ENI SPA
Form 6-K
August 01, 2006
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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 July 2006

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 July 28, 2006

Report on the Second Quarter of 2006 as of June 30, 2006

Press Release dated June 21, 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: July 31, 2006

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Società per Azioni
Rome,
Piazzale Enrico Mattei, 1

Capital stock
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ENI ANNOUNCES RESULTS FOR THE FIRST HALF AND THE SECOND QUARTER OF 2006

Reported net profit: up 21.5% to euro 5.28 billion for the first half and up 21.2% to euro 2.3 billion for the second quarter of 2006
Adjusted net profit: up 23.3% to euro 5.44 billion or the first half and up 22.7% to euro 2.48 billion for the second quarter of 2006
Oil and gas production in the first half: up 4.3% to 1.79 million boe/d
Natural gas sales in Europe in the first half: up 6.4% to 51.8 bcm
Share repurchase programme: during the first half Eni repurchased 42 million of its own shares at a cost of euro 978 million
Interim dividend proposal: euro 0.60 per share in line with best practice for international reporting

San Donato Milanese, 28 July 2006 - Eni, the international oil and gas company, today announces its group results for the first half and the second quarter of 2006 (unaudited).

Second quarter				First half		
2005	2006	% Ch.		2005	2006	% Ch.
			Summary Group results (million euro)			
3,711	4,947	33.3	Reported operating profit	8,161	10,542	29.2
3,833	5,054	31.9	Adjusted operating profit	8,181	10,587	29.4
1,898	2,301	21.2	Reported net profit (1)	4,343	5,275	21.5
2,024	2,483	22.7	Adjusted net profit (1-2)	4,409	5,437	23.3

			Key operating data			
1,725	1,748	1.3	Oil and natural gas production (kboe/day)	1,714	1,787	4.3
19.50	20.44	4.8	Natural gas sales in Europe (bcm)	48.71	51.82	6.4
1.47	*1.55*	*5.4*	*- of which upstream sales*	*2.97*	*3.08*	*3.7*
3.14	3.15	0.3	Retail sales of refined products in Europe (Agip brand) (mtonnes)	6.03	6.08	0.8
5.57	6.00	7.7	Electricity sold production (terawatthour)	10.55	12.42	17.7

(1) Profit attributable to Eni shareholders.

(2) Eni uses adjusted operating profit and net profit to assist investors to assess Eni s performance from period to period. For a detailed explanation of these measures see page 11.

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Financial highlights

First Half of 2006

- Adjusted operating profit: up 29.4% to euro 10.59 billion primarily reflecting the strong operating performance of the Exploration & Production division, which was up 53.8% compared to the first half of 2005
- Adjusted net profit: up 23.3% to euro 5.44 billion as a result of better operating performance partly offset by a higher Group tax rate on an adjusted basis, up 3.7 percentage points (from 44.7% to 48.4%)
- Net cash generated by operating activities[3] came in at a robust euro 10.48 billion allocated as follows: euro 3.12 billion to capital expenditure and investments, euro 2,401 million to the payment of dividends, euro 978 million to the repurchase of own shares and euro 4.08 billion to debt repayment
- The ratio of net borrowings to shareholders equity including minorities decreased from 0.27 at year-end 2005 to 0.16 at the end of the first half

Second Quarter of 2006

- Adjusted operating profit: up 31.9% to euro 5.05 billion primarily reflecting the strong operating performance of the Exploration & Production and Gas & Power divisions, up 45.4% and 24% respectively compared to the second quarter of 2005. The Oilfield Services Construction and Engineering segment contributed with a 150.9% rise in operating profit
- Adjusted net profit: up 22.7% to euro 2.48 billion as a result of better operating performance partly offset by a higher Group tax rate on an adjusted basis, up 3.6 percentage points (from 46.8% to 50.4%)

Interim dividend for 2006 in line with best practice for international reporting

On the basis of the financial results achieved for the first half of 2006, the CEO of Eni will propose the distribution of an interim dividend for the fiscal year 2006 of euro 0.60 per share (euro 0.45 per share in 2005, up 33%) to the Board of Directors due to meet on 21 September 2006 to approve first half accounts. The interim dividend is payable on 26 October 2006 to shareholders on the register on 23 October 2006.

Operational highlights and trading environment

- Ongoing exploration success: positive results were achieved in Italy, Angola, Nigeria, Congo, Algeria, Egypt, Libya, Croatia, Australia, the United Kingdom, Norway and the United States. New exploratory acreage was awarded offshore Mozambique, Australia, Congo, Angola, Brazil, Venezuela, Gulf of Mexico and Norway, onshore Pakistan, Egypt and Alaska and in the Timor Sea covering approximately a gross acreage 51,000 square kilometres in total (99% of which is operated).
- Oil and natural gas production for the first half increased 4.3% year on year to 1.79 mboe/d driven by organic growth primarily in Libya, Angola and Egypt. Excluding the impact of entitlement effects in certain Production Sharing Agreements (PSAs)[4] and buy-back contracts, growth for the period was 6.1%. Production was also adversely impacted by the unilateral cancellation of the service contract for the Dación oil field by the Venezuelan State oil company PDVSA effective on 1 April 2006, outages and disruptions in Nigeria due to social unrest, residual hurricane impacts on production in the Gulf of Mexico and operational issues at certain facilities in Italy, Norway and Kazakhstan. These negatives affected in particular production performance in the second quarter which was down more than 4.3% sequentially to 1.75 mboe/d (up 1.3% from the second quarter of 2005).

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(3) See disclaimer at the end of this section.

(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 expenditure (Profit oil). A similar scheme applies to buy-back contracts.

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Natural gas sales in Europe were up 6.4% to 51.82 bcm in the first half driven primarily by an increase in the number of clients.

The first half trading environment was supported by strong oil prices with average Brent crude prices exceeding $60 per barrel, up 32.6% and by a 4.4% decrease in the average exchange rate of the euro versus the US dollar. These positives were offset in part by lower refining margins, down 21% over the first half of 2005 and lower petrochemical products margins. The decline of natural gas margins in Italy was a consequence of the implementation of resolution No. 248/2004 by the Italian Authority for Electricity and Gas. This was partly offset by a favourable trading environment, particularly for the second quarter. The impact of the regulatory regime of resolution No. 248/2004 on natural gas margins for the second half of the year is expected to be softened by the enactment of resolution No. 134/2006 by the Italian Authority for Electricity and Gas effective 1 July 2006.

Outlook 2006

Eni reaffirms its 2006 outlook, with key business trends for the year as follows:

- **production of liquids and natural gas** is forecasted to continue growing. Increases will be achieved outside Italy mainly in Libya, Angola, Egypt, Nigeria and Norway due to the achievement of full production in fields which started-up in 2005 and to new start-ups in 2006. These positives will be partly offset by natural field declines and also by: (i) the impact of the unilateral cancellation of the service contract for the Dación oil field by the Venezuelan State oil company PDVSA effective on 1 April 2006; (ii) outages and disruptions in Nigeria due to social unrest; (iii) residual hurricane impacts on production in the Gulf of Mexico; and (iv) operational issues at certain facilities in Italy, Norway and Kazakhstan. Despite the adverse impact of the unforeseen events in Venezuela and Nigeria, production growth rate for the year is expected to be approximately 3% assuming a Brent crude oil price of approximately $55 per barrel in the market scenario for 2006;
- **sales volumes of natural gas in Europe** are forecasted to increase approximately 5% from 2005 levels (94 billion cubic meters) with major increases expected in volumes sold on the German/Austrian, Iberian Peninsula, Turkish and French markets;
- **sold production of electricity** is expected to increase approximately 9% from 2005 levels (22.77 terawatthour) due to the continuing ramp-up of new production capacity at the Brindisi and Mantova sites partially offset by expected lower production at the Ravenna and Ferrera Erbognone plants due to planned maintenance;
- **refining throughputs on Eni s account** are expected to decline slightly from 2005, due mainly to maintenance at the Sannazzaro and Livorno refineries counterbalanced by higher throughputs expected at the Gela and Venice refineries. Eni s refineries are expected to run at full capacity;
- **retail sales of refined products** on the Agip branded network in Italy are expected to remain stable. In the rest of Europe an upward trend of sales is expected to continue, in particular higher sales are expected in Spain, France and Central-Eastern Europe also as a result of construction/acquisition of service stations.

In 2006, capital expenditure is expected to amount euro 9.1 billion, representing a 23% increase from 2005. Approximately 90% of capital expenditure is planned in Eni s Exploration & Production, Gas & Power and Refining & Marketing divisions; the majority of increases are expected in exploration projects, development of oil and natural gas reserves, upgrading of refineries and upgrading of natural gas transport and import infrastructure. The Oilfield Services Construction and Engineering segment is also expected to increase its capital expenditure by approximately 82% due to the construction of a new FPSO unit and upgrading of the fleet and logistic centres. Lower capital expenditure as compared to the outlook of the first quarter of 2006 (euro 9.7 billion) is due mainly to currency translation effects pertaining to a different assumption of expected trends in the euro/US dollar exchange rate.

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Paolo Scaroni, Chief Executive Officer, commented:
Eni delivered a set of excellent results in the first half of 2006 against a backdrop of high oil prices, strong growth of Eni s oil and gas production and a significant increase in European gas demand. I am confident that 2006 will be for Eni another year of sound performance. This confidence underpins my proposal to Eni s board to pay an interim dividend of euro 0.60 per share for fiscal year 2006.

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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 average net borrowings for the first half of the year cannot be extrapolated for the full year.

This press release contains certain forward-looking statements, particularly the statements under Outlook . 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 Second Quarter 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, oilfield services construction and engineering industries. Eni is present in 70 countries and is Italy s largest company by market capitalisation.

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Summary First Half Results

Eni s net profit for the first half of 2006 was euro 5,275 million, up euro 932 million from the first half of 2005, or 21.5%, reflecting higher operating profit (up euro 2,381 million, or 29.2%), partially offset by a higher Group tax rate, up 4.4 percentage points (from 45.3% to 49.7%). The increase in the rate was due principally to a higher share of profit before income taxes earned by subsidiaries in the Exploration & Production division operating in countries where the statutory tax rate is higher than the average tax rate for the Group.

Eni s results benefited from a favourable trading environment with a higher Brent crude oil price (up 32.6%) and a depreciation of the euro versus the dollar (down 4.4%). These positives were partially offset by declining refining margins, down 21%, and lower petrochemical products margins. Selling margins on natural gas were also lower as a consequence of the implementation of resolution No. 248/2004[5] by the Italian Authority for Electricity and Gas. This was partly offset by a favourable trading environment, particularly for the second quarter. The impact of the regulatory regime of resolution No. 248/2004 on natural gas margins for the second half of the year is expected to be softened by the enactment of resolution No. 134/2006 by the Italian Authority for Electricity and Gas effective 1 July 2006.

Net profit for the first half includes an **inventory holding gain** of euro 210 million (net of the fiscal effect) and **special charges** of euro 372 million (net of the fiscal effect) relating principally to asset impairments in the Exploration & Production and Gas & Power divisions, environmental provisions, and provisions for redundancy incentives, partially offset by gains on the divestment of mineral properties. Excluding these items, **adjusted net profit** for the period was up 23.3% to euro 5,437 million.

Replacement cost operating profit for the first half was euro 10,207 million, an increase of euro 2,542 million over the first half of 2005, or 33.2%, reflecting primarily the increase reported in the:

- Exploration & Production division (up euro 3,049 million, or 57%) due to higher realisations in dollars (oil up 36.3%, natural gas up 21.5%) combined with increased production volumes sold (up 12.4 mboe, or 4.2%), and to the favourable impact of the depreciation of the euro versus the US dollar (euro 370 million), offset in part by higher operating costs and amortisation charges.

Operating profit of the Oilfield Services Construction and Engineering segment improved by 88.4% from the first half of 2005.

These increases were partly offset by:

- lower replacement cost operating profit in the Gas & Power division (down euro 238 million, or 11.2%) due primarily to a decrease in natural gas margins as a consequence of the regulatory regime of resolution No. 248/2004 by the Italian Authority for Electricity and Gas, which affected natural gas prices to both residential customers and wholesalers, partly offset by a favourable trading environment, particularly for the second quarter. Operating profit was adversely impacted also by higher purchase prices of natural gas relating to the climatic emergency of the 2005-2006 winter and by lower transport tariffs for natural gas in Italy than for the same period a year ago as a consequence of the regulatory regime enacted by the Italian Authority for Electricity and Gas with resolution No. 166/2005. On the positive side, sales of natural gas of consolidated subsidiaries were up 2.6 bcm or 6.1% and electricity production sold was up 1.87 terawatthours, or 17.7%. Transported natural gas volumes outside Italy were also higher reflecting the coming on line of volumes transported through the Greenstream pipeline from Libya;

(5) For a detailed explanation of resolution No. 248/2004 of the Italian Authority for Electricity and Gas and later amendments see Eni s Report on the Second Quarter of 2006 Operating review Gas & Power.

- lower replacement cost operating profit in the Refining & Marketing division (down euro 205 million, or 50.5%) due primarily to declining refining margins (margins on Brent were down 1.16 dollars/barrel, or 21%), partly offset by the favourable impact of the depreciation of the euro versus the US dollar, and the impact of longer refinery outages for planned maintenance. Replacement cost operating profit was also adversely impacted by lower results in marketing activities in Italy, reflecting rapidly escalating prices of refined products not recovered in full in final prices as well as competitive pressure. These negative factors were offset in part by higher operating result of activities in the rest of Europe;
- lower replacement cost operating profit in the Petrochemical segment (euro 201 million, or 96.2%) affected by the significantly higher cost of oil-based feedstocks, not completely transferred to selling prices. In addition production volumes were adversely impacted by the outage of the Priolo cracker due to the accident occurred to the nearby refinery late in April.

Revenues for the first half of 2006 were euro 44,323 million, a euro 10,222 million increase from the first half of 2005, or 30%, primarily reflecting higher realised prices and higher sales volumes in virtually all of Eni s operating divisions. Also contributing to these increases was the favourable impact of the depreciation of the euro versus the US dollar.

Net borrowings as at 30 June 2006 were euro 6,394 million, representing a decrease of euro 4,081 million from 31 December 2005. Cash inflow generated by operating activities came in at euro 10,477 million also benefiting from seasonality factors, and was partly offset by: (i) financial requirements for capital expenditure and investments for euro 3,118 million; (ii) dividend payments amounting to euro 2,621 million, of which euro 2,401 million pertaining to the payment of the balance of the dividend for fiscal year 2005 by the parent company Eni SpA; and (iii) the repurchase of own shares for euro 978 million. Contributing to the reduction in net borrowings were also cash from divestments (euro 104 million) and currency translation effects (approximately euro 400 million).

Net borrowings increased by euro 103 million from the level as of 31 March 2006 (euro 6,291 million) as cash inflow generated by operating activities (euro 4,614 million) was absorbed by: (i) dividend payments for euro 2,621 million; (ii) financial requirements for capital expenditure for euro 1,714 million; and (iii) the repurchase of own shares for euro 665 million.

At June 30, 2006, the ratio of net borrowings to shareholders equity including minority interests was 0.16, compared with 0.27 at 31 December 2005.

From 1 January to 30 June 2006 a total of 41.97 million **Eni shares** were purchased by the company for a total cost of euro 978 million (representing an average cost of euro 23.294 per share). Since the inception of the share buy-back programme (1 September 2000), Eni has repurchased 323.8 million shares, equal to 8.09% of its share capital, at a total cost of euro 5,249 million (representing an average cost of euro 16.210 per share).

Capital expenditure in the first half of 2006 amounted to euro 3,054 million (euro 3,206 million in the first half of 2005) and was primarily related to:

- the development of oil and gas reserves (euro 1,711 million) in particular in Kazakhstan, Angola, Italy and Egypt and exploration projects (euro 378 million) in Egypt, Nigeria, Italy and the United States;
- the upgrading of Eni s natural gas transport and distribution networks in Italy (euro 270 million);
- ongoing construction of combined cycle power plants (euro 78 million);
- actions for the improvement of flexibility and yields of refineries, including the construction of new hydrocracking and deasphalting units at the Sannazzaro refinery, and the upgrade of the refined product distribution network in Italy and in the rest of Europe (overall euro 232 million);

- the construction of a new FPSO unit and upgrading of the fleet and logistic centres in the Oilfield Services Construction and Engineering segment (euro 224 million).

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Summary quarterly results

Eni s net profit for the second quarter of 2006 was euro 2,301 million, up euro 403 million from the second quarter of 2005, or 21.2%, reflecting higher operating profit (up euro 1,236 million or 33.3%), partially offset by a higher Group tax rate, up 4.6 percentage points (from 48.4% to 53%). The increase in the rate was due principally to a higher share of profit before income taxes earned by subsidiaries in the Exploration & Production division operating in countries where the statutory tax rate is higher than the average tax rate for the Group.

Eni s results benefited from a favourable trading environment with a higher Brent crude oil price (up 35%) and higher natural gas sales margins reflecting a favourable trading environment, partly offset by the adverse impact of resolution No. 248/2004 for natural gas prices to both wholesalers and residential customers established by the Italian Authority for Electricity and Gas. These positives were partially offset by declining refining margins, with Brent refining margin down 14.9%, and lower petrochemical products margins.

Net profit for the second quarter includes an **inventory holding gain** of euro 151 million (net of the fiscal effect) and **special charges** of euro 333 million (net of the fiscal effect) relating principally to asset impairments in the Exploration & Production and Gas & Power divisions, environmental provisions, and provisions for redundancy incentives. Excluding these items, **adjusted net profit** for the quarter was up 22.7% to euro 2,483 million.

Replacement cost operating profit for the second quarter was euro 4,706 million, an increase of euro 1,297 million over the second quarter of 2005, or 38.0%, reflecting primarily the increase reported in the:

- Exploration & Production division (up euro 1,314 million, or 47.3%) due to higher realisations in US dollars (oil up 39.3%, natural gas up 18.7%), offset in part by higher operating costs and amortisation charges;
- Gas & Power division (up euro 104 million, or 16.9%) due primarily to higher natural gas sales margins reflecting a favourable trading environment, offset in part by the adverse impact of resolution No. 248/2004 for natural gas prices to both wholesalers and residential customers by the Italian Authority for Electricity and Gas. Other positives include an increase in sales of natural gas of consolidated subsidiaries (up 0.73 bcm or 4.3%), higher electricity production sold (up 0.43 terawatthours, or 7.7%) and higher natural gas volumes transported outside Italy. On the negative side, transport tariffs of natural gas in Italy were lower than in the same period a year ago as a consequence of resolution No. 166/2005 enacted by the Italian Authority for Electricity and Gas.

These increases were partly offset by:

- lower replacement cost operating profit in the Refining & Marketing division (down euro 121 million, or 43.2%) due primarily to declining refining margins (margins on Brent were down 1.01 dollars/barrel, or 14.9%) and the impact of longer refinery outages for planned maintenance;
- replacement cost operating loss in the Petrochemical segment which recorded operating loss of euro 14 million as compared to an operating profit of euro 50 million a year ago, reflecting a significantly higher cost of oil-based feedstocks, not completely transferred to selling prices. In addition production volumes were adversely impacted by the outage of the Priolo cracker due to the accident occurred to the nearby refinery late in April.

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Post closing events

The Algerian State is currently reviewing the fiscal regime applicable to oil companies. With regard to the legislative text already enacted, fiscal terms applicable to existing PSAs to which foreign oil companies are parties have not been modified directly. Nevertheless, Sonatrach, the State oil company, intends to renegotiate the economic terms of certain PSAs to which Eni or other Eni s co-venture partners are a party. According to Sonatrach, the renegotiation of contractual terms is necessary in order to restore the economics of such contracts which have been altered by the new fiscal charges that Sonatrach is incurring. At present management is not able to foresee the final outcome of such renegotiations.

In addition, the government of Algeria has recently adopted a legislative text amending the existing hydrocarbon laws to impose, among other things, a windfall profit tax on foreign oil companies which are parties of existing PSAs to the extent that oil prices exceed US$30 per barrel. The amendments will have to be ratified by the Parliament and enacted through implementing regulations. At present Eni s management is not able to estimate any additional fiscal charges that Eni may incur.

Other information

Eni s Stock option plan for the 2006-2008 period:
Eni s Board of Directors approved grant for 2006

In application of Eni s Shareholders Meeting resolution of 25 May 2006, Eni s Board of Directors in its meeting of 27 July 2006 defined the terms and conditions for the granting for 2006 of Eni s Stock Option Plan 2006-2008 and also approved the relevant regulation.

In particular the Board of Directors on proposal of the Compensation Committee decided the granting of a maximum of 9 million rights for the purchase of shares (options) for a corresponding number of Eni treasury shares.

Options will be offered to 350 managers of the parent company Eni SpA and its non listed subsidiaries who hold positions of significant responsibility and of strategic relevance and provide grantees with the right to purchase Eni shares after three years from the date of the grant at a price corresponding to the higher of the arithmetic average of official prices recorded on the Mercato Telematico Azionario in the month preceding the date of the grant and the average cost of the treasury shares as of the day prior to the grant (strike price).

The number of options that each grantee will be able to exercise will be established by the Board of Directors before March 2009 and may vary from zero to 100% of the options granted according to the total shareholder return of Eni shares as compared to that of the other six major international oil companies by market capitalisation.

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Trading environment indicators

Second quarter				First half		
2005	2006	% Ch.		2005	2006	% Ch.
51.59	69.62	34.9	Average price of Brent dated crude oil (1)	49.55	65.69	32.6
1.260	1.256	(0.3)	Average EUR/USD exchange rate (2)	1.285	1.229	(4.4)
40.94	55.43	35.4	Average price in euro of Brent dated crude oil	38.56	53.45	38.6
6.78	5.77	(14.9)	Average European refining margin (3)	5.52	4.36	(21.0)
5.38	4.59	(14.6)	Average European refining margin in euro	4.30	3.55	(17.4)
2.13	2.89	35.7	Euribor - three-month rate (%)	2.14	2.75	28.5
3.25	5.13	57.8	Libor - three-month dollar rate (%)	3.03	4.93	62,7

(1) In US 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.

