55)		75	(7)	(2,584)
Adjusted tax rate (%)	*52.5*	*34.9*	*36.5*						*48.8*
Adjusted net profit	**1,958**	**472**	**257**	**4**	**117**	**(94)**	**(16)**	**12**	**2,710**
of which:									
- net profit of minorities									90
- adjusted net profit pertaining to Eni									**2,620**
Reported net profit pertaining to Eni									**2,422**
Exclusion of inventory holding (gains) losses									30
Exclusion of special items:									168
- non-recurring (income) charges									*19*
- other special charges									*149*
Adjusted net profit pertaining to Eni									**2,620**

* Excluding special items.

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Full Year 2006

(million euro)	E&P	G&P	R&M	Petrochemicals	Engineering and Construction	Other activities	Corporate and financial companies	Unrealized profit in inventory	Group
Reported operating profit	15,580	3,802	319	172	505	(622)	(296)	(133)	19,327
Exclusion of inventory holding (gains) losses		(67)	215	(60)					88
Exclusion of special item									
of which:									
Non-recurring (income) charges		22	109	13		62			206
Other special charges:	183	125	147	94	3	261	56		869
environmental charges		44	111			126	11		292
asset impairments	231	51	14	50	1	22			369
gains on disposal of assets	(61)								(61)
provisions to the reserve for contingencies			8	31		75			114
provision for redundancy incentives	13	37	47	19	2	17	43		178
other		(7)	(33)	(6)		21	2		(23)
Special items of operating profit	*183*	*147*	*256*	*107*	*3*	*323*	*56*		*1,075*
Adjusted operating profit	15,763	3,882	790	219	508	(299)	(240)	(133)	20,490
Net financial (expense) income *	(59)	16				(7)	205		155
Net income from investments *	85	489	184	2	66	5			831
Income taxes *	(8,510)	(1,525)	(345)	(47)	(174)		89	54	(10,458)
Adjusted tax rate (%)	*53.9*	*34.8*	*35.4*						*48.7*
Adjusted net profit	**7,279**	**2,862**	**629**	**174**	**400**	**(301)**	**54**	**(79)**	**11,018**
of which:									
- net profit of minorities									606
- adjusted net profit pertaining to Eni									**10,412**
Reported net profit pertaining to Eni									**9,217**
Exclusion of inventory holding (gains) losses									33
Exclusion of special items:									1,162
- non-recurring (income) charges									*218*
- other special charges									*944*
Adjusted net profit pertaining to Eni									**10,412**

* Excluding special items.

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Full Year 2005

(million euro)	E&P	G&P	R&M	Petrochemicals	Engineering and Construction	Other activities	Corporate and financial companies	Unrealized profit in inventory	Group
Reported operating profit	12,592	3,321	1,857	202	307	(934)	(377)	(141)	16,827
Exclusion of inventory holding (gains) losses		(127)	(1,064)	(19)					(1,210)
Exclusion of special items									
of which:									
Non-recurring (income) charges		290							290
Other special charges:	311	47	421	78	7	638	149		1,651
environmental charges		31	337						