Summary group results

Summarised consolidated profit and loss account

(million euro)

Second quarter				First half		
2005	2006	% Ch.		2005	2006	% Ch.
16,656	20,739	24.5	Net sales from operations	34,101	44,323	30.0
139	163	17.3	Other income and revenues	323	372	15.2
(11,610)	(14,380)	(23.9)	Operating expenses	(23,633)	(31,119)	(31.7)
(1,474)	(1,575)	(6.9)	Depreciation, amortisation and writedowns	(2,630)	(3,034)	(15.4)
3,711	**4,947**	**33.3**	**Operating profit**	**8,161**	**10,542**	**29.2**
(116)	109	..	Net financial expense	(208)	151	..
279	227	(18.6)	Net income from investments	413	467	13.1
3,874	**5,283**	**36.4**	**Profit before income taxes**	**8,366**	**11,160**	**(33.4)**
(1,875)	(2,800)	(49.3)	Income taxes	(3,790)	(5,547)	(46.4)
1,999	2,483	24.2	Net profit	4,576	5,613	22.7
			of which:			
1,898	**2,301**	**21.2**	**- net profit pertaining to Eni**	**4,343**	**5,275**	**21.5**
101	182	80.2	- net profit of minorities	233	338	45.1
1,898	**2,301**	**21.2**	**Net profit pertaining to Eni**	**4,343**	**5,275**	**21.5**

(189)	(151)		Exclusion of inventory holding	(311)	(210)	
1,709	**2,150**	**25.8**	**Replacement cost net profit pertaining to Eni**	**4,032**	**5,065**	**25.6**
315	333		Exclusion of special items	377	372	
2,024	**2,483**	**22.7**	**Adjusted net profit pertaining to Eni**	**4,409**	**5,437**	**23.3**

(1) For an explanation of adjusted profit and replacement cost profit see page 11.

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Segmental analysis of operating profit

(million euro)

Second quarter 2005	Second quarter 2006	% Ch.		First half 2005	First half 2006	% Ch.
2,776	4,090	47.3	Exploration & Production	5,349	8,398	57.0
592	708	19.6	Gas & Power	2,155	1,907	(11.5)
596	366	(38.6)	Refining & Marketing	865	455	(47.4)
58	30	(48.3)	Petrochemicals	216	69	(68.1)
53	133	150.9	Oilfield Services Construction and Engineering	112	211	88.4
(197)	(151)	23.4	Other activities	(259)	(216)	16.6
(158)	(91)	42.4	Corporate and financial companies	(211)	(142)	32.7
(9)	(138)		Unrealized profit in inventory (1)	(66)	(140)	
3,711	**4,947**	**33.3**	**Operating profit**	**8,161**	**10,542**	**29.2**
(302)	(241)		Exclusion of inventory holding (gains) losses	(496)	(335)	
3,409	**4,706**	**38.0**	**Replacement cost operating profit**	**7,665**	**10,207**	**33.2**
424	348		Exclusion of special items	516	380	
3,833	**5,054**	**31.9**	**Adjusted operating profit**	**8,181**	**10,587**	**29.4**

(1) Unrealized profit in inventory concerned intragroup sales of goods and services recorded at 30 June in the equity of the purchasing company.

Net sales from operations

(million euro)

Second quarter 2005	Second quarter 2006	% Ch.		First half 2005	First half 2006	% Ch.
5,437	7,045	29.6	Exploration & Production	10,054	14,459	43.8
4,500	5,799	28.9	Gas & Power	11,162	14,933	33.8
7,846	10,166	29.6	Refining & Marketing	14,747	19,446	31.9
1,465	1,612	10.0	Petrochemicals	2,999	3,340	11.4
1,196	1,769	47.9	Oilfield Services Construction and Engineering	2,356	3,080	30.7
359	251	(30.1)	Other activities	596	465	(22.0)
118	298	152.5	Corporate and financial companies	434	605	39.4
(4,265)	(6,201)	(45.4)	Consolidation adjustment	(8,247)	(12,005)	(45.6)
16,656	**20,739**	**24.5**		**34,101**	**44,323**	**30.0**

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

***Adjusted operating profit** and **net profit** are before inventory holding gains or losses and special items. Information on adjusted operating profit and net profit is presented to help distinguish the underlying trends for the company s core businesses and to allow financial analysts to evaluate Eni s trading performance on the basis of their forecasting models. These financial measures are not GAAP measures under either IFRS or U.S. GAAP; they are used by management in evaluating Group and Divisions performance.*

Replacement cost net profit and operating profit reflect the current cost of supplies. The replacement cost net profit for the period is arrived at by excluding from the historical cost net profit the inventory holding gain or loss, which 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.

Certain infrequent or unusual incomes or charges are recognised as special items because of their significance. Special items include also certain amounts not reflecting the ordinary course of business, such as environmental provisions or restructuring charges, and 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.

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

First half 2006 (million euro)	**E&P**	**G&P**	**R&M**	**Petrochemicals**	**Oilfield Services Construction and Engineering**	**Other activities**	**Corporate and financial companies**	**Unrealized profit in inventory**	**Group**
Reported operating profit	**8,398**	**1,907**	**455**	**69**	**211**	**(216)**	**(142)**	**(140)**	**10,542**
Exclusion of inventory holding (gains) losses		(20)	(254)	(61)					(335)
Replacement cost operating profit	**8,398**	**1,887**	**201**	**8**	**211**	**(216)**	**(142)**	**(140)**	**10,207**
Exclusion of special items:									
environmental charges		39	61			52			152
asset impairments	132	51	1			4			188
gains on portfolio rationalisation	(57)								(57)
provisions to the reserve for contingencies			3	20		22			45
provision for redundancy incentives		17	11	1		1	12		42
other			2	(1)		9			10
Special items of operating profit	**75**	**107**	**78**	**20**		**88**	**12**		**380**
Adjusted operating profit	**8,473**	**1,994**	**279**	**28**	**211**	**(128)**	**(130)**	**(140)**	**10,587**
Reported net profit pertaining to Eni									**5,275**
Exclusion of inventory holding (gains) losses									(210)
Replacement cost net profit pertaining to Eni									**5,065**
Exclusion of special items									372
Adjusted net profit pertaining to Eni									**5,437**

First half 2005

(million euro)	E&P	G&P	R&M	Petrochemicals	Oilfield Services Construction and Engineering	Other activities	Corporate and financial companies	Unrealized profit in inventory	Group
Reported operating profit	**5,349**	**2,155**	**865**	**216**	**112**	**(259)**	**(211)**	**(66)**	**8,161**
Exclusion of inventory holding (gains) losses		(30)	(459)	(7)					(496)
Replacement cost operating profit	**5,349**	**2,125**	**406**	**209**	**112**	**(259)**	**(211)**	**(66)**	**7,665**
Exclusion of special items:									
environmental charges		22	62			94	46		224
asset impairments	158			18		4			180
provisions to the reserve for contingencies			17	5		43			65
provision for redundancy incentives	1	3	7				11		22
other		23	(5)	(2)		9			25
Special items of operating profit	**159**	**48**	**81**	**21**		**150**	**57**		**516**
Adjusted operating profit	**5,508**	**2,173**	**487**	**230**	**112**	**(109)**	**(154)**	**(66)**	**8,181**
Reported net profit pertaining to Eni									**4,343**
Exclusion of inventory holding (gains) losses									(311)
Replacement cost net profit pertaining to Eni									**4,032**
Exclusion of special items									377
Adjusted net profit pertaining to Eni									**4,409**

Second quarter 2006

(million euro)	E&P	G&P	R&M	Petrochemicals	Oilfield Services Construction and Engineering	Other activities	Corporate and financial companies	Unrealized profit in inventory	Group
Reported operating profit	**4,090**	**708**	**366**	**30**	**133**	**(151)**	**(91)**	**(138)**	**4,947**
Exclusion of inventory holding (gains) losses		10	(207)	(44)					(241)
Replacement cost operating profit	**4,090**	**718**	**159**	**(14)**	**133**	**(151)**	**(91)**	**(138)**	**4,706**
Exclusion of special items:									
environmental charges		19	17			52			88
asset impairments	132	51	1			1			185
provisions to the reserve for contingencies			2	18		22			42
provision for redundancy incentives		3	6	1		1	7		18
other			5			10			15
Special items of operating profit	**132**	**73**	**31**	**19**		**86**	**7**		**348**
Adjusted operating profit	**4,222**	**791**	**190**	**5**	**133**	**(65)**	**(84)**	**(138)**	**5,054**
Reported net profit pertaining to Eni									**2,301**
Exclusion of inventory holding (gains) losses									(151)
Replacement cost net profit pertaining to Eni									**2,150**
Exclusion of special items									333
Adjusted net profit pertaining to Eni									**2,483**

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Second quarter 2005 (million euro)	**E&P**	**G&P**	**R&M**	**Petrochemicals**	**Oilfield Services Construction and Engineering**	**Other activities**	**Corporate and financial companies**	**Unrealized profit in inventory**	**Group**
Reported operating profit	**2,776**	**592**	**596**	**58**	**53**	**(197)**	**(158)**	**(9)**	**3,711**
Exclusion of inventory holding (gains) losses		22	(316)	(8)					(302)
Replacement cost operating profit	**2,776**	**614**	**280**	**50**	**53**	**(197)**	**(158)**	**(9)**	**3,409**
Exclusion of special items:									
environmental charges		22	37			94	46		199
asset impairments	127			18		1			146
provisions to the reservefor contingencies			17	5		43			65
provision for redundancy incentives	1	2	3						6
other			(2)	(2)		3	9		8
Special items of operating profit	**128**	**24**	**55**	**21**		**141**	**55**		**424**
Adjusted operating profit	**2,904**	**638**	**335**	**71**	**53**	**(56)**	**(103)**	**(9)**	**3,833**
Reported net profit pertaining to Eni									**1,898**
Exclusion of inventory holding (gains) losses									(189)
Replacement cost net profit pertaining to Eni									**1,709**
Exclusion of special items									315
Adjusted net profit pertaining to Eni									**2,024**

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Replacement cost operating profit by segment

(million euro)

Second quarter 2005	Second quarter 2006	% Ch.		First half 2005	First half 2006	% Ch.
2,776	4,090	47.3	Exploration & Production	5,349	8,398	57.0
614	718	16.9	Gas & Power	2,125	1,887	(11.2)
280	159	(43.2)	Refining & Marketing	406	201	(50.5)
50	(14)		Petrochemicals	209	8	(96.2)
53	133	150.9	Oilfield Services Construction and Engineering	112	211	88.4
(197)	(151)	23.4	Other activities	(259)	(216)	16.6
(158)	(91)	42.4	Corporate and financial companies	(211)	(142)	32.7
(9)	(138)		Unrealized profit in inventory	(66)	(140)	
3,409	**4,706**	**38.0**	**Replacement cost operating profit**	**7,665**	**10,207**	**33.2**

Adjusted operating profit by segment

(million euro)

Second quarter 2005	Second quarter 2006	% Ch.		First half 2005	First half 2006	% Ch.
2,904	4,222	45.4	Exploration & Production	5,508	8,473	53.8
638	791	24.0	Gas & Power	2,173	1,994	(8.2)
335	190	(43.3)	Refining & Marketing	487	279	(42.7)
71	5	(93.0)	Petrochemicals	230	28	(87.8)
53	133	150.9	Oilfield Services Construction and Engineering	112	211	88.4
(56)	(65)	(16.1)	Other activities	(109)	(128)	(17.4)
(103)	(84)	18.4	Corporate and financial companies	(154)	(130)	15.6
(9)	(138)		Unrealized profit in inventory	(66)	(140)	
3,833	**5,054**	**31.9**	**Adjusted operating profit**	**8,181**	**10,587**	**29.4**

Summarized consolidated balance sheet

(million euro)	31 Dec. 2005	31 Mar. 2006	30 Jun. 2006	Change vs. 31 Dec. 2005	Change vs. 31 Mar. 2006
Non-current assets	54,291	53,876	52,720	(1,571)	(1,156)
Working capital, net	(3,568)	(4,988)	(5,423)	(1,855)	(435)

Employee termination indemnities and other benefits	(1,031)	(1,045)	(1,040)	(9)	5
Net capital employed	**49,692**	**47,843**	**46,257**	**(3,435)**	**(1,586)**
Shareholders equity including minority interest	39,217	41,552	39,863	646	(1,689)
Net borrowings	10,475	6,291	6,394	(4,081)	103
Total liabilities and shareholders equity	**49,692**	**47,843**	**46,257**	**(3,435)**	**(1,586)**
Debts and bonds	12,998	11,054	11,560	(1,438)	506
short-term	*5,345*	*3,674*	*4,149*	*(1,214)*	*457*
long-term	*7,653*	*7,380*	*7,411*	*(224)*	*49*
Cash	(2,523)	(4,763)	(5,166)	(2,643)	(403)
Net borrowings	**10,475**	**6,291**	**6,394**	**(4,081)**	**103**

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Summarised cash flow statement

(million euro)

First quarter 2006	Second quarter 2006		First half 2005	First half 2006
5,863	4,614	Net cash provided by operating activities	8,613	10,477
(1,340)	(1,714)	Capital expenditure and investments	(3,206)	(3,054)
(19)	(45)	Investments	(48)	(64)
	(2,621)	Payment of dividend for fiscal year 2005	(3,623)	(2,621)
	(2,401)	*of which: Eni SpA*	*(3,384)*	*(2,401)*
	(207)	*Snam Rete Gas SpA and Saipem SpA*	*(232)*	*(207)*
(348)	(821)	Share buy-back	(246)	(1,169)
(313)	*(665)*	*of which: Eni SpA*	*(228)*	*(978)*
(35)	*(156)*	*Snam Rete Gas SpA and Saipem SpA*	*(18)*	*(191)*
85	19	Divestments	294	104
(57)	465	Exchange difference and other changes	(752)	408
4,184	**(103)**	**Change in net borrowings**	**1,032**	**4,081**

Bonds maturing in the 18-month period starting on 30 June 2006

Issuing company	amount in euro million [1]
Eni Coordination Center SA	585
Eni USA Inc	157
	742

(1) Including disagio issue and accrued interest.

Bond issued in the first half of 2006 (guaranteed by Eni SpA)

Issuing company	Nominal amount (million)	Currency	Amount (million euro) [1]	Maturity	Rate	%
Eni Coordination Center SA	5,000	JPY	35	2014	fixed	1.560
Eni Coordination Center SA	45	USD	36	2013	variable	
Eni Coordination Center SA	100	GBP	144	2011	fixed	5.125
	5,145		**215**			

(1) Including disagio issue and accrued interest.

There follows a review of financial and operating performance of Eni s main operating business divisions in the first half and second quarter of 2006.

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First half and second quarter operating results by division

Exploration & Production

(million euro)

Second quarter 2005	Second quarter 2006	% Ch.		First half 2005	First half 2006	% Ch.
5,437	7,045	29.6	Revenues	10,054	14,459	43.8
2,776	4,090	47.3	Operating profit	5,349	8,398	57.0
128	132		Exclusion of special items	159	75	
2,904	**4,222**	**45.4**	**Adjusted operating profit**	**5,508**	**8,473**	**53.8**
1,167	1,153	(1.2)	Capital expenditure	2,220	2,114	(4.8)

Operating profit for the first half was euro 8,398 million, up euro 3,049 million, or 57%, primarily reflecting higher realisations in US dollars (oil up 36.3%; natural gas up 21.5%) combined with a growth in production volumes sold by consolidated subsidiaries, which were up 12.4 million boe, or 4.2%. The depreciation of the euro over the dollar also boosted operating profit by an estimated euro 370 million, pertaining principally to currency translation effects. These positive factors were partially offset by higher operating costs and amortisation charges in connection with higher development costs of new fields and for maintaining production levels in certain mature fields as well as inflationary impacts. Higher exploration costs were also incurred.

The first half result included special charges of euro 75 million resulting from asset impairments, partly offset by a gain on asset divestment. In the first half of 2005, special charges of euro 159 million were recorded resulting principally from asset impairments.

Operating profit for the second quarter was up euro 1,314 million, to euro 4,090 million, driven by higher realisations in US dollars (oil up 39.3%; natural gas up 18.7%). This was partially offset by higher operating costs and amortisation charges. Higher exploratory costs were also incurred.

The second quarter result included special charges of euro 132 million resulting from asset impairments; roughly the same amount of asset impairments were incurred in the second quarter of 2005.

Second quarter 2005	Second quarter 2006	% Ch.		First half 2005	First half 2006	% Ch.
1,725	**1,748**	**1.3**	**Daily production of oil and natural gas** [(1)] (kboe)	**1,714**	**1,787**	**4.3**
268	237	(11.6)	Italy	267	242	(9.4)
465	555	19.4	North Africa	449	548	22.0
326	368	12.9	West Africa	326	375	15.0
286	284	(0.7)	North Sea	288	291	1.0
380	304	(20.0)	Rest of world	384	331	(13.8)

153.4	**154.1**	**0.5**	**Oil and natural gas production sold** [1] (mboe)	**301.4**	**313.6**	**4.0**

(1) Includes Eni s share of production of joint ventures accounted for under the equity method.

Oil and natural gas production for the first half averaged 1,787 kboe/d, representing an increase of 4.3%, or 73 kboe/d from the first half of 2005, driven by organic growth in Libya, Angola and Egypt. Production for the period was adversely impacted by: (i) lower

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entitlements in certain PSAs and buy-back contracts of 32 kboe/d; (ii) the impact of the unilateral cancellation of the service contract for the Dación oil field by the Venezuelan State oil company PDVSA effective on 1 April 2006 (down 29 kboe/d); (iii) natural field decline in mature areas; (iv) outages and disruptions in Nigeria due to social unrest, residual hurricane impacts on production in the Gulf of Mexico and operational issues at certain facilities in Italy, Norway and Kazakhstan. Excluding the impact of adverse entitlement effects, oil and natural gas production increased by 6.1%. Natural gas production for the period achieved a double-digit growth driven by increases in Libya, Egypt, Nigeria and Australia, while oil production came in essentially flat as growth in areas such as Angola and Libya was offset by the impact of the Dación oil field contract cancellation in Venezuela and operational and contingent issues.
The share of production outside Italy for the period was 86% (84% in the first half of 2005).

Oil and natural gas production for the second quarter averaged 1,748 kboe/d, representing an increase of 1.3% or 23 kboe/d from the second quarter of 2005. As well as lower entitlements for 36 kboe/d and natural field declines, production for the quarter was adversely impacted by a 58 kbbl/d production loss pertaining to the unilateral cancellation of the service contract for the Dación oil field on part of the Venezuelan State oil company PDVSA effective on 1 April 2006 and the operational or contingent issues as outlined above. Oil production for the quarter was down 4.6%, while natural gas production increased by 12% driven by growth in Libya, Egypt, Nigeria, Australia and Croatia.

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Gas & Power

(million euro)

Second quarter 2005	Second quarter 2006	% Ch.		First half 2005	First half 2006	% Ch.
4,500	5,799	28.9	Revenues	11,162	14,933	33.8
592	708	19.6	Operating profit	2,155	1,907	(11.5)
22	10		Exclusion of inventory holding (gains) losses	(30)	(20)	
614	**718**	**16.9**	**Replacement cost operating profit**	**2,125**	**1,887**	**(11.2)**
24	73		Exclusion of special items	48	107	
638	**791**	**24.0**	**Adjusted operating profit**	**2,173**	**1,994**	**(8.2)**
256	259	1.2	Capital expenditure	521	410	(21.3)

Replacement cost operating profit for the first half of 2006 was euro 1,887 million, down euro 238 million, or 11.2%. This was due primarily to lower margins on natural gas sales as a consequence of the regulatory regime of resolution No. 248/2004 by the Italian Authority for Electricity and Gas, which affected natural gas prices to both residential customers and wholesalers, partly offset by a favourable trading environment in particular in the power generation segment. Replacement cost operating profit for the period was also adversely impacted by higher purchase prices of natural gas relating to the to the climatic emergency of the 2005-2006 winter and by lower transport tariffs in Italy due to the regulatory regime of resolution No. 166/2005 enacted by the Italian Authority for Electricity and Gas. On the positive side, sales of natural gas of consolidated subsidiaries were up 2.6 bcm or 6.1% and electricity production sold was up 1,87 terawatthours, or 17.7%. Transported natural gas volumes outside Italy were also higher reflecting the coming on line of the Greenstream pipeline from Libya.

The first half results included special charges of euro 107 million related primarily to impairments of intangible assets, environmental provisions and provisions for redundancy incentives. Special items for the first half of 2005 related primarily to environmental provisions and certain non-operating charges for euro 48 million.

Replacement cost operating profit for the second quarter of 2006 was euro 718 million, up euro 104 million, or 16.9%, due to higher natural gas sales margins reflecting a favourable trading environment in particular in the power generation segment. This was offset in part by the adverse impact of resolution No. 248/2004 for natural gas prices to both wholesalers and residential customers established by the Italian Authority for Electricity and Gas. Other positives include an increase in sales of natural gas of consolidated subsidiaries (up 0.73 bcm or 4.3%), higher electricity production sold (up 0.43 terawatthours, or 7.7%) and higher natural gas volumes transported outside Italy. On the negative side, transport tariffs of natural gas in Italy were lower than in the same period a year ago as a consequence of the regulatory regime of resolution No. 166/2005 enacted by the Italian Authority for Electricity and Gas.

Results for the quarter included special charges of euro 73 million related primarily to impairments of intangible assets and environmental provisions. Special items for the second quarter of 2005 related primarily to environmental provisions.

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Second quarter 2005	2006	% Ch.		First half 2005	2006	% Ch.
			Natural gas sales (bcm)			
10.29	9.99	(2.9)	Italy to third parties [1]	27.28	27.46	0.7
1.61	1.67	3.7	Wholesalers (selling companies)	6.91	6.73	(2.6)
0.48	0.54	12.5	Gas release	1.07	1.13	5.6
8.20	7.78	(5.1)	End customers	19.30	19.60	1.6
2.91	*3.29*	*13.1*	*Industrial users*	*6.23*	*7.09*	*13.8*
4.44	*3.63*	*(18.2)*	*Power generation*	*8.40*	*7.90*	*(6.0)*
0.85	*0.86*	*1.2*	*Residential*	*4.67*	*4.61*	*(1.3)*
1.34	1.61	20.1	Own consumption [1]	2.59	3.08	18.9
5.03	*5.91*	*17.5*	*Rest of Europe* [1]	*12.36*	*14.48*	*17.2*
0.33	*0.21*	*(36.4)*	*Outside Europe*	*0.56*	*0.37*	*(33.9)*
16.99	**17.72**	**4.3**	**Sales and own consumption of subsidiaries**	**42.79**	**45.39**	**6.1**
1.53	**1.65**	**7.8**	**Sales to affiliates** (Eni s share)	**3.80**	**4.06**	**6.8**
0.01	*0.00*	..	*Italy* [1]	*0.04*	*0.01*	*(75.0)*
1.36	*1.38*	*1.5*	*Rest of Europe* [1]	*3.47*	*3.71*	*6.9*
0.16	*0.27*	*68.8*	*Outside Europe*	*0.29*	*0.34*	*17.2*
18.52	**19.37**	**4.6**	**Total natural gas sales and own consumption** (bcm)	**46.59**	**49.45**	**6.1**
21.09	**21.63**	**2.6**	**Transport of natural gas in Italy** (bcm)	**44.79**	**46.52**	**3.9**
13.10	13.91	6.2	Eni	28.46	30.03	5.5
7.99	7.72	(3.4)	Third parties	16.33	16.49	1.0
5.57	**6.00**	**7.7**	**Electricity production sold** (terawatthour)	**10.55**	**12.42**	**17.7**

19.50	**20.44**	**4.8**	**Total sales of natural gas in Europe** (bcm)	**48.71**	**51.82**	**6.4**
18.03	*18.89*	*4.8*	*Natural gas sales in Europe G&P* [1]	*45.74*	*48.74*	*6.6*
1.47	*1.55*	*5.4*	*Upstream sales in Europe*	*2.97*	*3.08*	*3.7*

Natural gas sales for the first half of 2006 were 49.45 bcm (including own consumption and Eni s share of affiliates sales), or 2.86 bcm higher, primarily reflecting higher sales in the rest of Europe, up 2.36 bcm, or 14.9%, and higher natural gas supplies to Eni s wholly-owned subsidiary EniPower for power generation up 0.49 bcm, or 18.9%.

Despite an increasingly competitive market, natural gas sales in Italy (27.46 bcm) increased by 0.18 bcm from the first half of 2005, reflecting higher sales to the industrial sector (up 0.86 bcm) related to an increase in the number of clients, partly offset by lower volumes sold to the power generation sector (down 0.50 bcm) as a consequence of a switch from natural gas to fuel oil as feedstock for power plants related to the climatic emergency declared by the Minister of Producing Activities in the 2005-2006 winter season.

Sales in the rest of Europe were 18.19 bcm, or 2.36 bcm higher, reflecting increases in: (i) sales under long-term supply contracts to Italian importers (up 1.19 bcm) for the progressive reaching of full supplies from Libyan fields; (ii) supplies to the Turkish market (up 0.68 bcm); (iii) volumes sold on the French market (up 0.33 bcm) relating to higher supplies to industrial operators; (iv) volumes sold on the German and Austrian markets (up 0.26 bcm), to the French operator Gaz de France and to Eni s affiliate GVS; (v) volumes sold by Eni affiliates (up 0.24 bcm), in particular Unión Fenosa Gas in Spain.

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Electricity production sold increased 1.87 terawatthour to 12.42 terawatthour, or 17.7%, reflecting the continuing ramp-up of new production capacity, in particular at the Brindisi plant (up 2.05 terawatthour) and full production of the Mantova plant, up 1.12 terawatthour. Such increases were partly offset by lower production at the Ferrera Erbognone and Ravenna plants due to planned maintenance.

Natural gas sales for the second quarter were 19.37 bcm, or 0.85 bcm higher, primarily reflecting higher sales in the rest of Europe, up 0.90 bcm, or 14.1%, and higher natural gas supplies to Eni s wholly-owned subsidiary EniPower for power generation up 0.27 bcm, or 20.1%. Natural gas sales in Italy (9.99 bcm) decreased by 0.30 bcm from the second quarter of 2005, reflecting lower volumes to the power generation sector (down 0.81 bcm), partially offset by higher sales to the industrial sector (up 0.38 bcm).

Sales in the rest of Europe were 7.29 bcm, or 0.89 bcm higher, reflecting increases in: (i) sales under long-term supply contracts to Italian importers (up 0.58 bcm) for the progressive reaching of full supplies from Libyan fields; (ii) supplies to the Turkish market (up 0.31 bcm).

Electricity production sold increased 0.43 terawatthour to 6 terawatthour, or 7.7%, reflecting the continuing ramp-up of new production capacity, in particular at the Brindisi plant (up 0.98 terawatthour) and full production of the Mantova plant, up 0.29 terawatthour. Such increases were partly offset by lower production at the Ferrera Erbognone and Ravenna plants due to planned maintenance.

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Refining & Marketing

(million euro)

Second quarter 2005	Second quarter 2006	% Ch.		First half 2005	First half 2006	% Ch.
7,846	10,166	29.6	Revenues	14,747	19,446	31.9
596	366	(38.6)	Operating profit	865	455	(47.4)
(316)	(207)		Exclusion of inventory holding (gains) losses	(459)	(254)	
280	**159**	**(43.2)**	**Replacement cost operating profit**	**406**	**201**	**(50.5)**
55	31		Exclusion of special items	81	78	
335	**190**	**(43.3)**	**Adjusted operating profit**	**487**	**279**	**(42.7)**
150	137	(8.7)	Capital expenditure	216	232	7.4

Replacement cost operating profit for the first half of 2006 was euro 201 million, down euro 205 million or 50.5%, from the first half of 2005, due primarily to declining refining margins (margins on Brent were down 1.16 dollars/barrel, or 21%), partly offset by the favourable impact of the depreciation of the euro versus the dollar, and the impact of longer refinery outages for both planned maintenance and certain operational issues in connection with the accident occurred late in April to the Priolo refinery in Sicily owned by a third party. Replacement cost operating profit for the quarter was also adversely impacted by shrinking marketing margins, reflecting rapidly escalating prices of refined products not recovered in full in final prices as well as competitive pressure. Also the divestment of Italiana Petroli occurred in September 2005 adversely impacted operating profit for the period (see below). On the positive side, activities in the rest of Europe recorded a higher operating profit.

The first half result included special charges of euro 78 million related primarily to environmental provisions and provisions for redundancy incentives. In the first half of 2005 special items were euro 81 million, related primarily to environmental and other provisions.

Replacement cost operating profit for the second quarter was euro 159 million, down euro 121 million or 43.2%, from the second quarter of 2005, due primarily to declining refining margins (margins on Brent were down 1.01 dollars/barrel, or 14.9%) and the impact of longer refinery outages for both planned maintenance and certain operational issues in connection with the accident occurred late in April to the Priolo refinery in Sicily. Replacement cost operating profit for the quarter was also adversely impacted by shrinking marketing margins, reflecting rapidly escalating prices of refined products not recovered in full in final prices as well as competitive pressure. Also the divestment of Italiana Petroli occurred in September 2005 adversely impacted operating profit for the period (see below). On the positive side, activities in the rest of Europe recorded an higher operating profit.

The second quarter result included special charges of euro 31 million related primarily to environmental provisions and provisions for redundancy incentives. In the second quarter of 2005 special items were euro 55 million, related primarily to environmental and other provisions.

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(million tonnes)

Second quarter				First half		
2005	**2006**	**% Ch.**		**2005**	**2006**	**% Ch.**
9.77	**9.40**	**(3.8)**	**Refining throughputs on own account**	**18.21**	**18.01**	**(1.1)**
12.51	**12.55**	**0.3**	**Sales**	**24.81**	**24.87**	**0.2**
2.20	2.20	-	Retail Italy Agip brand	4.26	4.26	-
0.50	-	(100.0)	Retail Italy IP brand	0.96	-	(100.0)
0.94	0.95	1.1	Retail rest of Europe	1.77	1.82	2.8
2.54	2.48	(2.4)	Wholesale Italy	5.07	5.02	(1.0)
1.06	1.15	8.5	Wholesale outside Italy	2.16	2.28	5.6
0.96	*1.03*	*7.3*	*of which in the rest of Europe*	*1.96*	*2.06*	*5.1*
5.27	5.77	9.5	Other sales	10.59	11.49	8.5

Refining throughputs on own account for the first half of 2006 in Italy and outside of Italy were down 0.20 mtonnes to 18.01 mtonnes from the same period a year ago, due principally to lower throughputs at the Sannazzaro, Livorno and Taranto refineries in connection with planned maintenance outages. Processed volumes were also hit by the accident occurred in the Priolo refinery. These negatives were partly offset by higher throughputs at the Gela and Venice refineries in Italy.
Sales of refined products for the period were 24.87 mtonnes, 60 ktonnes higher from the first half of 2005 due essentially to the increase in sales on the retail and wholesale markets in the rest of Europe (up 150 ktonnes), which was partly counterbalanced by a 50 ktonnes decline in sales on the Italian wholesale market. The 960 ktonnes reduction in retail sales due to the divestment of the entire share capital of Italiana Petroli, which occurred early in September 2005, was partially offset by Eni s ongoing supply of significant volumes of fuels and other products to the divested company on the basis of a five-year supply contract.

Sales of refined products on the Agip branded network in Italy were 4.26 mtonnes, unchanged from the first half of 2005. Sales of refined products on retail markets in the rest of Europe increased by 50 ktonnes, or 2.8%, reflecting principally higher volumes in Spain, France and Central and Eastern Europe, also in connection with the acquisition and leasehold of service stations in 2005.

Sales on the wholesale market in Italy decreased by 50 ktonnes to 5.02 million tonnes reflecting in particular lower sales of diesel fuel and fuel oil. Sales on wholesales markets in the rest of Europe increased by 100 ktonnes, or 5.1%, led by higher volumes in Spain and Germany.

Refining throughputs on own account for the second quarter of 2006 in Italy and outside of Italy were down 0.37 million tonnes to 9.4 million tonnes from the same period a year ago, due principally to lower throughputs at the Sannazzaro and Priolo refineries for the reasons outlined above. Higher throughputs were achieved at the Livorno and Venice refineries.
Sales of refined products for the quarter were 12.55 mtonnes, 40 ktonnes higher from the second quarter of 2005 due to the increase in sales on retail and wholesale markets in the rest of Europe (up 80 ktonnes), partially offset by lower sales on the wholesale market in Italy (down 60 ktonnes). The 502 ktonnes reduction in retail sales due to the divestment of Italiana Petroli, was partially offset, as mentioned above, by Eni s ongoing supply of significant volumes of fuels and other products to the divested company.

Sales of refined products on the Agip branded network in Italy were 2.2 mtonnes, unchanged from the second quarter of 2005. Sales of refined products on the retail markets in the rest of Europe increased by 10 ktonnes, or 1.1%, reflecting principally higher volumes in Spain, France and Czech Republic, also in connection with the acquisition and leasehold of service stations in 2005.

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Summary financial data

(million euro)

Second quarter					First half			
2005	**2006**	Change	% Ch.		2005	**2006**	Change	% Ch.
16,656	**20,739**	4,083	24.5	Net sales from operations	34,101	**44,323**	10,222	30.0
3,711	**4,947**	1,236	33.3	Operating profit	8,161	**10,542**	2,381	29.2
3,833	**5,054**	1,221	31.9	Adjusted operating profit	8,181	**10,587**	2,406	29.4
1,898	**2,301**	403	21.2	Net profit pertaining to Eni	4,343	**5,275**	932	21.5
2,024	**2,483**	459	22.7	Adjusted net profit pertaining to Eni	4,409	**5,437**	1,028	23.3
1,732	**1,714**	(18)	(1.0)	Capital expenditure	3,206	**3,054**	(152)	(4.7)

Adjusted operating profit and net profit are before inventory holding gains or losses and special items. For an explanation of these measures and a reconciliation of adjusted operating profit and net profit to reported operating profit and net profit see page 24.

Due to the seasonality in demand for natural gas and certain refined products and the changes in a number of external factors affecting Eni s operations, such as prices and margins of hydrocarbons and refined products, Eni s results of operations and changes in average net borrowings for the first half of the year cannot be extrapolated for the full year.

Key market indicators

Second quarter					First half			
2005	**2006**	Change	% Ch.		2005	**2006**	Change	% Ch.
51.59	**69.62**	18.03	34.9	Average price of Brent dated crude oil (1)	49.55	**65.69**	16.14	32.6
1.260	**1.256**	(0.004)	(0.3)	Average EUR/USD exchange rate (2)	1.285	**1.229**	(0.056)	(4.4)
40.94	**55.43**	14.49	35.4	Average price in euro of Brent dated crude oil	38.56	**53.45**	14.89	38.6
6.78	**5.77**	(1.01)	(14.9)	Average European refining margin (3)	5.52	**4.36**	(1.16)	(21.0)
5.38	**4.59**	(0.78)	(14.6)	Average European refining margin in euro	4.30	**3.55**	(0.75)	(17.4)
2.13	**2.89**	0.76	35.7	Euribor - three-month rate (%)	2.14	**2.75**	0.61	28.5
3.25	**5.13**	1.88	57.8	Libor - three-month dollar rate (%)	3.03	**4.93**	1.90	62.7

(1) In US 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.

Summary operating data

Second quarter					First half			
2005	**2006**	Change	% Ch.		2005	**2006**	Change	% Ch.
				Daily production				
1,107	**1,056**	(51)	(4.6)	oil (thousand barrels)	1,104	**1,099**	(5)	(0.5)
618	**692**	74	12.0	natural gas (1) (thousand boe)	610	**688**	78	12.8
1,725	**1,748**	**23**	**1.3**	**hydrocarbons** (1) (thousand boe)	**1,714**	**1,787**	**73**	**4.3**

19.50	**20.44**	0.94	4.8	Natural gas sales in Europe (billion cubic meters)	48.71	**51.82**	3.11	6.4
1.47	***1.55***	*0,08*	*5.4*	*- of which upstream sales* (billion cubic meters)	*2.97*	***3.08***	*0,11*	*3.7*
7.99	**7.72**	(0.27)	(3.4)	Natural gas transported on behalf of third parties in Italy (billion cubic meters)	16.33	**16.49**	0.16	1.0
5.57	**6.00**	0.43	7.7	Electricity production sold (terawatthour)	10.55	**12.42**	1.87	17.7
12.51	**12.55**	0.04	0.3	Sales of refined products (million tonnes)	24.81	**24.87**	0.06	0.2
1,307	**1,274**	(33)	(2.5)	Sales of petrochemicals products (thousand tonnes)	2,679	**2,685**	6	0.2

(1) Includes own consumption of natural gas (42,000 and 36,000 boe/day in the first half of 2005 and 2004, respectively and 44,000 and 37,000 boe/day in the second quarter of 2005 and 2004, respectively).

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ENI REPORT ON THE SRCOND QUARTER OF 2006

BASIS OF PRESENTATION

Eni s accounts at 30 June 2006, unaudited, have been prepared in accordance with the criteria defined by the Commissione Nazionale per le Società e la Borsa (CONSOB) in its regulation for companies listed on the Italian Stock Exchange.

Financial information relating to the profit and loss account are presented for the first half and second quarter of 2006 and for the first half and second quarter of 2005. Financial information relating to balance sheet data are presented at 30 June 2006, 31 March 2006 and 31 December 2005. Tables are comparable with those of 2005 financial statements and first half report.

Eni s accounts at 30 June 2006 have been prepared in accordance with the evaluation and measurement criteria contained in the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and adopted by the European Commission according to the procedure set forth in article 6 of the European Regulation (CE) No. 1606/2002 of the European Parliament and European Council of 19 July 2002.

Disclaimer

This report contains certain forward-looking statements, particularly in the Outlook section. 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.

Financial review

PROFIT AND LOSS ACCOUNT

(million euro)

Second quarter					First half			
2005	**2006**	Change	% Ch.		2005	**2006**	Change	% Ch.
16,656	**20,739**	4,083	24.5	Net sales from operations	34,101	**44,323**	10,222	30.0
139	**163**	24	17.3	Other income and revenues	323	**372**	49	15.2
(11,610)	**(14,380)**	(2,770)	(23.9)	Operating expenses	(23,633)	**(31,119)**	(7,486)	(31.7)
(1,474)	**(1,575)**	(101)	(6.9)	Depreciation, amortization and writedowns	(2,630)	**(3,034)**	(404)	(15.4)
3,711	**4,947**	**1,236**	**33.3**	**Operating profit**	**8,161**	**10,542**	**2,381**	**29.2**
(116)	**109**	225	..	Net financial income (expense)	(208)	**151**	359	..
279	**227**	(52)	(18.6)	Net income from investments	413	**467**	54	13.1
3,874	**5,283**	**1,409**	**36.4**	**Profit before income taxes**	**8,366**	**11,160**	**2,794**	**(33.4)**
(1,875)	**(2,800)**	(925)	(49.3)	Income taxes	(3,790)	**(5,547)**	(1,757)	(46.4)
1,999	**2,483**	484	24.2	Net profit	4,576	**5,613**	1,037	22.7
				of which:				
1,898	**2,301**	**403**	**21.2**	**- net profit pertaining to Eni**	**4,343**	**5,275**	**932**	**21.5**
101	**182**	81	80.2	- net profit of minorities	233	**338**	105	45.1

1,898	**2,301**	**403**	**21.2**	**Net profit pertaining to Eni**	**4,343**	**5,275**	**932**	**21.5**
(189)	**(151)**	38		Exclusion of inventory holding (gains) losses	(311)	**(210)**	101	
1,709	**2,150**	**441**	**25.8**	**Replacement cost net profit pertaining to Eni**	**4,032**	**5,065**	**1,033**	**25.6**
315	**333**	18		Exclusion of special items	377	**372**	(5)	
2,024	**2,483**	**459**	**22.7**	**Adjusted net profit pertaining to Eni**	**4,409**	**5,437**	**1,028**	**23.3**

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First half

Net profit for the first half of 2006 was euro 5,275 million, up euro 932 million from the first half of 2005, or 21.5%, reflecting higher operating profit (up euro 2,381 million, or 29.2%), partially offset by a higher Group tax rate (from 45.3% to 49.7%). The increase in tax rate was due principally to a higher share of profit before income taxes earned by subsidiaries in the Exploration & Production division operating in countries where the statutory tax rate is higher than the average tax rate for the Group.

Eni s results benefited from a favourable trading environment with a higher Brent crude oil price (up 32.6%) and a depreciation of the euro versus the US dollar (down 4.4%). These positives were partially offset by declining refining margins (Brent down 21%), and lower petrochemical products margins. Selling margins on natural gas were also lower as a consequence of the regulatory regime of Decision No. 248/2004 of the Italian Authority for Electricity and Gas, partially offset by a favourable trading environment, particularly in the second quarter, in which Eni selling prices and purchase cost of natural gas have been determined reflecting trends in the underlying commodities to which natural gas purchase and selling prices are contractually indexed, also benefiting from time lag effects. The impact of the regulatory regime of Decision No. 248/2004 on natural gas margins in the second half of the year is expected to be softened by a new decision of the Italian Authority for Electricity and Gas No. 134 of 28 June 2006.

Net profit for the first half includes an **inventory holding gain** of euro 210 million (net of the fiscal effect) and **special charges** of euro 372 million (net of the fiscal effect) relating principally to asset impairments in the Exploration & Production and Gas & Power divisions, environmental provisions, and provisions for redundancy incentives, partially offset by gains on the divestment of mineral properties. Excluding these items, **adjusted net profit** for the period was up 23.3% to euro 5,437 million.

Operating profit

(million euro)

Second quarter					First half			
2005	**2006**	Change	% Ch.		2005	**2006**	Change	% Ch.
2,776	**4,090**	1,314	47.3	Exploration & Production	5,349	**8,398**	3,049	57.0
592	**708**	116	19.6	Gas & Power	2,155	**1,907**	(248)	(11.5)
596	**366**	(230)	(38.6)	Refining & Marketing	865	**455**	(410)	(47.4)
58	**30**	(28)	(48.3)	Petrochemicals	216	**69**	(147)	(68.1)
53	**133**	80	150.9	Oilfield Services Construction and Engineering	112	**211**	99	88.4
(197)	**(151)**	46	23.4	Other activities	(259)	**(216)**	43	16.6
(158)	**(91)**	67	42.4	Corporate and financial companies	(211)	**(142)**	69	32.7
(9)	**(138)**	(129)		Unrealized profit in inventory [1]	(66)	**(140)**	(74)	
3,711	**4,947**	**1,236**	**33.3**	**Operating profit**	**8,161**	**10,542**	**2,381**	**29.2**
(302)	**(241)**	61		Exclusion of inventory holding (gains) losses	(496)	**(335)**	161	
3,409	**4,706**	**1,297**	**38.0**	**Replacement cost operating profit**	**7,665**	**10,207**	**2,542**	**33.2**
424	**348**	(76)		Exclusion of special items	516	**380**	(136)	
3,833	**5,054**	**1,221**	**31.9**	**Adjusted operating profit**	**8,181**	**10,587**	**2,406**	**29.4**

(1) Unrealized profit in inventory concerned intragroup sales of goods and services recorded at 30 June in the equity of the purchasing company.

Replacement cost operating profit for the first half was euro 10,207 million, an increase of euro 2,542 million over the second half of 2005, or 33.2%, reflecting primarily the increase reported in the Exploration & Production division (up euro 3,049 million, or 57%) due to higher realisations in US dollars (oil up 36.3%, natural gas up 21.5%) combined with increased production volumes sold (up 12.4 mboe, or 4.2%), and to the favourable impact (approximately euro 370 million) of the depreciation of the euro versus the US dollar related in part to currency translation effects, offset in part by higher operating costs and amortisation charges. Also the Oilfield Service Construction and Engineering segment s increased results (up 88.4%) contributed to this increase.

These increases were partly offset by:

- lower replacement cost operating profit in the Gas & Power division (down euro 238 million, or 11.2%) due primarily to a decrease in natural gas margins as a consequence of the regulatory regime of Decision No. 248/2004 of the Italian Authority for Electricity and Gas, partly offset by a favourable trading environment in which natural gas selling and purchase prices have been determined reflecting trends in the underlying commodities to which natural gas purchase and selling prices are contractually indexed, in particular in the second quarter, also benefiting from time lag effects. Operating profit was adversely impacted also by higher purchase prices of natural gas relating to the climatic emergency of the 2005-2006 winter and by lower transport tariffs of natural gas in Italy in the same period a year ago as a consequence of the regulatory regime enacted by the Italian Authority for Electricity and Gas with Decision No. 166/2005. On the positive side, sales of natural gas were up 2.60 bcm or 6.1% and electricity production sold was up 1.87 terawatthours, or 17.7%. Transported natural gas volumes outside Italy were also higher reflecting the coming on line of the Greenstream pipeline from Libya;
- lower replacement cost operating profit in the Refining & Marketing division (down euro 205 million, or 50.5%) due primarily to declining refining margins (margins on Brent were down 1.16 US dollars/barrel, or 21%), the impact of longer refinery outages for planned maintenance in Italy. These negatives were partly offset by the favourable impact of the depreciation of the euro versus the US dollar. Replacement cost operating profit was also adversely impacted by shrinking marketing margins in Italy, reflecting rapidly escalating prices of refined products not recovered in full in final prices and competitive pressure. On the positive side activities in the rest of Europe recorded a higher operating profit;
- lower replacement cost operating profit in the Petrochemical segment (euro 201 million, or

The increase in tax rate was due principally to a higher share of profit before income taxes earned by subsidiaries in the Exploration & Production division operating in countries where the statutory tax rate is higher than the average tax rate for the Group.
Eni s results benefited from a favourable trading environment with a higher Brent crude oil price (up 35%) and higher natural gas selling margins reflecting trends in the underlying commodities to which natural gas purchase and selling prices are contractually indexed also benefiting from time lag effects, partly offset by the adverse impact of the regulatory regime of Decision No. 248/2004 established by the Italian Authority for Electricity and Gas. These positives were partially offset by declining refining margins, with Brent refining margin down 14.9%, and lower petrochemical products margins.

Net profit for the second quarter includes an **inventory holding gain** of euro 151 million (net of the fiscal effect) and **special charges** of euro 333 million (net of the fiscal effect) relating principally to asset impairments in the Exploration & Production and Gas & Power divisions, environmental provisions, and provisions for redundancy incentives. Excluding these items, **adjusted net profit** for the quarter was up 22.7% to euro 2,483 million.

Replacement cost operating profit for the second quarter was euro 4,706 million, an increase of euro 1,297 million over the second quarter of 2005, or 38%, reflecting primarily the increase reported in the:

- Exploration & Production division (up euro 1,314 million, or 47.3%) due to higher realisations in US dollars (oil up 39.3%, natural gas up 18.7%), offset in part by higher operating costs and amortisation charges;
- Gas & Power division (up euro 104 million, or 16.9%) due primarily to higher natural gas selling margins reflecting a favourable trading environment, reflecting trends in the underlying commodities to which natural gas purchase and selling prices are contractually indexed, also benefiting from time lag effects, offset in part by the adverse impact of the regulatory regime of Decision No. 248/2004 established by the Italian

96.2%) affected by the significantly higher cost of oil-based feedstocks, not completely transferred to selling prices. In addition production volumes were adversely impacted by the outage of the Priolo cracker due to the accident occurred to the nearby refinery late in April.

Second quarter

Net profit pertaining to Eni for the second quarter of 2006 was euro 2,301 million, up euro 403 million from the second quarter of 2005, or 21.2%, reflecting higher operating profit (up euro 1,236 million, or 33.3%), partially offset by a higher Group tax rate (from 48.4% to 53%).

Authority for Electricity and Gas. Other positives include an increase in sales of natural gas of subsidiaries (up 0.73 bcm or 4.3%), higher electricity production sold (up 0.43 terawatthours, or 7.7%) and higher natural gas volumes transported outside Italy. On the negative side, transport tariffs of natural gas in Italy were lower than the same period a year ago as a consequence of the regulatory regime enacted by the Italian Authority for Electricity and Gas with Decision No. 166/2005.

These increases were partly offset by:

- replacement cost operating loss in the Petrochemical segment (down euro 64 million) affected by the significantly higher cost of oil-based feedstocks, not completely transferred to selling prices. In addition production volumes were adversely impacted by the outage of the Priolo cracker due to the accident occurred to the nearby refinery late in April;
- lower replacement cost operating profit in the Refining & Marketing division (down euro 121 million, or 43.2%) due primarily to declining refining margins (margins on Brent were down 1.01 US dollars/barrel, or 14.9%) and the impact of longer refineries outages for planned maintenance.

Analysis of profit and loss account items

Net sales from operations

(million euro)

Second quarter					First half			
2005	**2006**	Change	% Ch.		2005	**2006**	Change	% Ch.
5,437	**7,045**	1,608	29.6	Exploration & Production	10,054	**14,459**	4,405	43.8
4,500	**5,799**	1,299	28.9	Gas & Power	11,162	**14,933**	3,771	33.8
7,846	**10,166**	2,320	29.6	Refining & Marketing	14,747	**19,446**	4,699	31.9
1,465	**1,612**	147	10.0	Petrochemicals	2,999	**3,340**	341	11.4
1,196	**1,769**	573	47.9	Oilfield Services Construction and Engineering	2,356	**3,080**	724	30.7
359	**251**	(108)	(30.1)	Other activities	596	**465**	(131)	(22.0)
118	**298**	180	152.5	Corporate and financial companies	434	**605**	171	39.4
(4,265)	**(6,201)**	(1,936)	45.4	Consolidation adjustment	(8,247)	**(12,005)**	(3,758)	45.6
16,656	**20,739**	**4,083**	**24.5**		**34,101**	**44,323**	**10,222**	**30.0**

First half
Eni s **net sales from operations** (revenues) for the first half of 2006 were euro 44,323 million, a euro 10,222 increase from the first half of 2005, or 30%, primarily reflecting higher realised prices and higher sales volumes in virtually all of Eni s operating divisions. Also contributing to these increases was the favourable impact of the depreciation of the euro versus the US dollar.

Revenues generated by the Exploration & Production segment (euro 14,459 million) increased by euro 4,405 million, up 43.8%, essentially due to higher prices realised in US dollars (oil up 36.3%, natural gas up 21.5%), higher hydrocarbon production sold (12.4 million boe, up 4.2%) and the depreciation of the euro over the US dollar.

due to a favourable trading environment in which natural gas selling and purchase prices have been determined reflecting trends in the underlying commodities to which natural gas purchase and selling prices are contractually indexed, also benefiting from time lag effects; (ii) increased natural gas volumes sold by subsidiaries (up 2.6 billion cubic meters or 6.1%); (iii) higher electricity production sold (1.87 terawatthour, up 17.7%).

Revenues generated by the Refining & Marketing segment (euro 19,446 million) increased by euro 4,699 million, up 31.9%, essentially due to higher international prices for oil and refined products, increased crude trading activities (1.1 million tonnes) and the effect of the depreciation of the euro over the US dollar.

Revenues generated by the Gas & Power segment (euro 14,933 million) increased by euro 3,771 million, up 33.8%, essentially due to: (i) increased natural gas prices,

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ENI REPORT ON THE SECOND QUARTER OF 2006

Revenues generated by the Petrochemical segment (euro 3,340 million) increased by euro 341 million, up 11.4% due essentially to an average 8% increase in selling prices.

Revenues generated by the Oilfield Services Construction and Engineering segment (euro 3,080 million) increased by euro 724 million, up 30.7%, due to increased activity levels in the Offshore and Onshore Construction areas and a higher utilisation rate of vessels and higher tariffs in the Offshore Drilling area.

Second quarter

Eni s revenues for the second quarter of 2006 were euro 20,739 million, a euro 4,083 million increase from the second quarter of 2005, or 24.5%, primarily reflecting higher realised prices in virtually all of Eni s operating divisions.

Revenues by geographic area

(million euro)

Second quarter					First half			
2005	**2006**	Change	% Ch.		2005	**2006**	Change	% Ch.
6,893	**7,811**	**918**	**13.3**	***Italy***	**15,485**	**18,929**	**3,444**	**22.2**
4,264	**5,780**	1,516	35.6	Rest of European Union	8,621	**11,308**	2,687	31.2
1,550	**1,924**	374	24.1	Rest of Europe	2,646	**4,042**	1,396	52.8
1,420	**1,882**	462	32.5	Africa	2,637	**3,650**	1,013	38.4
1,337	**1,525**	188	14.1	Americas	2,489	**3,004**	515	20.7
1,088	**1,604**	516	47.4	Asia	2,044	**2,943**	899	44.0
104	**213**	109	104.8	Other areas	179	**447**	268	149.7
9,763	**12,928**	**3,165**	**32.4**	***Total outside Italy***	**18,616**	**25,394**	**6,778**	**36.4**
16,656	**20,739**	**4,083**	**24.5**		**34,101**	**44,323**	**10,222**	**30.0**

Operating expenses

(million euro)

Second quarter					First half			
2005	**2006**	Change	% Ch.		2005	**2006**	Change	% Ch.
10,761	**13,471**	2,710	25.2	Purchases, services and other	21,999	**29,383**	7,384	33.6
849	**909**	60	7.1	Payroll and related costs	1,634	**1,736**	102	6.2
11,610	**14,380**	**2,770**	**23.9**		**23,633**	**31,119**	**7,486**	**31.7**

Operating expenses for the first half of 2006 (euro 31,119 million) increased by euro 7,486 million from the first half of 2005, up 31.7%, essentially due to: (i) higher prices for oil-based and petrochemical feedstocks and for natural gas, affected also by higher charges related to the climatic emergency of the 2005-2006 winter; (ii) currency translation effects; (iii) higher operating costs and royalties in the Exploration & Production segment, in particular the increase in operating costs resulted from the higher share of compared to euro 289 million in the first half of 2005), in particular for environmental charges in the Refining & Marketing segment.

Labour costs (euro 1,736 million) increased by euro 102 million, up 6.2%, due mainly to an increase in unit labour cost in Italy, whose effects were offset in part by a decline in the average number of employees in Italy. Higher labour costs were due also to the increase in the number of employees outside Italy and currency translation effects.

development projects in hostile environments and reflecting sector-specific inflation; (iv) higher costs for refinery maintenance. These negative factors were offset in part by lower provisions to the risk reserve (euro 197 million as

Employees

	31 Dec. 2005	**30 Jun. 2006**	Change	% Ch.
Exploration & Production	8,030	**7,940**	(90)	(1.1)
Gas & Power	12,324	**12,209**	(115)	(0.9)
Refining & Marketing	8,894	**9,009**	115	1.3
Petrochemicals	6,462	**6,343**	(119)	(1.8)
Oilfield Services Construction and Engineering	28,684	**28,971**	287	1.0
Other activities	2,636	**2,543**	(93)	(3.5)
Corporate and financial companies	5,228	**5,314**	86	1.6
Total	72,258	**72,329**	71	0.1

As of 30 June 2006, employees were 72,329, with an increase of 71 employees from 31 December 2005 (up 0.1%).
Employees in Italy were 40,300. The 108 employee increase was related mainly to the positive balance of hiring and dismissals (214 employees) offset in part by a decrease in the number of employees related to changes in consolidation (a total of 106 employees) resulting from: (i) the conferral of Fiorentina Gas to a newly . incorporated Eni s affiliate (Eni s interest 48.7%); (ii) the sale of water treatment activities in Ferrara; (iii) the purchase of Siciliana Gas and Siciliana Gas Vendite SpA.
In the first half of 2006 a total of 1,120 employees was hired, of these 763 on open-end contracts and 906 employees were dismissed (of these 610 employees on open-end contracts).
Outside Italy employees were 32,029, with a 37 employee decrease.

Depreciation, amortization and impairments

(million euro)

Second quarter					First half			
2005	**2006**	Change	% Ch.		2005	**2006**	Change	% Ch.
960	**1,025**	65	6.8	Exploration & Production	1,696	**2,120**	424	25.0
183	**159**	(24)	(13.1)	Gas & Power	344	**321**	(23)	(6.7)
111	**109**	(2)	(1.8)	Refining & Marketing	232	**219**	(13)	(5.6)
27	**30**	3	11.1	Petrochemicals	58	**61**	3	5.2
36	**49**	13	36.1	Oilfield Services Construction and Engineering	82	**87**	5	6.1
5	**1**	(4)	(80.0)	Other activities	8	**3**	(5)	(62.5)
27	**18**	(9)	(33.3)	Corporate and financial companies	51	**37**	(14)	(27.5)
	(1)	(1)		Unrealized profit in inventory		**(2)**	(2)	
1,349	**1,390**	**41**	**3.0**	**Total depreciation and amortization**	**2,471**	**2,846**	**375**	**15.2**
125	**185**	**60**	**48.0**	**Impairments**	**159**	**188**	**29**	**18.2**
1,474	**1,575**	**101**	**6.9**		**2,630**	**3,034**	**404**	**15.4**

Depreciation and amortisation charges (euro 2,846 million) increased by euro 375 million, up 15.2% mainly in the Exploration & Production segment (euro 424

Net financial income
In the first half of 2006 **net financial income** (euro 151 million) increased by euro 359 million from the first half

million) related to increased development costs incurred for developing new fields and for maintaining production levels in mature fields, higher exploration costs (euro 183 million), in addition to currency translation effects.

Impairments for the first half (euro 188 million) concerned mainly mineral assets and intangible assets in the Gas & Power segment.

of 2005, due to the positive change in the recording at fair value of derivative financial instruments and a decrease in average net borrowings, whose effects were offset in part by higher interest rates, particularly on US dollar loans on the London interbank market (Libor up 1.9 percentage points).

Net income from investments

Net income from investments in the first half of 2006 amounted to euro 467 million and concerned: (i) Eni s share of income of affiliates accounted for with the equity method (euro 443 million), in particular in the Gas & Power and Refining & Marketing segments; (ii) dividends received by affiliates accounted for at cost (euro 55 million). These increases were offset in part by the writedown of an affiliate in the Oilfield Service Construction and Engineering segment related to the loss expected on an order for the construction of a gas to liquids plant in Nigeria (euro 58 million).
The euro 54 million increase in net income from investments was due essentially to improved results of operations of affiliates in the Gas & Power segment.

Income taxes

Income taxes were euro 5,547 million, up euro 1,757 million, or 46.4%, due primarily to higher income before taxes (euro 2,794 million). The 4.4 percentage points increase in Group tax rate (from 45.3 to 49.7%) was due principally to a higher share of profit before income taxes earned by subsidiaries in the Exploration & Production division operating in countries where the statutory tax rate is higher than the average tax rate for the Group and provisions for the settlement of a tax claim in Venezuela (euro 91 million) which required also the revision of deferred tax liabilities pertaining to Venezuelan activities.

Minority interests

Minority interests were euro 338 million and concerned primarily Snam Rete Gas SpA (euro 167 million) and Saipem (euro 157 million). The euro 19 million increase is due to the purchase of 100% of Snamprogetti by Saipem.

SUMMARIZED CONSOLIDATED BALANCE SHEET

(million euro)

	31 Dec. 2005	31 Mar. 2006	**30 Jun. 2006**	Change vs. 31 Dec. 2005	Change vs. 31 Mar. 2006
Non-current assets	54,291	53,876	**52,720**	(1,571)	(1,156)
Working capital, net	(3,568)	(4,988)	**(5,423)**	(1,855)	(435)
Employee termination indemnities and other benefits	(1,031)	(1,045)	**(1,040)**	(9)	5
Net capital employed	**49,692**	**47,843**	**46,257**	**(3,435)**	**(1,586)**
Shareholders equity including minority interest	39,217	41,552	**39,863**	646	(1,689)
Net borrowings	10,475	6,291	**6,394**	(4,081)	103
Total liabilities and shareholders equity	**49,692**	**47,843**	**46,257**	**(3,435)**	**(1,586)**
Debts and bonds	12,998	11,054	**11,560**	(1,438)	506
short-term	*5,345*	*3,674*	***4,149***	*(1,196)*	*475*
long-term	*7,653*	*7,380*	***7,411***	*(242)*	*31*
Cash	(2,523)	(4,763)	**(5,166)**	(2,643)	(403)
Net borrowings	**10,475**	**6,291**	**6,394**	**(4,081)**	**103**

The appreciation of the euro over other currencies, in particular the US dollar (at 30 June 2006 the EUR/USD exchange rate was 1.271 as compared to 1.180 at 31 December 2005, up 7.7%) determined with respect to the period (euro 3,034 million) offset in part by capital expenditure (euro 3,054 million) and currency translation effects.
Non-current assets included, for a book value of euro

2005 year-end an estimated decrease in the book value of net capital employed of about euro 1,300 million, in net equity of about euro 900 million and in net borrowings of about euro 400 million as a result of currency translations at 30 June 2006.
At 30 June 2006, net capital employed totalled euro 46,257 million, representing a decrease of euro 3,435 million from 31 December 2005.
Fixed assets (euro 52,720 million) decreased by euro 1,571 million from 31 December 2005 due mainly to depreciation, amortisation and impairment charges for 654 million, the assets related to the service contract for mining activities in the Dación area of the Venezuelan branch of Eni s subsidiary Eni Dación BV. As indicated in Eni s 2006 First Quarter Report (See, Post closing events), with effective date 1 April 2006, the Venezuelan State oil company Petróleos de Venezuela SA (PDVSA) unilaterally terminated the service contract governing activities at the Dación oil field where Eni acted as a contractor, holding a 100% working interest. As a consequence, starting on the same day, operations at the Dación oil field are conducted by PDVSA.

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On the basis of advice from its legal advisors, Eni believes that it is entitled to a market value compensation for the cancellation of the Dación field service contract. On this basis, Eni is available to reach an agreement with the Venezuelan authorities. In case an amicable settlement is not possible, Eni will take any other action in order to protect its interest in Venezuela. Based on internal and external independent evaluation, Eni is confident that a fair market compensation will not be lower than the book value of the Dación related assets. Accordingly, management decided not to impair the book value of Eni s Dación assets. In 2005 and in the first quarter 2006, the Dación field production rate was about 60 kbbl/d. At 31 December 2005 Eni s proved reserves of hydrocarbons booked to the Dación field amounted to 175 mbbl.

Net working capital (euro 5,423 million) decreased by euro 1,855 million from 31 December 2005 due mainly to: (i) higher taxes payable and deferred tax liabilities related to the period and the fact that excise taxes on oil products sold in Italy the first 15 days of December are paid in the same month, instead of being paid in the following month as in the rest of the year; and (ii) a decrease in trade accounts receivable and payable related to the seasonality in sales, in particular in the Gas & Power and Refining & Marketing segments. These factors were offset in part by the payment of outstanding taxes for 2005 by Italian subsidiaries.

The share of the Exploration & Production, Gas & Power and Refining & Marketing segments on net capital employed was 89.7% (90.9% as at 31 December 2005).

Net borrowings as at 30 June 2006 were euro 6,394 million, representing a decrease of euro 4,081 million from 31 December 2005. Cash inflow generated by operating activities came in at euro 10,477 million also benefiting from seasonality factors, and was partly offset by: (i) financial requirements for capital expenditure and investments for euro 3,118 million; (ii) dividend payments amounting to euro 2,621 million, of which euro 2,401 million pertaining to the payment of the balance of the dividend for fiscal year 2005 by the parent company Eni SpA; and (iii) the repurchase of own shares for euro 978 million by Eni SpA and for euro 191 million by Snam Rete Gas SpA and Saipem SpA. Contributing to the reduction in net borrowings were also cash from divestments (euro 104 million) and currency translation effects (approximately euro 400 million).

Net borrowings as of 30 June 2006 increased by euro 103 million from the level as of 31 March 2006 to euro 6,291 million, as cash inflow generated by operating activities (euro 4,614 million) was absorbed by: (i) financial requirements for capital expenditure and investments for euro 1,714 million; (ii) dividend payments for euro 2,621 million; and (iii) the repurchase of own shares for euro 665 million by Eni SpA and for euro 156 million by Snam Rete Gas SpA and Saipem SpA.

Summarized cash flow statement

(million euro)

First quarter 2006	Second quarter **2006**		First half 2005	First half **2006**
5,863	**4,614**	Net cash generated by operating activities	8,613	**10,477**
(1,340)	**(1,714)**	Capital expenditure	(3,206)	**(3,054)**
(19)	**(45)**	Investments	(48)	**(64)**
	(2,621)	Payment of dividend for fiscal year 2005	(3,623)	**(2,621)**
	(2,401)	*of which: Eni SpA*	*(3,384)*	***(2,401)***
	(207)	*Snam Rete Gas SpA and Saipem SpA*	*(232)*	***(207)***
(348)	**(821)**	Share repurchase	(246)	**(1,169)**
(313)	***(665)***	*of which: Eni SpA*	*(228)*	***(978)***
(35)	***(156)***	*Snam Rete Gas SpA and Saipem SpA*	*(18)*	***(191)***
85	**19**	Divestments	294	**104**

(57)	**465**	Exchange difference and other changes	(752)	**408**
4,184	**(103)**	**Change in net borrowings**	**1,032**	**4,081**

Debts and bonds amounted to euro 11,560 million, of which euro 4,149 million were short-term (including the portion of long-term debt due within twelve months for euro 436 million) and euro 7,411 million were long-term.

Net equity at 30 June 2006 (euro 39,863 million) increased by euro 646 million from 31 December 2005, due essentially to net profit before minority interest (euro 5,613 million) whose effects were offset in part by the payment of

dividends for 2005, the purchase of own shares and currency translation effects (approximately euro 900 million).
At 30 June 2006, the ratio of net borrowings to shareholders equity including minority interests was 0.16, compared with 0.27 at 31 December 2005.

From 1 January to 30 June 2006 a total of 41.97 million Eni shares were purchased by the company for a total cost of euro 978 million (representing an average cost of euro 23.294 per share). Since the inception of the share buy-back programme (1 September 2000), Eni has repurchased 324 million shares, equal to 8.09% of its share capital, at a total cost of euro 5,249 million (representing an average cost of euro 16.210 per share).

CAPITAL EXPENDITURE

(million euro)

Second quarter					First half			
2005	**2006**	Change	% Ch.		2005	**2006**	Change	% Ch.
1,167	**1,153**	(14)	(1.2)	Exploration & Production	2,220	**2,114**	(106)	(4.8)
256	**259**	3	1.2	Gas & Power	521	**410**	(111)	(21.3)
150	**137**	(13)	(8.7)	Refining & Marketing	216	**232**	16	7.4
39	**24**	(15)	(38.5)	Petrochemicals	52	**34**	(18)	(34.6)
80	**127**	47	58.8	Oilfield Services Construction and Engineering	137	**224**	87	63.5
2	**11**	9	450.0	Other activities	8	**14**	6	75.0
38	**3**	(35)	(92.1)	Corporate and financial companies	52	**26**	(26)	(50.0)
1,732	**1,714**	**(18)**	**(1.0)**	**Capital expenditure**	**3,206**	**3,054**	**(152)**	**(4.7)**

In the first half of 2006 capital expenditure amounted to euro 3,054 million, of which 90% related to the Exploration & Production, Gas & Power and Refining & Marketing segments.

Capital expenditure of the Exploration & Production segment amounted to euro 2,114 million and concerned essentially development (euro 1,711 million) directed mainly outside Italy (euro 1,537 million), in particular Kazakhstan, Angola and Egypt. Development expenditure in Italy (euro 174 million) concerned in particular the continuation of work for well drilling, plant and infrastructure in Val d Agri and sidetrack and infilling work in mature areas. Exploration expenditure amounted to euro 378 million, of which about 87% was directed outside Italy in particular Egypt, Nigeria, the United States and Norway. In Italy essentially the offshore of Sicily, the Po valley and the Adriatic Sea. The decline from the first half of 2005 (euro 106 million, down 4.8%) was due mainly to the completion of relevant projects in Libya (Bahr Essalam) and Angola (Block 15 and Benguela/Belize-Lobito/Tomboco) and the purchase of an additional 1.85% interest in the and maintenance of Eni s primary transmission network in Italy (euro 203 million); (ii) development and maintenance of Eni s natural gas distribution network in Italy (euro 67 million); (iii) the continuation of the construction of combined cycle power plants (euro 78 million) in particular at Ferrara and Brindisi. The euro 111 million decline from the first half of 2005 (down 21.3%) was due essentially to the conclusion of the plan for electricity generation expansion and the decline in transport in Italy.

Capital expenditure in the Refining & Marketing segment amounted to euro 232 million and concerned: (i) refining and logistics in Italy (euro 162 million), in particular actions for improving flexibility and yields of refineries, among which the construction of a new hydrocracking and a new deasphalting unit at the Sannazzaro refinery; (ii) the upgrade of the refined product distribution network and the purchase of service stations in the rest of Europe (euro 35 million); (iii) the upgrade of the distribution network in in Italy (euro 32 million).

Kashagan field in the first quarter of 2005 (euro 169 million) whose effects were offset in part by a more than doubled exploration expenditure in Egypt and Nigeria.

Capital expenditure in the Gas & Power segment totalled euro 410 million and related essentially to: (i) development

Capital expenditure in the Oilfield Service Construction and Engineering segment amounted to euro 224 million and concerned: (i) the conversion of the Margaux tanker ship into an FPSO[1] vessel that will operate in Brazil on the Golfinho 2 field; (ii) maintenance and upgrading of equipment; (iii) beginning of fabrication and installation

(1) Floating Production Storage Offloading.

of facilities in the offshore phase of the Kashagan project in Kazakhstan.

Capital expenditure in the Petrochemical segment amounted to euro 34 million and concerned mainly environmental protection actions and compliance with safety and health regulations.

OUTLOOK FOR 2006

Eni reaffirms its 2006 outlook, with key business trends for the year as follows:

- **production of liquids and natural gas** is forecasted to continue growing from 2005 (1.74 mboe/d). Increases will be achieved outside Italy mainly in Libya, Angola, Egypt, Nigeria and Norway due to the achievement of full production in fields started-up in 2005 and to new start-ups in 2006. These positives will be partly offset by natural field declines and also by: (i) the impact of the unilateral cancellation of the service contract for the Dación oil field on part of the Venezuelan State oil company PDVSA effective on 1 April 2006; (ii) outages and disruptions in Nigeria due to social unrest; (iii) residual hurricane impacts on production in the Gulf of Mexico; and (iv) operational issues at certain facilities in Italy, Norway and Kazakhstan. Despite the adverse impact of the unforeseen events in Venezuela and Nigeria, production growth rate for the year is expected to be 3% assuming a Brent crude oil price of approximately $55 per barrel in the market scenario for 2006;
- **sales volumes of natural gas in Europe** are forecasted to increase over 5% from 2005 levels (94 billion cubic meters) with major increases expected in volumes sold on the German/Austrian, Iberian Peninsula, Turkish and French markets;
- **sold production of electricity** is expected to increase over 9% from 2005 levels (22.77 terawatthour) due to the continuing ramp-up of new production capacity at the Brindisi and Mantova sites partially offset by lower production at the Ravenna and Ferrera

In 2006, capital expenditure is expected to amount euro 9.1 billion, representing a 23% increase from 2005. Approximately 90% of capital expenditure is planned in Eni s Exploration & Production, Gas & Power and Refining & Marketing divisions. Main increases are expected in exploration projects, the development of oil and natural gas reserves, upgrading of refineries and upgrading of natural gas transport and import infrastructure. Also the Oilfield Services Construction and Engineering segment is expected to increase capital expenditure by approximately 82% due to the construction of a new FPSO unit and upgrading of the fleet and logistic centres.
Lower capital expenditure as compared to the outlook of the first quarter 2006 (euro 9.7 billion) is due mainly to currency translation effects pertaining to a different assumption of expected trends in the euro/US dollar exchange rate.

Post closing events

Algeria is currently reviewing the fiscal regime applicable to oil companies. With regard to the legislative text already enacted, fiscal terms applicable to existing PSAs to which foreign oil companies are parties have not been modified directly. Nevertheless, Sonatrach, the State oil company, intends to renegotiate the economic terms of certain PSAs to which Eni or other Eni s co-venture partners are a party. According to Sonatrach, renegotiation of contractual terms is necessary in order to restore the economics of such contracts which have been altered by the new fiscal charges that Sonatrach is incurring. At present management is not able to foresee the final outcome of such renegotiations.
In addition, the government of Algeria has recently adopted a legislative text amending the existing hydrocarbon law to, among other things, impose a windfall profit tax on foreign oil companies parties of existing PSAs to the extent that oil prices exceed $30 per barrel. The amendments will have to be ratified by the Parliament and enacted through implementing regulations. At present Eni s management is not able to estimate any additional fiscal charge that Eni may incur.

Erbognone plants due to planned maintenance;

- **refining throughputs on Eni s account** are expected to decline slightly from 2005, due mainly to planned maintenance at the Sannazzaro and Livorno refineries counterbalanced by higher throughputs expected at the Gela and Venice refineries. Eni s refineries are expected to run at full capacity;
- **retail sales of refined products** on the Agip branded network in Italy are expected to remain stable. In the rest of Europe an upward trend of sales is expected to continue; in particular higher sales are expected in Spain, France and Central Eastern Europe also due to construction/acquisition of service stations.

Operating review

EXPLORATION & PRODUCTION

(million euro)

Second quarter 2005	2006	Change	% Ch.		First half 2005	2006	Change	% Ch.
5,437	**7,045**	1,608	29.6	Revenues	10,054	**14,459**	4,405	43.8
2,776	**4,090**	1,314	47.3	Operating profit	5,349	**8,398**	3,049	57.0
128	**132**	4		Exclusion special items	159	**75**	(84)	
2,904	**4,222**	**1,318**	**45.4**	**Adjusted operating profit**	**5,508**	**8,473**	**2,965**	**53.8**

First half

Operating profit for the first half was euro 8,398 million, up euro 3,049 million, or 57% from the first half of 2005, reflecting primarily higher realisations in US dollars (oil up 36.3%; natural gas up 21.5%) combined with a growth in sales volumes, up 12.4 million boe, or 4.2%. The depreciation of the euro over the US dollar also boosted operating profit by an estimated euro 370 million. These positive factors were partially offset by higher operating costs and amortisation charges in connection with higher development costs of new fields and for maintaining production levels in certain mature fields and inflationary impacts. Higher exploratory costs were also incurred.

Special charges for the first half of 2006, represented by net charges of euro 75 million, concerned the impairment of mineral assets for euro 132 million, offset in part by gains on the disposal of mineral assets for euro 57 million. Special items for the first half of 2005 concerned essentially the impairment of mineral assets.

Second quarter 2005	2006	Change	% Ch.		First half 2005	2006	Change	% Ch.
1,725	**1,748**	**23**	**1.3**	**Daily production of oil and natural gas** [1] (thousand boe)	**1,714**	**1,787**	**73**	**4.3**
268	**237**	(31)	(11.6)	Italy	267	**242**	(25)	(9.4)
465	**555**	90	19.4	North Africa	449	**548**	99	22.0
326	**368**	42	12.9	West Africa	326	**375**	49	15.0
286	**284**	(2)	(0.7)	North Sea	288	**291**	3	1.0
380	**304**	(76)	(20.0)	Rest of world	384	**331**	(53)	(13.8)
153.4	**154.1**	**0.7**	**0.5**	**Oil and natural gas production sold** [1] (million boe)	**301.4**	**313.6**	**12.2**	**4.0**

Oil and natural gas production for the first half of 2006 averaged 1,787 kboe/d, representing an increase of 4.3% or 73 kboe/d from the first half of 2005, driven by organic growth mainly in Libya, Angola and Egypt. Production for the quarter was adversely impacted by: natural gas production in Italy; (iv) the impact of outages and disruptions in Nigeria due to social unrest and of hurricanes on production in the Gulf of Mexico and technical problems at plants in Norway, Italy and Kazakhstan (for a total decrease of 55 kboe/d).

(i) lower entitlements in certain PSAs[2] and buy-back contracts of 32 kboe/d due to higher oil prices; (ii) the unilateral cancellation of the contract with the Venezuelan state company PDVSA concerning the Dación field with effect from 1 April 2006 (down 29 kbbl/d); (iii) field declines in mature areas, mainly in

Excluding the impact of adverse entitlement effects, oil and natural gas production increased by 6.1%. The share of production outside Italy was 86% (84% in the first half of 2005).

(2) 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 expenditure (Profit oil). A similar scheme applies to buy-back contracts.

Daily production of oil and condensates (1,099 kbbl/d) was in line with the first six months of 2005 (down 0.5%). Decreases concerned mainly: (i) Venezuela, due to the unilateral cancellation of the contract with the Venezuelan state company PDVSA concerning the Dación field with effect from 1 April 2006; (ii) Nigeria, due to outages and disruptions related to social unrest in the country, offset in part by the reaching of full production of the Bonga field in OML 118 permit (Eni s share 12.5%); (iii) Italy, due to technical problems at the FPSO unit on the Aquila field; (iv) Kazakhstan due to maintenance of facilities on the Karachaganak field; (v) USA due to the impact of hurricanes in the fourth quarter of 2005. Increases were registered in: (i) Angola, due to the reaching of full production of fields in Phase B of the Kizomba project in Block 15 (Kissanje and Dikanza, Eni s interest 20%) and North Sanha/Bomboco fields in Block 0 (Eni s interest 9.8%), as well as the integrated start-up of the Benguela/Belize-Lobito/Tomboco fields in Block 14 (Eni s interest 20%); (ii) Libya, due to the reaching of full production at the Bahr Essalam offshore field (Eni s interest 50%) as part of the Western Libyan Gas Project; (iii) Algeria, due to increased production at the Rod and satellite fields (Eni operator with a 63.96% interest).

Daily production of natural gas (688 kboe) increased by 78 kboe from the first half of 2005, up 12.8%, due essentially to increases registered in: (i) Libya, due to the reaching of full production at the Bahr Essalam field (Eni s interest 50%); (ii) Egypt, for the reaching of full production at the eI Temsah 4 platform and the Barboni field in the offshore of the Nile Delta and increased supplies to the Damietta liquefaction plant (Eni s interest 40%); (iii) Nigeria, due to increased supplies to the Bonny liquefaction plant (Eni s interest 10.4%) related to the start-up of trains 4 and 5; (iv) Australia, due to the start-up of supplies to the Darwin liquefaction plant linked to the Bayu Undan liquid and gas field (Eni s interest 12.4%). These increases were offset in part by a decline registered in Italy resulting from the production decline of mature fields and the impact of hurricanes in the Gulf of Mexico.

Hydrocarbon production sold amounted to 313.6 million boe. The 9.8 million boe difference over production was due essentially to own consumption of natural gas (9.1 in dollars (oil up 39.3%; natural gas up 18.7%) partially offset by higher operating costs and amortisation charges and higher exploration costs.

Special charges for the second quarter of 2006 of euro 132 million concerned essentially the impairment of mineral assets.
Oil and natural gas production in the second quarter of 2006 averaged 1,748 kboe/d, representing an increase of 1.3% or 23 kboe/d from the second quarter of 2005, driven by organic growth mainly in Libya, Angola and Egypt. Production for the quarter was adversely impacted by: (i) the unilateral cancellation of the contract with the Venezuelan state compact PDVSA concerning the Dación field with effect from 1 April 2006 (down 58 kbbl/d); (ii) lower entitlements in certain PSAs and buy-back contracts of 36 kboe/d due to higher oil prices; (iii) field declines in mature areas, mainly in natural gas production in Italy; (iv) the impact of outages and disruptions in Nigeria due to social unrest, of hurricanes on production in the Gulf of Mexico and technical problems at plants in Norway, Italy and Kazakhstan (for a total decrease of 63 kboe/d). Excluding the impact of adverse entitlement effects, oil and natural gas production increased by 3.4%.

Daily production of oil and condensates (1,056 kbbl/d) declined by 51 kbbl/d (down 4.6%). Decreases concerned mainly Venezuela, Nigeria, Italy and Kazakhstan, whose effects were offset by increases registered mainly in Angola, due to the reaching of full production of fields in phase B of the Kizomba development project in Block 15 (Eni s interest 20%) and the start-up of the Benguela/Belize-Lobito/Tomboco fields in Block 14 (Eni s interest 20%) and Libya, due to the reaching of full production at the Bahr Essalam offshore field.

Daily production of natural gas (692 kboe) increased by 74 kboe from the second quarter of 2005, up 12%, due essentially to increases registered in Libya (reaching of full production at the Bahr Essalam field), Egypt (reaching of full production at the eI Temsah 4 platform and the Barboni field and increased supplies to the Damietta liquefaction plant), Nigeria (start-up of trains 4 and 5 of the Bonny liquefaction plant), Australia (start-up of the gas phase of the Bayu Undan field), million boe).

Second quarter
Operating profit for the second quarter was euro 4,090 million, up euro 1,314 million, or 47.3% from the second quarter of 2005, reflecting primarily higher realisations

Croatia (start-up of the Ika, Ida and Ivana C-K fields Eni s interest 50%). These increases were offset in part by a decline registered in Italy resulting from the production decline of mature fields and the impact of hurricanes in the Gulf of Mexico.

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ENI REPORT ON THE SECOND QUARTER OF 2006

GAS & POWER

(million euro)

Second quarter					First half			
2005	**2006**	Change	% Ch.		2005	**2006**	Change	% Ch.
4,500	**5,799**	1,299	28.9	Revenues	11,162	**14,933**	3,771	33.8
592	**708**	116	19.6	Operating profit	2,155	**1,907**	(248)	(11.5)
22	**10**	(12)		Exclusion of inventory holding (gains) losses	(30)	**(20)**	10	
614	**718**	**104**	**16.9**	**Replacement cost operating profit**	**2,125**	**1,887**	**(238)**	**(11.2)**
24	**73**	49		Exclusion special items	48	**107**	59	
638	**791**	**153**	**24.0**	**Adjusted operating profit**	**2,173**	**1,994**	**(179)**	**(8.2)**

First half

Replacement cost operating profit for the first half of 2006 was euro 1,887 million, down euro 238 million, or 11.2% from the first half of 2005, due primarily to: (i) lower selling margins on natural gas sales mainly as a consequence of the regulatory regime of Decision No. 248/2004[3] of the Italian Authority for Electricity and Gas, whose effects were offset in part by the favourable trading environment in which Eni selling prices and purchase cost of natural gas have been determined reflecting trends in the underlying commodities to which natural gas purchase and selling prices are contractually indexed in particular in the second quarter, also benefiting from time lag effects mainly in the power generation segment; (ii) higher purchase prices of natural gas related to the climatic emergency of the 2005/2006 winter; (iii) lower operating income of transport activities in Italy related essentially to a new tariff regime introduced by Decision No. 166/2005 of the Authority. These negative factors were offset in part by: (i) higher natural gas volumes sold by consolidated subsidiaries (up 2.6 bcm, or 6.1%), including own consumption; (ii) higher operating profit recorded by transport activities outside Italy reflecting mainly higher volumes in particular for the coming on line of the Greenstream pipeline from Libya.

Power generation activities generated a replacement cost operating profit of euro 84 million, with an increase of euro 29 million, or 52.7%, due mainly to an increase in electricity production sold (1.87 terawatthour, up 17.7%).

Special charges for the first half of 2006 of euro 107 million concerned mainly impairment of assets, provisions to the environmental risk reserve and employee redundancy incentives. In the first half of 2005 special items (euro 48 million) concerned mainly sundry charges.

Natural gas sales for the first half of 2006 were 49.45 bcm (including own consumption and Eni s share of affiliates sales), or 2.86 bcm higher, primarily reflecting higher sales in the rest of Europe, up 2.36 bcm, or 14.9%, and higher natural gas supplies to Eni s wholly-owned subsidiary EniPower for power generation up 0.49 bcm, or 18.9%.

(3) See below.

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Second quarter 2005	2006	Change	% Ch.		First half 2005	2006	Change	% Ch.
				Sales of natural gas (billion cubic meters)				
10.29	**9.99**	**(0.30)**	**(2.9)**	***Italy to third parties*** (1)	**27.28**	**27.46**	**0.18**	**0.7**
1.61	**1.67**	0.06	3.7	Wholesalers (selling companies)	6.91	**6.73**	(0.18)	(2.6)
0.48	**0.54**	0.06	12.5	Gas release	1.07	**1.13**	0.06	5.6
8.20	**7.78**	(0.42)	(5.1)	End customers	19.30	**19.60**	0.30	1.6
2.91	***3.29***	*0.38*	*13.1*	*Industrial users*	*6.23*	***7.09***	*0.86*	*13.8*
4.44	***3.63***	*(0.81)*	*(18.2)*	*Power generation*	*8.40*	***7.90***	*(0.50)*	*(6.0)*
0.85	***0.86***	*0.01*	*1.2*	*Residential*	*4.67*	***4.61***	*(0.06)*	*(1.3)*
1.34	**1.61**	**0.27**	**20.1**	**Own consumption** (1)	**2.59**	**3.08**	**0.49**	**18.9**
5.03	***5.91***	***0.88***	***17.5***	***Rest of Europe*** (1)	***12.36***	***14.48***	***2.12***	***17.2***
0.33	***0.21***	***(0.12)***	***(36.4)***	***Outside Europe***	***0.56***	***0.37***	***(0.19)***	***(33.9)***
16.99	**17.72**	**0.73**	**4.3**	**Sales to third parties and own consumption of subsidiaries**	**42.79**	**45.39**	**2.60**	**6.1**
1.53	**1.65**	**0.12**	**7.8**	**Natural gas sales of affiliates** (net to Eni)	**3.80**	**4.06**	**0.26**	**6.8**
0.01	***0.00***	*(0.01)*	..	*Italy* (1)	*0.04*	***0.01***	*(0.03)*	*(75.0)*
1.36	***1.38***	*0.02*	*1.5*	*Rest of Europe* (1)	*3.47*	***3.71***	*0.24*	*6.9*
0.16	***0.27***	*0.11*	*68.8*	*Outside Europe*	*0.29*	***0.34***	*0.05*	*17.2*
18.52	**19.37**	**0.85**	**4.6**	**Total natural gas sales and own consumption** (billion cubic meters)	**46.59**	**49.45**	**2.86**	**6.1**
21.09	**21.63**	**0.54**	**2.6**	**Transport of natural gas in Italy** (billion cubic meters)	**44.79**	**46.52**	**1.73**	**3.9**
13.10	**13.91**	0.81	6.2	Eni	28.46	**30.03**	1.57	5.5
7.99	**7.72**	(0.27)	(3.4)	Third parties	16.33	**16.49**	0.16	1.0
5.57	**6.00**	**0.43**	**7.7**	**Electricity production sold** (terawatthour)	**10.55**	**12.42**	**1.87**	**17.7**

19.50	**20.44**	**0.94**	**4.8**	**Sales of natural gas in Europe** (billion cubic meters)	**48.71**	**51.82**	**3.11**	**6.4**
18.03	**18.89**	0.86	4.8	G&P in Europe (1)	45.74	**48.74**	3.00	6.6
1.47	**1.55**	0.08	5.4	Upstream in Europe	2.97	**3.08**	0.11	3.7

Despite an increasingly competitive market, natural gas sales in Italy (27.46 bcm) increased by 0.18 bcm from the first half of 2005, or 0.7%, reflecting higher sales volumes to the industrial sector (up 0.86 bcm) related to a higher number of customers served, offset in part by lower sales to the power generation segment (down 0.50 bcm) related to the switch from natural gas to fuel oil as feedstock for power plants during an emergency in winter, and to wholesalers (down 0.18 bcm). Sales under the so called gas release[4] (1.13 bcm) increased by 0.06 bcm from the first six months of 2005.
Own consumption[5] was 3.08 bcm, up 0.49 bcm, or 18.9%, reflecting primarily higher supplies to EniPower due to the coming on stream of new generation capacity. Sales of consolidated subsidiaries in the rest of Europe (14.48 bcm) were 2.12 bcm higher, reflecting increases registered in: (i) sales under long-term supply contracts to Italian importers (up 1.19 bcm) for the progressive reaching of full supplies from Libyan fields; (ii) supplies to the Turkish market (up 0.68 bcm); (iii) France (up 0.33 bcm) relating to higher supplies to industrial operators; (iv) Germany and Austria (0.26 bcm) essentially due to increased spot sales to Gaz de France and higher supplies to Eni s affiliate GVS (Eni s interest 50%).

(4) In June 2004 Eni agreed with the Antitrust Authority to sell a total volume of 9.2 billion cubic meters of natural gas (2.3 billion cubic meters/year) in the four thermal years from 1 October 2004 to 30 September 2008 at the Tarvisio entry point into the Italian network.

(5) In accordance with article 19, paragraph 4 of Legislative Decree No. 164/2000, the volumes of natural gas consumed in operations by a company or its subsidiaries are excluded from the calculation of ceilings for sales to end customers and from volumes input into the Italian network to be sold in Italy.

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ENI REPORT ON THE SECOND QUARTER OF 2006

Sales of natural gas by Eni s affiliates in the rest of Europe, net to Eni and net of Eni s supplies, amounted to 3.71 bcm, up 0.24 bcm mainly to Unión Fenosa Gas and concerned: (i) GVS (Eni s interest 50%) with 1.80 bcm; (ii) Unión Fenosa Gas (Eni s interest 50%) with 1.03 bcm; (iii) Galp Energia (Eni s interest 33.34%) with 0.81 bcm.

Eni transported 16.49 bcm of natural gas on behalf of third parties in Italy, an increase of 0.16 billion cubic meters from the first half of 2005, up 1%.

Electricity production sold (12.42 terawatthour) was up to 1.87 terawatthour, or 17.7%, reflecting the continuing ramp-up of new production capacity, in particular at the Brindisi (up 2.05 terawatthour) and Mantova (up 1.12 terawatthour) plants, offset in part by the effects of planned maintenance standstills at Ferrera Erbognone and Ravenna.

Second quarter

Replacement cost operating profit for the second quarter of 2006 was euro 718 million, up euro 104 million, or 16.9%, due primarily to: (i) higher margins on natural gas sales reflecting a favourable trading environment in which natural gas selling and purchase prices have been determined reflecting trends in the underlying commodities to which natural gas purchase and selling prices of gas are contractually indexed, also benefiting from time lag effects in particular in the power generation segment, offset in part by the adverse impact of the regulatory regime of Decision No. 248/2004 of the Authority for Electricity and Gas; (ii) higher natural gas volumes sold by consolidated subsidiaries (up 0.73 bcm, or 4.3%), including own consumption; (iii) a higher operating profit recorded by transport activities outside Italy reflecting mainly higher volumes in particular for the coming on line of the Greenstream pipeline from Libya.

These positive factors were offset in part by lower operating income of transport activities in Italy related essentially to a new tariff regime introduced by Decision No. 166/2005 of the Authority for Electricity and Gas.

Power generation activities generated a replacement cost operating profit of euro 45 million, with an increase of euro 5 million, or 12.5%, due mainly to an increase in

Special charges for the second quarter of 2006 of euro 73 million concerned mainly impairment of intangible assets and provisions to the environmental risk reserve. In the second quarter of 2005 special items (euro 24 million) concerned mainly provisions to the environmental risk reserve.

Natural gas sales volumes for the second quarter of 2006 (including own consumption and sales of affiliates) were 19.37 bcm, 0.85 bcm higher, or 4.6%, primarily reflecting higher sales in the rest of Europe (up 0.90 bcm, or 14.1%) and own consumption for power generation in EniPower s power stations (up 0.27 bcm, or 20.1%) offset in part by lower sales in Italy (down 0.30 bcm, or 2.9%).

The decline in natural gas sales in Italy reflected mainly lower sales to the power generation industry (down 0.81 bcm) offset in part by higher sales to the industrial sector (up 0.38 bcm) and to wholesalers (up 0.06 bcm). Sales under the so called gas release increased by 0.06 bcm.

Sales volumes in the rest of Europe (5.91 bcm) of consolidated subsidiaries were 0.88 bcm higher, or 17,5%, reflecting increases registered in: (i) sales under long-term supply contracts to Italian importers (up 0.58 bcm) for the progressive reaching of full supplies from Libyan fields; (ii) supplies to the Turkish market (up 0.31 bcm).

Sales of natural gas by Eni s affiliates in the rest of Europe, net to Eni and net of Eni s supplies, amounted to 1.38 bcm, substantially stable from the second quarter of 2005.

Electricity production sold (6 terawatthour) was up to 0.43 terawatthour, or 7.7%, reflecting the continuing ramp-up of new production capacity, in particular at the Brindisi (up 0.98 terawatthour) and Mantova (up 0.29 terawatthour) plants, offset in part by the effects of planned maintenance standstills at Ferrera Erbognone.

electricity production sold (0.43 terawatthour, up 7.7%) offset in part by lower selling margins related to the trend of energy parameters through which sale and purchase prices of fuels are determined.

Determination of reference prices for non eligible customers at 31 December 2002 - Decisions No. 248/2004 and 134/2006 of the Authority for Electricity and Gas

With Decision No. 248 of 29 December 2004, integrated and amended by Decision No. 134 of 28 June 2006, the Authority for Electricity and Gas changed the updating mechanism established by its previous Decision No. 195/2002 concerning the raw material component in tariffs paid by end customers that were non-eligible customers until 31 December 2002 according to Legislative Decree No. 164/2000 (mainly customers in the residential and commercial segment). The decision introduced the following changes: (i) establishment of a cap set at 75% for the changes in the raw material component if Brent crude prices fall below 20 US dollar/barrel or outside the 35-60 US dollar/barrel range and at 95% if Brent crude prices are higher than 60 US dollar/barrel (in Decision No. 248/2004 the price cap was set at 75% for the change in the raw material component if Brent crude prices fell below 20 US dollar/barrel or exceeded 35 US dollar/barrel); (ii) change of the relative weight of the three products making up the reference index of energy prices whose variations when higher or lower than 2.5% (previously 5%) as compared to the same index in the preceding period determine the adjustment of raw material costs; (iii) substitution of one of the three products included in the index (a pool of crudes) with Brent crude; (iv) recognition to natural gas selling companies of additional euro 0.015 per cubic meter sold; and (v) reduction in the value of the variable wholesale component of the selling price by euro 0.026 per cubic meter. In addition, Decision No. 248/2004 obliges Italian suppliers to wholesalers to renegotiate supply contracts in light of the price revision introduced by same decision in supply contracts between wholesalers and end users. The changes introduced by Decision No. 134/2006 are applicable from 1 July 2006 for a two year period with the option of a one year extension following a decision of the Authority.

According to Decision No. 134/2006, starting on 1 October 2006, natural gas selling companies shall offer pricing terms consistent with the updating mechanism adopted by the Authority for Electricity and Gas only to In addition to integrating Decision No. 284/2004, Decision No. 134/2006 introduced: (i) transitional measures for the recognition of any higher import costs concerning spot purchases in the coming January-March 2007 period; (ii) the recognition of a partial compensation for the reimbursement due to end customers for the higher amounts invoiced by selling companies in 2005; (iii) the obligation for selling companies, only for wholesale supply contracts entered after the coming in force of Decision No. 248/2004, to renegotiate such contracts consistently with the new updating mechanism of the raw material component before 30 November 2006. Selling companies shall inform the Authority for Electricity and Gas of the outcome of such renegotiations before 31 December 2006. With a later decision the Authority will recognise to companies complying with this requirement an amount corresponding to 50% of the difference between the updating of the cost of raw materials calculated under the new regime under Decision No. 248/2004 and the previous regime under Decision No. 195/2002 for fiscal year 2005. Should the Authority for Electricity and Gas deem the obligation of renegotiation fulfiled, the reserve accrued by Eni in its 2005 financial statements, estimated on the basis of a probable negative impact of the new regime (euro 225 million), could result partially redundant.

The appeal of the Authority against the decision of the Regional Administrative Court of Lombardia which annulled Decision No. 284/2004 in favour of Eni is still pending at the Council of State. However, on the basis of the reasons that led the Council of State to accept the Authority s appeal against another natural gas selling company, Eni expects the Council of State s decision to be negative for Eni. For this reason and for the higher prices attained by Brent crude with respect to 2005, as well as the fact that the improvements in the updating mechanism enacted by Decision No. 134/2006 in favour of natural gas selling companies are effective 1 July 2006, Eni s management expects the impact of the new regime of indexation on selling margins on natural gas to be significantly higher than in 2005. This estimate does not take into account the possibility that the amount accrued in 2005 financial statements may prove redundant as outlined above.

customers consuming less than 200,000 cm per year.

REFINING & MARKETING

(million euro)

Second quarter					First half			
2005	**2006**	Change	% Ch.		2005	**2006**	Change	% Ch.
7,846	**10,166**	2,320	29.6	Revenues	14,747	**19,446**	4,699	31.9
596	**366**	(230)	(38.6)	Operating profit	865	**455**	(410)	(47.4)
(316)	**(207)**	109		Exclusion of inventory holding (gains) losses	(459)	**(254)**	205	
280	**159**	**(121)**	**(43.2)**	**Replacement cost operating profit**	**406**	**201**	**(205)**	**(50.5)**
55	**31**	(24)		Exclusion special items	81	**78**	(3)	
335	**190**	**(145)**	**(43.3)**	**Adjusted operating profit**	**487**	**279**	**(208)**	**(42.7)**

First half

Replacement cost operating profit for the first half 2006 was euro 201 million, down euro 205 million or 50.5%, from the first half of 2005, due primarily to declining refining margins (Brent margin was down 1.16 US dollars/barrel, or 21%) partly offset by the favourable impact of the depreciation of the euro over the dollar and the impact of longer refineries outages for both planned maintenance and certain operational issues in connection with the accident occurred late in April to the Priolo refinery owned by a third party.

Replacement cost operating profit was also adversely impacted by shrinking marketing margins, reflecting rapidly escalating prices of refined products not recovered in full in final prices as well as competitive pressure. Also the divestment of Italiana Petroli occurred in September 2005 adversely impacted operating profit for the period (see below). On the positive side, activities in the rest of Europe recorded a higher operating profit.

Special charges for the first half of 2006 of euro 78 million concerned essentially provisions to the environmental risk reserve and employee redundancy incentives. Special charges for the first half of 2005 concerned essentially provisions to the environmental risk reserve.

(million tonnes)

Second quarter					First half			
2005	**2006**	Change	% Ch.		2005	**2006**	Change	% Ch.
9.77	**9.40**	**(0.37)**	**(3.8)**	**Refining throughputs on own account**	**18.21**	**18.01**	**(0.20)**	**(1.1)**
12.51	**12.55**	**0.04**	**0.3**	**Sales**	**24.81**	**24.87**	**0.06**	**0.2**
2.20	**2.20**	-	-	Retail sales Italy on Agip branded network	4.26	**4.26**	-	-
0.50	**-**	(0.50)	(100.0)	Retail sales Italy on IP branded network	0.96	**-**	(0.96)	(100.0)
0.94	**0.95**	0.01	1.1	Retail sales rest of Europe	1.77	**1.82**	0.05	2.8
2.54	**2.48**	(0.06)	(2.4)	Wholesale sales Italy	5.07	**5.02**	(0.05)	(1.0)
1.06	**1.15**	0.09	8.5	Wholesale sales outside Italy	2.16	**2.28**	0.12	5.6
0.96	***1.03***	*0.07*	*7.3*	*of which wholesale sales rest of Europe*	*1.96*	***2.06***	*0.10*	*5.1*
5.27	**5.77**	0.50	9.5	Other sales	10.59	**11.49**	0.90	8.5

Refining throughputs on own account for the first half of 2006 in Italy and outside Italy (18.01 mtonnes) were ktonnes) offset in part by the 50 ktonnes decline on wholesale markets in Italy. The 960 ktonnes reduction in slightly lower (down 1.1%) from the first half of 2005, reflecting lower throughputs at the Sannazzaro, Livorno and Taranto refineries due to planned maintenance standstills and for the accident occurred at Priolo in April. These declines were partially offset by higher throughputs at the Gela and Venice refineries.

Sales of refined products for the first half were 24.87 mtonnes, 60 ktonnes higher than the first half of 2005, or 0.2%, due mainly to increased sales volumes on retail and wholesale markets in the rest of Europe (up 150 retail sales volumes due to the divestment of the entire share capital of Italiana Petroli which occurred in September 2005 was 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 on the Agip branded network in Italy and outside Italy were 6.08 mtonnes, up 50 ktonnes (0.8%).

Sales volumes of refined products on the Agip branded network in Italy were 4.26 mtonnes, unchanged from the first half of 2005. Sales volumes of refined products

on retail markets in the rest of Europe increased by 50 ktonnes, or 2.8%, reflecting principally higher sales volumes in Spain, France and Central-Eastern Europe, also in connection with the purchase/leasing of service stations.
Sales on wholesale markets in Italy (5.02 mtonnes) declined by 50 ktonnes from the first half of 2005, in particular in fuel oil and diesel fuel. Sales on wholesale markets in the rest of Europe increased by 100 ktonnes, up 5.1%, due to higher volumes sold in in Spain and Germany.

Second quarter
Replacement cost operating profit for the second quarter was euro 159 million, down euro 121 million or 43.2%, from the second quarter of 2005, due primarily to declining refining margins (margins on Brent were down 1.01 dollars/barrel, or 14.9%) and the impact of longer refineries outages for both planned maintenance and certain operational issues in connection with the accident occurred late in April to the Priolo refinery in Sicily. Replacement cost operating profit for the quarter was also adversely impacted by shrinking marketing margins, reflecting rapidly escalating prices of refined products not recovered in full in final prices as well as competitive pressure. Also the divestment of Italiana Petroli occurred in September 2005 adversely impacted operating profit for the period (see below). On the positive side, activities in the rest of Europe recorded an higher operating profit.

The second quarter result included special charges of euro 31 million related primarily to environmental provisions and provisions for redundancy incentives. In the second quarter of 2005 special items were euro 55 million, related primarily to environmental and other provisions.

Refining throughputs on own account for the second quarter of 2006 in Italy and outside Italy (9.40 million tonnes) declined (down 3.8%) from the first half of 2005, reflecting lower throughputs at the Sannazzaro and Priolo refineries partially offset by higher throughputs at the Venice and Livorno refineries.
Sales of refined products for the quarter were 12.55 mtonnes, 40 ktonnes higher from the second quarter of 2005 due to the increase in sales on retail and wholesale 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 were 2.2 mtonnes, unchanged from the second quarter of 2005. Sales volumes of refined products on retail markets in the rest of Europe increased by 10 ktonnes, or 1.1%, reflecting principally higher sales volumes in Spain, France and Czech Republic, also in connection with the purchase/leasing of service stations in 2005.

markets in the rest of Europe (up 80 ktonnes), partially offset by lower sales on the wholesale market in Italy (down 60 ktonnes). The 502 ktonnes reduction in retail sales due to the divestment of Italiana Petroli, was offset

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ENI REPORT ON THE SECOND QUARTER OF 2006

PETROCHEMICALS

(million euro)

Second quarter					First half			
2005	**2006**	Change	% Ch.		2005	**2006**	Change	% Ch.
1,465	**1,612**	147	10.0	Revenues	2,999	**3,340**	341	11.4
58	**30**	(28)	(48.3)	Operating profit	216	**69**	(147)	(68.1)
(8)	**(44)**	(36)		Exclusion of inventory holding (gains) losses	(7)	**(61)**	(54)	
50	**(14)**	**(64)**		**Replacement cost operating profit**	**209**	**8**	**(201)**	**(96.2)**
21	**19**	(2)		Exclusion special items	21	**20**	(1)	
71	**5**	**(66)**	**(93.0)**	**Adjusted operating profit**	**230**	**28**	**(202)**	**(87.8)**

First half

In the first half of 2006 replacement cost operating profit amounted to euro 8 million with a euro 201 million decline (down 96.2%) from the first half of 2005, due mainly to lower unit margins, in particular the cracker margin and in intermediates and styrenes related to increases in the cost of oil-based feedstocks not transferred to selling prices and the impact in terms of lower production of the accident occurred at the Priolo refinery in April. These negative factors were offset in part by the positive effect of Eni s sales mix along with an improved industrial and commercial performance. Special charges for the first half of 2006 of euro 20 million concerned essentially provisions to the risk reserve. Special charges for the first half of 2005 concerned essentially asset impairments.

(thousand tonnes)

Second quarter					First half			
2005	**2006**	Change	% Ch.		2005	**2006**	Change	% Ch.
1,711	**1,640**	**(71)**	**(4.1)**	**Production**	**3,579**	**3,555**	**(24)**	**(0.7)**
1,301	**1,274**	**(27)**	**(2.1)**	**Sales**	**2,673**	**2,680**	**7**	**0.3**
708	**667**	(41)	(5.8)	Basic petrochemicals	1,519	**1,420**	(99)	(6.5)
252	**255**	3	1.2	Styrenes and elastomers	518	**515**	(3)	(0.6)
341	**352**	11	3.2	Polyethylenes	636	**745**	109	17.1

In the first half of 2006 sales of petrochemical products (2,680 ktonnes) were in line with the first half of 2005 (up 0.3%). Increases concerned polyethylene (up 17.1%) and aromatics (in particular xylenes up 19.5%) due to higher demand. Declines concerned: (i) basic petrochemicals (down 6.5%), in particular olefins (down 8%) and benzene (down 40%), due to lower product availability resulting from the outage of the Priolo cracker as a consequence of the accident occurred in late April at the nearby refinery; (ii) styrenes (down 2%)

Second quarter

In the second quarter of 2006 replacement cost operating loss amounted to euro 14 million with a euro 64 million decline from the second quarter of 2005, due mainly to lower unit margins, in particular the cracker margin, and in intermediates and styrene related to increases in the cost of oil-based feedstocks not transferred to selling prices and the impact in terms of lower production of the accident occurred at the Priolo refinery in April. These negative factors were offset in part by the positive effect related to the shutdown of the Ravenna ABS plant in the second quarter of 2005 and to weak demand. Petrochemical production (3,555 ktonnes) were in line with the first half of 2005 (down 0.7%). Lower cracker production due to the standstill of the Priolo refinery was offset in part by higher production at Dunkerque, Porto Marghera and Sarroch.

of Eni s sales mix along with an improved industrial and commercial performance.

Special charges for the second quarter of 2006 of euro 19 million concerned essentially provisions to the risk reserve. Special charges for the second quarter of 2005 concerned essentially asset impairments.

In the second quarter of 2006 sales of petrochemical products (1,274 ktonnes) decreased by 27 ktonnes from the second quarter of 2005 (down 2.1%), in particular olefins (down 9.6%) and benzene (down 70%), due mainly to lower product availability related to the standstill of the Priolo cracker resulting from the accident occurred in April to the nearby refinery. These negatives were offset in part by positive sales in aromatics (xylene), intermediates and elastomers due to increasing demand.
Petrochemical production (1,640 ktonnes) declined by 71 ktonnes from the second quarter of 2005 (or 4.1%) in particular due to the standstill of the Priolo cracker, offset by higher production at Porto Marghera and Dunkerque.

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ENI REPORT ON THE SECOND QUARTER OF 2006

OILFIELD SERVICES CONSTRUCTION AND ENGINEERING

(million euro)

Second quarter					First half			
2005	**2006**	Change	% Ch.		2005	**2006**	Change	% Ch.
1,196	**1,769**	573	47.9	Revenues	2,356	**3,080**	724	30.7
53	**133**	**80**	**150.9**	**Operating profit**	**112**	**211**	**99**	**88.4**
				Exclusion special items				
53	**133**	**80**	**150.9**	**Adjusted operating profit**	**112**	**211**	**99**	**88.4**

First half

Operating profit for the first half of 2006 was euro 211 million, up euro 99 million, or 88.4% from the first half of 2005. This increase was recorded in particular in the following areas: (i) Onshore construction due to higher activity related essentially to the start-up of some large projects acquired in 2005; (ii) Offshore construction, due to higher activity in the Caspian region; (iii) Offshore drilling, due to higher tariffs for the Scarabeo 3 and Scarabeo 5 semisubmersible platforms and higher activity levels of the semisubmersible Scarabeo 4 platform and Perro Negro 5 jack-up.

(million euro)

	First half			
	2005	**2006**	Change	% Ch.
Orders acquired [1]	**5,065**	**5,970**	**905**	**17.9**
Offshore construction	1,608	**1,814**	206	12.8
Onshore construction	3,239	**3,157**	(82)	(2.5)
Offshore drilling	139	**923**	784	564.0
Onshore drilling	79	**76**	(3)	(3.8)
Eni	443	**1,343**	900	203.2
Third parties	4,622	**4,627**	5	0.1
Italy	325	**763**	438	134.8
Outside Italy	4,740	**5,207**	467	9.9

(million euro)

	31 Dec. 2005	**30 Jun. 2006**	Change	% Ch.
Order backlog [1]	**10,122**	**12,455**		
Offshore construction	3,721	**4,097**		
Onshore construction	5,721	**6,970**		

Offshore drilling	382	**1,132**

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Item 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Directors and Senior Management

The Board of Directors of Eni SpA s currently in office consists of nine members. The table below of Directors, their positions, the year when each was initially appointed as a Director and their ages. Ordinary Shareholders Meeting held on May 27, 2005 for a three-year period; it will therefore expi approving Eni s financial statements for the financial year 2007.

Name	Position
Roberto Poli	Chairman
Paolo Scaroni	Managing Director and CEO
Alberto Clô	Director
Renzo Costi	Director
Dario Fruscio	Director
Marco Pinto	Director
Marco Reboa	Director
Mario Resca	Director
Pierluigi Scibetta	Director

While it remains a significant shareholder, the Ministry of Economy and Finance intends to continue Board of Directors in order to protect its investment as a shareholder. During whatever period the M shareholder, according to Italian law, as confirmed by Decision No. 466/1993 of the Corte Costituzi (Court of Accounts) has the right and duty to exercise a role as financial controller of Eni s operatio shareholder. In order for the Court of Accounts to exercise such control, a representative of the Cour Directors and the Board of Statutory Auditors of Eni without the right to vote and Eni has the obliga statements together with the reports of the Board of Directors, the Board of Statutory Auditors and it Accounts who attends the meetings of the Board of Directors and Board of Statutory Auditors of En Parente).

On the basis of Eni's By-Laws as amended on April 13, 2005, the Minister of Economy and Finance Activities may appoint another member of the Board of Directors, with no voting rights.

On June 1, 2005 the new Board of Directors delegated to the Chairman, Roberto Poli, powers for res strategic international agreements, and appointed Paolo Scaroni Managing Director and CEO, confir Managing Director.

Before May 27, 2005, Eni Board of Directors was composed of eight members. The table below se Directors, their positions, the year when each was initially appointed as a Director and their ages. Th statements for the year 2004.

Name	Position
Roberto Poli	Chairman
Vittorio Mincato	Managing Director and CEO
Mario Giuseppe Cattaneo	Director
Alberto Clô	Director
Renzo Costi	Director
Dario Fruscio	Director
Guglielmo Antonio Claudio Moscato	Director
Mario Resca	Director

On November 14, 2000 the Board of Directors of Eni appointed Stefano Cao as General Manager of powers as determined by the Board on the same date. Mr. Cao may be removed by the Board of Dire

On January 30, 2001 the Board of Directors of Eni appointed Luciano Sgubini as General Manager defined by the Board on the same date. Mr. Sgubini may be removed by the Board of Directors of E

On April 14, 2004 the Board of Directors of Eni appointed Angelo Taraborrelli as General Manager powers as defined by the Board on the same date. Mr. Taraborrelli may be removed by the Board of replaced Mr. Callera, who has reached the retirement age.

The table below sets forth Eni SpA s executive officers and the General Managers of Eni s three di appointed to such positions, their total years of service at Eni and their ages. The executive officers and may be removed without cause.

Name	Management Position
Stefano Cao	General Manager for the Exploration & Production Division
Luciano Sgubini	General Manager for the Gas & Power Division
Angelo Taraborrelli	General Manager for the Refining & Marketing Division
Fabrizio D Adda	The Group Senior Vice President for Health Safety and the Environment
Amedeo Santucci	The Group Senior Vice President for Supply Operations
Carlo Grande	The Group Senior Vice President for Legal Affairs
Roberto Jaquinto	The Group Senior Vice President for Administration
Marco Mangiagalli	The Group Senior Vice President for Finance

Leonardo Maugeri	The Group Senior Vice President for Strategies and International Relations
Eugenio Palmieri	The Group Senior Vice President for Public Affairs and Communication
Luigi Patron	Chief Technology Officer
Renato Roffi	The Group Senior Vice President for Human Resources

The biographies of Eni s directors and executive officers are set out below.

Roberto Poli was appointed Chairman of Eni SpA on May 30, 2002. He is Chairman of the Board of
firm in the area of corporate finance, business mergers and acquisitions, business restructuring. From
at the Università Cattolica of Milan. He is Member of the Board of Directors of Fininvest SpA, Mon
and general partner of Brafin S.A.P.A. Has been Chairman of Rizzoli-Corriere della Sera SpA and P

Paolo Scaroni graduated at the Università Bocconi in Milan and obtained a master degree in busines
York. After a few years as consultant with McKinsey, in 1973 he joined the Saint Gobain Group, wh
outside Italy, until in 1976 he was appointed general manager of the "Vetro piano" division in Paris
international activities. From 1985 to 1996 worked with Techint where he was appointed vice-presid
of SIV, Italimpianti and Dalmine. He joined Pilkington in 1996 and until 2002 was managing directo
2002 to 2005 he was managing director and general manager of Enel. At present Mr. Scaroni is a dir
managing committee of Confindustria, chairman of Unindustria Venezia in Italy, while outside Italy
UniChem, member of the Supervisory Board of ABN AMRO, and member of the Board of the Colu

Alberto Clô is a professor of Industrial Economy at the University of Bologna, was Minister of Indu
and 1996. During the Italian semester of presidency of the European Union was chairman of the Cou
European Union. In 1996 was awarded the title of Cavaliere di Gran Croce al Merito of the Republic
GTP Holding, ASM Brescia SpA, De Longhi SpA, Italcementi SpA and Società Autostrade SpA. H
Corporate University.

Renzo Costi is an attorney and a consultant. He served as magistrate from 1964 to 1968 and is curren
Bologna. He was founder, and currently is co-director, of the magazines "Giurisprudenza Commerci
titoli di credito". He is member of the Board of Directors of Editrice Il Mulino SpA.

Dario Fruscio is a chartered accountant, public auditor and consultant; he is currently Professor of E
and taught at the Accademia Nazionale della Guardia di Finanza of Bergamo.

Marco Pinto is a magistrate and notary and held various positions at Regional Administrative Courts
of the department for economic sciences at the Scuola Superiore dell economia e delle finanze. Sinc
office of the Ministry of Economy and Finance. From December 2004 to April 2005 he was head of
Council of Ministers.

Marco Reboa is a chartered accountant and auditor. He is a professor at the Libero Istituto Universit
of corporate governance, economic evaluation and financial statements. He is a member of the Boar
IMMSI SpA, Intesa Private Banking and Nextra SGR SpA. He is a statutory auditor of Autogrill Sp

Mario Resca is Chairman and Managing Director of McDonald s Italia SpA and Chairman of Italia
American Chamber of Commerce in Italy and of Confimprese, National Board member of U.P.A. (U

Director of Mondadori SpA and Member of the Board of liquidators of Cirio Del Monte Group in ex
RMCH foundation for children. In 2002, was awarded the title of Cavaliere del Lavoro. After workin
of Biondi Finanziaria (Fiat Group), from 1976 to 1991 was partner of Egon Zehnder, director of Lan
RCS-Corriere della Sera Group and Versace Group. Is chairman of Finanziaria Sambonet SpA, Ken
and Partners.

Pierluigi Scibetta is a chartered accountant and auditor and has been director and auditor of various c
Istituto Superiore per la previdenza e la sicurezza sul lavoro, of the Gestore del Mercato Elettrico Sp
Nucleco SpA. Is a professor of Energy Engineering at the University of Perugia.

Stefano Cao joined the Eni Group as a technical engineer active mainly in offshore construction. He
chairman of Saipem SpA, and is at present General Manager of Eni s Exploration & Production Div

Luciano Sgubini, mining engineer, was involved in hydrocarbon production activities of Agip SpA.
Vice President of Agip SpA, Chairman and CEO of Saipem SpA and Chairman of Snam SpA until h
Division. He is a member of the Board of Directors of many Eni Group companies.

Angelo Taraborrelli, graduated in law, joined the group as expert in analysis evaluation and control o
AgipPetroli with Eni he was appointed Deputy Chief Operating Officer of Eni SpA Refining & Mar
14, 2004 he became General Manager of Eni s Refining & Marketing Division replacing Gilberto C

Fabrizio D Adda, mining engineer, joined the Eni Group in 1968. He held various executive positio
Chairman of Saipem SpA, Chairman of EniChem SpA and Chairman of Polimeri Europa SpA. He is
Executive Committee of Cefic and President of the Financial Committee of Cefic. He is also a memb

Amedeo Santucci, graduated in engineering, joined the Group in 1979 and served various positions.

Carlo Grande, attorney at law, joined the Eni Group in 1977 and has served as senior vice president
Board of Directors of various Eni Group companies.

Roberto Jaquinto, a registered auditor, joined the Eni Group in 1962 and served in various administr
vice president for administration and responsible for Eni financial reporting and accounting. He is a
companies.

Marco Mangiagalli worked for the Barclays Group and other Italian merchant banks before joining t
Directors of various Eni companies. He is responsible, among other things, for Eni s treasury operat

Leonardo Maugeri, after extensive academic experience acquired also outside Italy, joined the Eni G
counsel for strategic decisions. He is a member of the executive council of Censis and of the Commi

Eugenio Palmieri qualified as journalist in 1971 and worked as correspondent for "Il Sole 24 Ore", "
Head of Press Office and later also supervisor of External Relations. In May 1995 he was appointed
Eni and the second largest Italian newswire.

Luigi Patron is Chief Technology Officer of Eni and Chairman of Snamprogetti SpA, the engineerin
career started with Montefibre SpA at Porto Marghera. In 1991, he became Chairman of Montefibre
June 1993 to May 1996, Mr. Patron was Managing Director of EniChem SpA.

Renato Roffi joined the Eni Group in 1971 and held various positions in Eni s subsidiaries until he
resources in 2000. He is a member of the Board of Directors of various Eni Group companies and V
energy and petroleum companies).

Auditors

Statutory Auditors

The Italian legislation requires Italian listed corporations to have a board of statutory auditors compo
in matters specified in such corporations by-laws. Eni SpA s Board of Statutory Auditors is electe
Chairman of the Board. Eni SpA s by-laws currently provide that the Board of Statutory Auditors c
alternate auditors (each of them automatically substitutes an effective auditor who resigns or is other
list).

The following table sets forth the names, positions and year of appointment of the members of the B
by the Ordinary Shareholders Meeting held on May 27, 2005 for a three-year period; therefore this
the General Shareholders Meeting approving Eni s financial statements for the financial year 2007
Auditors see below.

Name	Position
Paolo Andrea Colombo	Chairman
Filippo Duodo	Auditor
Edoardo Grisolia	Auditor
Riccardo Perotta	Auditor
Giorgio Silva	Auditor
Francesco Bilotti	Alternate Auditor
Massimo Gentile	Alternate Auditor

The following table sets forth the names, positions and year of appointment of the members of the B
on May 30, 2002 and who were in charge until May 27, 2005.

Name	Position
Andrea Monorchio	Chairman
Luigi Biscozzi	Auditor
Paolo Andrea Colombo	Auditor
Filippo Duodo	Auditor
Riccardo Perotta	Auditor
Fernando Carpentieri	Alternate Auditor
Giorgio Silva	Alternate Auditor

External Auditors

As provided for by Italian laws, external auditors must be a chartered company and are appointed by
PricewaterhouseCoopers SpA, were appointed by the Shareholders Meeting of June 1, 2001 for a t
financial statements for 2003. Eni s Shareholders Meeting of May 28, 2004 confirmed the appoint
three-year period ending with the Meeting approving financial statements for 2006.

Compensation

Board member compensation is determined by the Shareholders Meeting, while remuneration level
determined by the Board of Directors, based on proposals of the Compensation Committee and after
With reference to the powers delegated to the Chairman and Managing Director, the Board of Direct
and a variable part. In line with Consob provisions, the section "Other Information" of Eni SpA statu
paid to Board members, Statutory Auditors and General Managers; (ii) subscription rights for Eni sh
(stock grant) and stock options attributed to the Managing Director and to General Managers; and (ii
held by Board members, Statutory Auditors and General Managers. Information as per (i) and (ii) ar
financial statements.

On May 30, 2002 the Shareholders Meeting determined the annual compensation of the Chairman
The Shareholders Meeting of May 28, 2004, increased directors compensation to euro 100,000. In
also determined a variable compensation up to a maximum of euro 80,000 for the Chairman and eur
accordance with Eni s positioning as compared to the other seven major international oil companies
shareholders in the reference year. The variable portion of compensation is paid to the Chairman for
member for euro 20,000 or euro 10,000, respectively, if Eni s return to shareholders is rated first or
shareholders of the seven major oil companies. Below fourth position no variable compensation is pa
confirmed that Eni in 2003 rated fifth in the mentioned positioning, therefore no variable compensat
1,000 for the participation to each meeting of the Board and of Board committees, along with any ex

The variable part of the compensation of Chairman and Managing Director, as well as the variable p
(General Managers of divisions and managers holding positions directly reporting to the Chairman a
of specific economic and operating objectives (profitability, efficiency, strategic projects) and share
return to shareholders). With reference to Eni s performance in 2003, 43% of the remuneration of th
and 40% of that of the top management was variable. The variable part of compensation includes, be
(see specific information on stock options and stock grants in Note 29 to Eni s consolidated financia

The Shareholders' Meeting held on May 27, 2005 resolved to approve: (i) the determination of the fi
the Chairman of the Board of Directors and to each Director at euro 265,000 and euro 115,000 respe
expenses incurred because of the office; (ii) the determination of a variable amount not higher than e
and euro 20,000 for the Directors.

Pursuant to Consob Decision No. 11971 of May 14, 1999, as amended, compensation of directors of
divisions is reported in the table below, which includes all the persons who held a position in 2004, i

- The column "Compensation for positions" held at Eni SpA includes compensation decided by compensation of the Chairman and the Managing Director set by the Board of Directors, in ag Auditors, pursuant to Article 2389, subsection 3 of the Italian Civil Code;
- the column "Non cash benefits" indicates all fringe benefits, including insurance policies;
- the column "Bonuses and other incentives" indicates the variable part of the compensation of t Managing Director and General Managers of Eni s divisions (employees of Eni);
- the column "Other compensation" indicates the salary of the Managing Director and of the Ge well as the compensation for positions held by Statutory Auditors in other Eni companies.

The following table contains details of compensation of directors, statutory auditors and general ma

Name	Position	Compensation for position
Board of Directors		
Poli Roberto	Chairman	520
Mincato Vittorio	Managing Director	509
Cattaneo Mario Giuseppe	Director	108
Clô Alberto	Director	110
Costi Renzo	Director	110
Fruscio Dario	Director	102
Moscato Guglielmo	Director	112
Resca Mario	Director	105
Board of Statutory Auditors		
Monorchio Andrea	Chairman	114
Biscozzi Luigi	Effective Auditor	91
Colombo Paolo Andrea	Effective Auditor	91
Duodo Filippo	Effective Auditor	90
Perotta Riccardo	Effective Auditor	90
General Manager E&P Division		
Cao Stefano		
General Manager G&P Division		
Sgubini Luciano		
General Manager R&M Division		
Callera Gilberto		
Taraborrelli Angelo		
		2,152

(1) Includes compensation for appointment as statutory auditor of Syndial SpA and Polimeri Europa SpA.

(2) Includes compensation for the appointment as statutory auditor of position of Saipem SpA.

(3) Includes compensation for the appointment as statutory auditor of Snamprogetti SpA, Chairman of the Board of Statutory Audito and Chairman of the Board of Statutory Auditors of CEPAV (Consorzio Eni per l Alta Velocità) Due from February 24, 2005.

(4) Includes compensation for the appointment as statutory auditor of Enifin SpA and Chairman of the Board of Statutory Auditors o

(5) Includes employee termination indemnities (euro 798,000).

For the year ended December 31, 2004, the aggregate compensation paid to or on behalf of the execu foregoing amounts include salaries, fees for attending meetings, lump-sum amounts paid in lieu of e health and pension contributions. The foregoing amounts do not include amounts accrued to the rese used to pay severance pay as required by Italian law to employees upon termination of employment.

capacity as such are not entitled to receive such severance pay. At December 31, 2004, the total amo
indemnities with respect to members of the Board of Directors who were also employees of Eni, wit
to the executive officers of Eni SpA was euro 5.19 million.

The table below sets forth the amount and maturity of stock options granted to Eni s Chief Executiv
2004:

Number of options	
Average exercise price (euro)	
Maturity (days)	
Expiration (days)	
Weighted average exercise price for options existing as of December 31, 2004 (euro)	

The information in the table above is current to June 14, 2005. No additional options have been gran
only ordinary shares. For further information on Eni s stock compensation see "Note 29 to the Cons

Board Practices

Appropriate Conduct

Due to the complex scenario in which Eni operates, the Board of Directors has deemed it appropriat
Eni recognizes, accepts and upholds and the responsibilities that Eni assumes within its Group and e
conducted in compliance with laws, in a context of fair competition, with honesty, integrity, correctn
interests of shareholders, employees, suppliers, customers, commercial and financial partners and th
for Eni, without exception or distinction, are committed to observing these principles within their fu
them. The belief of working for the advantage of Eni cannot be a justification for behaviors contrary
of Conduct" whose observance by employees is evaluated by the Board of Directors, based on the a
The Code of Conduct is published in Eni s internet site (www.eni.it).

In its meeting of January 20, 2000 Eni s Board of Directors resolved to adopt the Self-discipline Co
thorough review of the matter, underscored how Eni s organizational model is essentially in line wi
related recommendations issued by Consob.

In accordance with the request of Borsa Italiana SpA, in particular the "Guidelines for the preparatio
February 12, 2003, follows information on Eni s corporate governance system. In preparing this rep
preparation of the report on corporate governance" published by Assonime and Emittenti Titoli SpA

The Board of Directors: Competencies, Delegate Powers and Composition

Eni s organizational structure follows the traditional model of companies in which management is e
the central element of Eni s corporate governance system. Monitoring functions are entrusted to the
financial statements is entrusted to the external auditors appointed at the Shareholders Meeting.

The Board of Directors delegated specific powers to the Chairman and Managing Director, who are
Article 25 of Eni s by-laws.

In accordance with internationally accepted principles of corporate governance, the Board of Direct
proposing functions.

According to its decision of September 17, 2003, in addition to exclusive competencies entrusted to
Directors has reserved the following tasks:

1. to define corporate governance rules for the Company and Group companies, including the ap regulations of Board Committees;
2. to define guidelines for the internal control system, based on indications provided by the relev the effectiveness and modes of managing main corporate risks;
3. to examine and approve the main features of corporate and Group organization, checking the administration setup prepared by the Managing Director;
4. to determine on proposal of the Managing Director strategic guidelines and objectives at t
5. to examine and approve multi-annual strategic, industrial and financial plans at the Company
6. to examine and approve yearly budgets of Divisions, of the Company and the consolidated Gr
7. to evaluate and approve quarterly accounts and related disclosures and any other period accou by the law and to compare quarterly results with planned results;

8. to evaluate the general trends in operations with specific attention to possible conflicts of inter
9. to examine and approve strategically relevant agreements;
10. to receive from Directors entrusted with specific powers timely reports describing the activitie most relevant transactions, according to a specific previously agreed definition, and any atypic with related parties;
11. to receive from Board Committees periodic reports on activities performed, according to prev
12. to attribute, modify and revoke powers to Directors, defining their limits and modes of execut related to such powers, after consultation with the Board of Statutory Auditors. To deliver gui recall to itself transactions included in the delegated power;
13. to approve, based on the indications of the relevant Committee, the adoption and implementat the compensation criteria of top managers;
14. to appoint, revoke and delegate powers to general managers, on proposal of the Managing Dir Chairman;
15. to decide major sale and purchase transactions of the Company and to provide a pre-emptive e companies, in particular:
    a) sale and purchase transactions, as well as conferral of real estate, investments, companie
    b) capital expenditure in tangible and intangible assets with great significance for the Grou however all those of amounts exceeding euro 100 million, as well as any portfolio and e Production segment in new areas;
    c) the provision of loans from Eni or its subsidiaries to third parties;
    d) the provision from Eni of personal and real guarantees to third parties in the interest of E euro 50 million;
    e) the provision of loans from Eni or its subsidiaries to affiliates, as well as of real and pers exceeding euro 50 million and, in any case, if the amount is not proportional to the stake
16. to examine and decide any proposal of the Managing Director concerning voting and appointm Directors and the Board of Statutory Auditors of major subsidiaries;
17. to formulate all the proposals of decisions to be presented to the Shareholders Meeting.

The Board entrusted the Chairman with powers for researching and promoting integrated projects an Director with all managing powers except those that cannot be delegated and those reserved to the B the Chairman chairs Shareholders Meetings, convenes and chairs Board of Directors meetings and accordance with Article 23 of Eni s by-laws, the Board of Directors and the Managing Director repo quarterly and at each Board meeting, on activities performed and major transactions of Eni and its su direct or indirect interest. In accordance with Article 2391 of the Italian Civil Code, Directors inform of any interest they may have, directly or on behalf of third parties, in any transaction of Eni.

In accordance with Article 17 of Eni s by-laws, as amended by the Board on April 13, 2005, the Bo Shareholders Meeting appoints up to nine members. Pursuant to Law Decree No. 332 of May 31, 1 30,1994 as amended by Law No. 350 of December 24, 2003, the Minister of Economy and Finance Activities may appoint another member with no voting rights. The Board of Directors in charge as o elected by the Shareholders Meeting of May 30, 2002 for a three-year term. On that occasion, the M one member of the Board, in agreement with the Minister of Productive Activities. The appointment appointed by the Economy and Finance Minister in agreement with the Minister of Productive Activ alone or with others represent at least 1% of voting shares at an ordinary meeting have the right to pr auditors, as well as the Board of Directors (that never made use of this right). Each shareholder can p Companies controlling a shareholder and joint controlled companies cannot present, nor participate i companies described in Article 2359, paragraph 1 of the Civil Code. The lists must be deposited at E for the Shareholders Meeting on first call (20 days in case of the Board of Directors presenting a lis distribution and must include a resume of each candidate.

Board members must comply with the honorability and independence requirements provided for by and experience required for performing their duties with efficacy and efficiency, to which they are e

On February 28, 2005, Eni s Board of Directors, in accordance with the provisions of the Code, eva
established that non executive Board members and the Chairman were independent according to Ital
have any economic relationship with Eni and Eni Group companies, with the Managing Director and
major shareholder, such as to bias their autonomous judgment nor are they close relatives of the Ma
employee of Eni. On June 1, 2005, Chairman Roberto Poli and Directors Alberto Clô, Renzo Costi,
Pierluigi Scibetta declared that they meet the independence requirements as provided for by Italian c

Eni s by-laws do not indicate a specific frequency of meetings. In 2004, the Board of Directors met
hours per meeting. The public is informed of the dates of meetings convened for the approval of inte
applicable laws, as well as the dates of Shareholders Meetings.

The Board of Directors defined the rules for the calling of its meetings; in particular, the Chairman c
Managing Director, defines agenda items. Notice is sent by mail, fax or e-mail within five days of th
urgency. Eni s by-laws allow meetings held by teleconference, provided that all participants can be
The meeting is deemed held in the location where Chairman and Secretary are present.

Board members receive in advance adequate and thorough information on all issues subject to Board
and those for which confidentiality is deemed necessary. In 2004, on average 90% of Board member
independent non executive Board members.

Board Committees

In order to carry out its tasks more effectively, the Board of Directors has instituted three advisory C
Compensation Committee, formed exclusively by independent, non-executive Board members, and
Gas Committee) in which also the Managing Director participates. Board members receive euro 1,0

During 2004 and until the expiration of former Eni Board of Directors on May 27, 2005, the Comm

Internal Control Committee: Mario Giuseppe Cattaneo (Chairman), Alberto Clô, Renzo Costi and G

Compensation Committee: Mario Resca (Chairman), Mario Giuseppe Cattaneo, substituted in Febru

International Oil Committee: Alberto Clô (Chairman), Dario Fruscio, Vittorio Mincato and Guglieln

On June 1, 2005 the newly appointed Board of Directors appointed Mario Resca, Marco Pinto and P
Committee; Marco Reboa, Alberto Clô, Renzo Costi, Marco Pinto and Pieluigi Scibetta members of
Dario Fruscio, Marco Reboa and Paolo Scaroni members of the International Oil Committee.

The Code suggests the creation of a "Nominating Committee" in the companies with shares held wid
that shareholders find it difficult to prepare proposals for appointments. This committee has not been
characteristics of Eni and of the fact that Directors are appointed on the basis of candidate lists subm

Internal Control Committee

The Internal Control Committee, established by the Board of Directors in 1994, based on the decisio
November 7, 2003, holds functions of supervision, counsel and proposal in the area of monitoring ge

In the meeting of November 7, 2003 the Board approved the Committee s regulation and specified i
site).

During 2004, the Internal Control Committee convened 15 times, with an average participation of 88
following: (i) reviewed the audit programs prepared by Eni SpA s and Group companies internal a
SpA s and Group companies internal auditing procedures; (iii) monitored the initiatives taken by E
informed of improper payments on the part of representatives of suppliers of EniPower to a managem
representatives of administrative functions in the main subsidiaries, chairmen of boards of statutory
companies to examine the essential features of 2003 financial statements with specific reference to e
functions entrusted with controls at Eni SpA and its subsidiaries; (v) analyzed the competencies attri
of the new regulation; (vi) examined the results of an analysis on audit structures in other Italian Gro
by Eni for the application of the "Model of organization, management and control" as per Legislativ
examined reports received on the activity of the newly established internal monitoring unit as per Le
implications related to the definition of a procedure on the treatment of anonymous reports; (x) exam
function of external auditors for the 2004-2006 period and expressed to the Board its favorable opini
external auditor for 2004-2006 financial statements; (xi) examined the audit plans for 2004 financial
260 of audit principles "Comments on events related to audits addressed to persons responsible for c
performed by the Groups external auditors in 2004; (xii) reviewed the situation appointments confe
subsidiaries and affiliates to external auditors registered with Consob and related subjects; (xiii) revi
auditors of main group companies, the relevant accounts and the opinions contained in the reports of
(xiv) monitored the appointment of additional functions to companies belonging to the network of th

Based on Board of Directors resolution of March 22, 2005, certain responsibilities and competenci
transferred to the Board of Statutory Auditors effective June 1, 2005 (see below).

In 2005, Eni s external auditors met with Eni Internal Control Committee in order to discuss: (i) cri
purpose of a proper representation of Eni s results of operations and financial condition; (ii) alterna
accepted accounting principles concerning material items discussed with management, including ram
application of said alternative disclosures and treatments and relevant information, as well as the trea
contents of any other material written communication between external auditors, and management.

Compensation Committee

The Compensation Committee, established by the Board of Directors in 1996, proposes incentive sc
Chairman and Managing Director to the Board of Directors and overviews the criteria used in determ

During 2004, the Committee met 5 times, with an average participation of 93% of its members, and
for the Committee that was approved by the Board in its meeting of February 26, 2004; (ii) reviewed
Incentive Plan and the results of the 2003 plan; examined the assignation schemes of the stock optio
Board of Directors; (iii) presented a proposal concerning the variable part of the remuneration of the
the positioning in terms of compensation of the Groups top management and the criteria of the ann

International Oil Committee

The International Oil Committee established by the Board of Directors in 2002, is entrusted with the
their aspects.

During 2004 the International Oil Committee met three times, with an average participation of 100%
the analysis of "Hydrocarbon reserves: generalities and Eni s evaluation methods" with specific atte
of the booking of proved reserves of oil and gas and Eni s behavior in this area. The second meeting
with specific attention to the balance of supply and demand in Italy and Europe by 2010. During the
comparison of scenarios: dynamics of prices of oil and energy sources". Special attention was paid t
future price scenarios for oil and gas and the evaluation of their impact of Eni s capital expenditure

Board of Statutory Auditors

The Board of Statutory Auditors, in accordance with Article 149 of Legislative Decree No. 58/1998,
association, of the principles of proper administration, the adequacy of the company s organizationa
accounting, internal controls and Eni s administration and accounting systems, as well as its reliabil
of regulations imposed to subsidiaries according to Article 114, paragraph 2 of the mentioned decree

The Board of Statutory Auditors comprises five auditors and two substitute auditors, all appointed b
Chairman, for a three-year term. Previously the Chairman was appointed with decree of the Minister
Minister of Productive Activities.

Statutory Auditors are appointed in accordance with Articles 17 and 28 of Eni s by-laws, which call
representatives of minority equity interests. Auditors are autonomous and independent even from the
candidates include a resume of each candidate and are deposited at the company s headquarters at le
on first call and are published on national newspapers.

Article 28 of Eni s by-laws, consistently with the provisions contained in the Decree of the Minister
least two auditors and one substitute auditor are chosen among chartered auditors and must have per
that auditors not provided with these requirements must be chosen among those provided with the le
162/2000. For the purposes of said Decree, the by-laws define as related subjects commercial law, c
geology. Eni s auditors are all chartered auditors.

Statutory auditors receive in advance adequate and thorough information on all issues subject to Boa
meetings held by teleconference.

On May 30, 2002 the Shareholders Meeting determined the yearly compensation for the Chairman
amounting to euro 87,000 and euro 58,000, respectively and euro 1,000 for the presence to each mee
expenses.

The Shareholders' Meeting held on May 27, 2005 resolved to approve the determination of the annu
Board of Statutory Auditors and each statutory auditor at euro 115,000 and euro 80,000, respectively

The Board of Directors in its meeting of March 22, 2005, attributed to the Board of Statutory Audito
effective June 1, 2005: (i) to evaluate proposals for the appointment of the issuer s external auditors
Directors related to the appointment and termination of such external auditors to be approved by the
auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, re
recommendations to the Board of Directors concerning the resolution of disagreements between man
reporting; (iv) to approve procedures for: (a) the receipt, retention and treatment of complaints receiv
controls or auditing matters; (b) the confidential, anonymous submission by employees of Eni of con
matters; (v) to establish procedures for the pre-approval of any non-audit service, identified in detail
examine its reports; (vi) to evaluate requests to engage external auditors to render non-audit services
(vii) to examine the periodic reports submitted by external auditors regarding: (a) all critical account
treatments of financial information within generally accepted accounting principles that have been d
preferred by the external auditors; (c) other material written communications between the auditors an

complaint received by the Managing Director and the Administration Director concerning significan
controls which could adversely affect Eni s ability to record, process, summarize and report financi
and (ix) to examine any complaint received by the Managing Director and the Administration Direct
other employees who have a significant role in Eni s internal controls.

The Board of Statutory Auditors has the authority to engage independent counsel and other advisors
through Eni structures.

The Board of Statutory Auditors is provided with appropriate funding to compensate any advisor it e
expenses.

The Board of Statutory Auditors has been selected to fulfill the role of the audit committee in the US
"Significant differences in corporate governance practices as per Section 303A.11 of the New York

Special Powers of the State

For a description of the special powers of the State, see "Item 10 Memorandum and Articles of As
Special Powers of the State" below.

Investor relations and information processing

In concert with the launch of its privatization process, Eni adopted a communication policy, confirm
ongoing dialogue with institutional investors, shareholders and the markets to ensure systematic diss
selective and prompt information on its activities, with the sole limitation imposed by the confidenti
available to investors, markets and the press is provided in the form of press releases, regular meetin
community and the press, in addition to general documentation released and constantly updated on E
handled by special Eni functions.

Relations with investors and financial analysts are held by the Investor Relations office. Information
the investor.relations@eni.it mailbox.

Relations with the press are held by the Relations with the press unit.

Relations with shareholders are held by the Corporate Secretary office. Information is available on E
segreteriasocietaria.azionisti@eni.it mailbox and the toll-free number 800940924.

Information regarding period reports and major events/transactions is promptly released to the publi
Eni s site contains all press releases, procedures concerning corporate governance, presentations pro
notices to shareholders and bond holders and information concerning shareholders and bond holder
available to the public free of charge are mailed on request.

Eni is aware that financial information plays a crucial role in the functioning of capital markets and i
relationships between the company and its increasingly wide area of stakeholders. Eni is also aware
essential elements for the functioning of global economy. Investors must be able to rely on the absol
positions in companies and on their respect of corporate codes of conduct, procedures and rules. Eni
truthful, complete, transparent, timely and selective financial information is confirmed by its Code o
the deployment of its activities in the completeness and transparency of information, the formal and
any organizational level and the clarity and truthfulness of its accounting, in accordance with laws ar

On December 18, 2002, Eni s Board of Directors approved a "Procedure for the disclosure of inform
published on Eni s internet site. The procedure acknowledges Consob guidelines and the "Guideline
the Ref Forum on company information, defines the requirements for disclosure to the public of pric
information symmetry, consistency and timeliness) and the information flows for acquiring data from
information to the Board and the market on price sensitive events. It also contains sanctions applied

Eni s Code of Conduct defines confidentiality duties upheld by Group employees relating to the trea

Internal dealing

In compliance with the provisions contained in the Rules of the markets organized and managed by I
Consob s Resolution 13655 of July 9, 2002, as amended, on December 18, 2002 Eni s Board of Di
Dealing (published on Eni s internet site) concerning transactions involving financial instruments is
in force from January 1, 2003, contains the provisions that govern public disclosure obligations and
instruments issued by Eni and by its listed subsidiaries executed on their own behalf by relevant pers
Board members and statutory auditors of Eni, the Magistrate of the Court of Accounts delegate inspe

Chairman and the Managing Director of Eni and the managers directly reporting to the aforementior

According to the Code, the market has to be informed at the end of each calendar quarter about the c amount in each calendar quarter exceeds euro 35,000 (the limit set by the Rules of the Italian Stock I informed without delay of transactions if their amount exceeds 175,000 in each three-month calenda Exchange is euro 250,000).

The stock options exercise in connection with stock option plans and the sale of shares acquired in c to be taken into account with reference to the above mentioned limits.

The Code on Internal Dealing prohibits relevant persons from carrying out transactions on the financ subsidiaries in the fifteen working days preceding the meetings of the Board of Directors of Eni SpA preliminary results as well as, if not announced in the previous cases, the meeting of the Board resol Meeting. This prohibition does not apply to the option exercise in connection with stock option and said periods.

Significant differences in corporate governance practices as per Section 303A.11 of the N Manual

Corporate governance standards followed by Italian listed companies are set forth in the Civil Code 1998, "Single text containing the provisions concerning financial intermediation" (Testo unico delle the "TUF"), as well as by the Self-discipline Code of listed companies (the "Code") issued by the Co companies. As discussed below, Italian corporate governance standards differ for certain aspects fro

The civil code and the TUF assign specific binding and irrevocable powers and responsibilities to co regulatory framework, provides recommendations on corporate governance intended to reflect gener recommendations are not binding, Borsa Italiana SpA requests listed companies to publish an Annua besides a general description of the corporate governance system adopted, also any recommendation Eni adopted the self-discipline code.

Eni s organizational structure follows the traditional Italian model of companies which provides for Directors and the Board of Statutory Auditors to whom are respectively entrusted management and r unitary model which provides for the Board of Directors as the sole corporate body responsible for r established within the same Board, for monitoring.

Below is a description of the most significant differences between corporate governance practices fo standards and those followed by Eni.

Independent Directors

NYSE Standards Under NYSE standards listed US companies Boards must have a majority of inde when the Board affirmatively determines that such director has no certain material relationship (com the listed company (and its subsidiaries), either directly, or indirectly. In particular, a director is not member has a certain specific relationship with the issuer, its auditors or companies that have materi an employee of the issuer or a partner/employee of the auditor). In addition, a director cannot be con period following the termination of any relationship that compromised a director s independence.

Eni Standards In Italy, the Code recommends that the Board of Directors includes an adequate numb sense that they: a) do not entertain, directly or indirectly or on behalf of third parties, nor have recen

company, its subsidiaries, the executive directors or the shareholder or group of shareholders who co
their autonomous judgement; b) neither own, directly or indirectly or on behalf of third parties, a qua
or exercise a considerable influence over it nor participate in shareholders agreements to control th
of executive directors of the company or of persons in the situations referred to in points a) and b)."
by the Board of Directors keeping into account the information provided by the directors themselves
independence "in the case of earlier business dealings, reference should be made to the previous fina
executive director, to the three preceding financial years."

The Code provides for a qualitative evaluation, that considers the whole of the relationships held, in
relationships between the issuer and the director are such to impair the director s independence.

In 2004, Eni s Board of Directors judged that the Chairman and its non-executive members comply
Code.

Meetings of non executive directors

NYSE Standards Non-executive directors, including those who are not independent, must meet at reg
management. Besides, if the group of non-executive directors includes directors who are not indeper
least once a year.

Eni Standards Neither Eni s non-executive directors nor Eni s independent directors must meet sep

Audit Committee

NYSE Standards Listed US companies must have an audit committee that satisfies the requirements
1934 and that complies with the further provisions of the Sarbanes-Oxley Act and of Section 303A.0

Eni Standards In its meeting of March 22, 2005, Eni s Board of Directors, making use of the exemp
issuers, has identified the Board of Statutory Auditors as the body that, starting from June 1, 2005, w
rules and the Sarbanes-Oxley Act to be performed by the audit committees of non-US companies lis
Auditors" earlier). Under Section 303A.07 of the NYSE listed Company Manual audit committees o
responsibilities which are not mandatory for non-US private issuers and which therefore are not incl
referenced above.

Nominating/corporate governance committee

NYSE standards US listed companies must have a nominating/corporate governance committee (or e
directors that are entrusted, among others, with the responsibility to identify individuals qualified to
director nominees for submission to the shareholders meeting, as well as to develop and recommen
governance guidelines.

Eni Standards This provision is not applicable to non-US private issuers. The Code allows listed con
committee for directors nominees proposals, above all when the Board of Directors detects difficul
proposals, as could happen in publicly-owned companies. Eni has not set up a nominating committee
the circumstance that, under Eni by-laws, directors are appointed by the Shareholders Meeting base
Directors.

Employees

At December 31, 2004, Eni s employees were 71,497 with a reduction of 5,024 employees (down 6
and 924 persons in Italy.

Employees hired in Italy were 41,311 (57.8% of all Group employees), of these 38,725 were workin
vessels. As compared to 2003, the 924 unit decline in employees was due to the balance of persons l
in consolidation (257).

The process of efficiency improvement and search for new skills and know-how continued in 2004 v
open-end contracts and 726 persons with a fixed-term contract, most of them with university qualifi
517 persons with a high school diploma. During the year 2,660 persons left their job at Eni, of these
fixed-term contract.

Employees hired and working outside Italy at December 31, 2004 were 30,186 (42.2% of all Group
divestment of Agip do Brasil (3,968 employees), the positive balance (120 persons with fixed-term c
negative balance of new hirings with open-end contracts and persons leaving their job in the rest of t

Employees at year end

Exploration & Production
Gas & Power
Refining & Marketing
Petrochemicals
Oilfield Services Construction and Engineering
Other activities
Corporate and financial companies

The table below sets forth Eni s employees at December 31, 2002, 2003 and 2004 in Italy and outsi

Exploration & Production	Italy
	Outsic
Gas & Power	Italy
	Outsic
Refining & Marketing	Italy
	Outsic
Petrochemicals	Italy
	Outsic
Oilfield Services Construction and Engineering	
Oilfield Services	Italy
	Outsic
Engineering	Italy
	Outsic
Other activities	Italy
	Outsic
Corporate and financial companies	Italy
	Outsic
Total	Italy
Total	Outsic

of which senior managers

Share Ownership

At April 30, 2005, the total number of shares owned by the directors, statutory auditors and executiv
approximately 0.01% of Eni s share capital outstanding at December 31, 2004. Eni issues only ordi
shares held by Eni SpA directors, statutory auditors and executive officers have no different voting r

Item 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSAC

Major Shareholders

As of May 26, 2005, the Ministry of Economy and Finance, Cassa Depositi e Prestiti SpA, Gruppo F
persons known by Eni to own more than 2% of any class of Eni SpA s voting securities. At such da
by these shareholders was:

Title of Class	Nu
Ministry of Economy and Finance	
Cassa Depositi e Prestiti	
Sanpaolo IMI	
Banca Intesa	

The Ministry of Economy and Finance, in agreement with the Ministry of Productive Activities, reta
Additional Information Memorandum and Articles of Association Limitations on Voting and Sh
discussion of Eni share buy-back program see "Item 16E Purchases of equity securities by the issu
were 15,700,024 ADRs, each representing five Eni ordinary shares, outstanding on the New York St
capital. See "Item 9".

Related Party Transactions

In the ordinary course of its business, Eni enters into transactions concerning the exchange of goods,
consolidated subsidiaries and affiliates, as well other companies owned or controlled by the Italian G
arm s length basis and in the interest of Eni companies.

Amounts and types of trade and financial transactions with related parties are described in Note 26 t

Item 8. FINANCIAL INFORMATION

Consolidated Statements and Other Financial Information

See Item 18 Financial Statements.

Disclosure of Legal Proceedings

Eni is a party to a number of civil actions and administrative proceedings arising in the ordinary cou
date, and taking account of the existing risk reserves, Eni believes that the foregoing will not have a
statements.

The following is a description of the most significant proceedings currently pending; unless otherwis
these legal proceedings as Eni believes that negative outcomes are not probable or because the amou

Environment

Eni SpA

In 1997, Grifil SpA summoned AgipPetroli SpA (merged into Eni SpA in 2002) before the Court of remediation of a polluted land parcel part of the La Spezia refinery (which was closed in 1985), sold into AgipPetroli SpA. The claims for these damages amount to euro 103 million. At the end of 2002 terms of which AgipPetroli had to pay half of the clean-up costs, the total amount of which was set b AgipPetroli s share corresponding to a maximum of euro 9.5 million, Grifil in turn had the obligatio claims against Eni. Grifil did not fulfill its obligations to remediate the polluted soil; however, maint claims against Grifil, Eni decided to remediate the polluted soil with the assistance of a company int action promoted by Grifil before the Court of La Spezia is still pending. On January 7, 2004 the Mu area and from that date Eni started remediation works paying the relevant costs on its own. Eni requ to a maximum value of euro 19 million. With two administrative measures, on December 2, 2003 an declared the right of Eni legitimate, based on the sale contract stipulated between Italiana Petroli and that Eni will incur as Grifil did not fulfil its obligation. The judge closed the inquiry phase and stated decision is expected for July 2005. As for the value attributable to the conservative seizure of Grifil Court requested Eni to file the contracts for the remediation work with the court, in which the amou international company specializing in remediation was signed on April 15, 2004 and immediately pr as a way to recover its credit versus Grifil, Eni, which is paying for the remediation works, also filed for the Court s ruling, Grifil will not be able to sell the land parcel to third parties. Recently, this int updated the cost to be incurred for the remediation of this land parcel on the basis of new informatio estimate amounts to euro 45 million, for which a relevant charge has been accrued to the risk reserve

In 1999, the public prosecutor of Gela started an investigation in order to ascertain alleged soil and s Eni's Gela refinery. In November 2002, "Italia Nostra" and the association "Amici della Terra" filed the payment of damage claims for a total of euro 15,050 million. In July 2003, the relevant Court de prosecutor, recognizing a violation of Article 440 of the penal code (water and food substances corru May 24, 2005. The next hearing is scheduled on October 18, 2005.

In 2000, the public prosecutor of Gela started an investigation on alleged prohibited emissions from negative effects on the health of a number of citizens of Gela, and on a lack of declaration of such e 1988. The investigation ended with an action for events occurred from 1997. The Municipality of G claims in this proceeding and requested the payment of compensatory damages for a total of euro 87 Court of Gela is pending.

In 2002, the public prosecutor of Gela started an investigation in order to ascertain alleged pollution Polimeri Europa SpA, Syndial SpA (former EniChem SpA) and Raffineria di Gela SpA. An inquiry entities, environmental NGOs and landowners will act as injured party. On January 17, 2005, a seco which sort of emissions had eventually produced the alleged pollution caused by the refinery of Gel

In March 2002, the public prosecutor of Siracusa started an investigation concerning the activity of t used for human consumption and requested a technical opinion, not yet concluded, to ascertain alleg water-bearing stratum used for human consumption purposes in the Priolo area. The proceeding is st consideration of the complexity of the investigation, a qualified company has been given the task to infiltration. For protective purposes, actions have been taken to: (i) create safety measures and clean drinking water in an area farther from and higher than the industrial site; and (iii) install a purificatio 1, 2004 the seizure was lifted on the storage tanks that had been seized on April 17, 2003, except for

In June 2002, in connection with a fire in the refinery of Gela, a penal investigation began concernin natural heritage. On May 12, 2004 the first hearing was held for an immediate decision. The procee

In 2002, the public prosecutor of Gela started a penal investigation concerning the refinery of Gela t
the refinery. On October 27, 2003 the prosecutor asked to ascertain the state of the refinery s storag
products into the deep water-bearing stratum, due to a breakage in some tanks. The investigation co
water and soil and illegal disposal of liquid and solid waste materials. With a decision of November
agreement with a request of the public prosecutor of Gela, had already ordered the preventive seizur
the refinery of Gela in November 17, 2003 following the inquiry phase and many investigations, ins
by the judge for the preliminary investigation. These experts declared there had been no reasonable
storage tanks were reopened and this allowed activity at the facility to restart of the on January 19, 2
12 remained under seizure at December 31, 2004.

In relation to the investigations concerning a subsidence phenomenon allegedly caused by hydrocarb
decision of the Court of Rovigo, the Nucleo Operativo Ecologico dei Carabinieri of Venice placed u
Angela/Angelina Ravenna Mare Sud fields and the related wells and platforms. On June 10, 2004
the seizure of the Angela/Angelina Ravenna Mare Sud fields and related wells and platforms. On
decision of the Court of Rovigo lifting the seizure on Eni s fields, thus rejecting the appeal presente
seizure had already been applied to the Naomi/Pandora platform, the Naomi 4 Dir, Naomi 2 Dir and
pipeline for the transportation of gas to the Casalborsetti facility. Eni believes it has always acted in
authorizations. Taking account of the observations of the consultants of the Court of Rovigo on whic
an independent and interdisciplinary scientific commission, chaired by Prof. Enzo Boschi, professor
and chairman of the Istituto nazionale di geofisica e vulcanologia, composed of prominent and highl
by hydrocarbon exploration, with the aim of verifying the size and the effects and any appropriate ac
phenomenon in the Ravenna and North Adriatic area both on land and in the sea. The commission p
risk for human health and for damage to the environment. It also states that no example is known an
the public caused by subsidence induced by hydrocarbon production. The study also shows that Eni
monitoring, measuring and control of the soil.

EniPower SpA

In autumn 2004, the Public Prosecutor of Rovigo started an investigation for alleged crimes related t
Samples of the soil taken from Loreo and from EniPower s site in Mantova are currently being exa

Polimeri Europa SpA

In 2002, the public prosecutor of Gela started a criminal action in order to ascertain alleged illegally
owned by Polimeri Europa SpA, Syndial SpA (former EniChem SpA) and Raffineria di Gela SpA. I
investigation, on the basis of the request of the public prosecutor, resolved to close this proceeding a

Before the Court of Gela two criminal actions took place, one in relation to the activity of the F3001
(disposal of FOK residue). In both cases the accused were found guilty. For the proceeding concerni
civil court for the quantification of the damage to be paid to the Caltanissetta Province. Eni appealed

Syndial SpA (former EniChem SpA)

In 1992, the Ministry of Environment summoned EniChem SpA and Montecatini SpA before the Co
require environmental remediation for the alleged pollution caused by the Mantova plant from 1976
possibility to remediate, require them to pay environmental damages. The amount is going to be det
than euro 136 million, or determined by the judge as compensatory liquidation. EniChem acquired t
deal. Edison SpA must hold Eni harmless or pay compensatory damage for any damage caused to th
sale, even if the damage occurred later.

In 1997, an action was commenced before the Court of Venice concerning the criminal charges brou
mismanagement of the Porto Marghera plant starting in the 1970s until 1995 and for the alleged poll
November 2, 2001 the Court of Venice acquitted all defendants. The appeal against the decision was
on behalf of the Ministry of Environment and the Council of Ministers, 5 public entities, 12 associat
December 15, 2004 the Venice Court of Appeals confirmed the preceding judgment, changing only
Eni and Syndial, the Court of Appeals decided not to proceed due to the statute of limitations for sor
for the other matters. All plaintiffs appealed this decision before the court of final instance. Eni reco
proceeding.

In 2000, the Public Prosecutor of Brindisi started a criminal action against 68 persons who are emplo
owned and managed plants for the manufacture of dichloroethane, vinyl chloride monomer and viny
which were managed by EniChem from 1983 to 1993. At the end of the preliminary investigation ph
case in respect of the employees and the managers of EniChem. The judge for preliminary investigat
is set for September 23, 2005.

On December 18, 2002, EniChem SpA, jointly with Ambiente SpA and European Vinyls Corporatio
Venice by the province of Venice. The province requested compensation for environmental damages
Porto Marghera plants, which were already the subject of two previous proceedings against employe
Corporation Italia presented an action for recourse against EniChem and Ambiente. The requests for
Italia to EniChem and Ambiente have not been quantified. In 2004, the proceedings continued with l
set on December 9, 2005.

On January 16, 2003, the Court of Siracusa issued personal cautionary measures against some emplo
They are accused of illicit management relating to the production, disposal and treatment of liquid an
income. Polimeri Europa and EniChem, as injured parties, named their defense attorneys. The collec
Court has been concluded and preliminary investigations have ended with the confirmation of accusa

Press reports have suggested that the Public Prosecutor of Siracusa has started preliminary investigat
of mercury contaminated sea food.

On April 14, 2003, the President of the Regional Council of Calabria, as Delegated Commissioner fo
started an action against EniChem SpA related to environmental damages for about euro 129 million
250 million (plus interest and compensation) allegedly caused by Pertusola Sud SpA (merged into E
EniChem appeared before the court and requested the rejection of the damages and, as counterclaim
works already underway. The relevant hearing is set on July 5, 2005 in order to allow parties to subm
proceeding, claiming environmental damages for euro 300 million. Syndial was notified on October
appear before the Court of Milan in order to obtain a preliminary damage payment, in anticipation of
emergency events in Calabria. The Region requested payments for over euro 800 million. The first h

In March 2004, Sitindustrie SpA, which in 1996 purchased a plant in Paderno Dugnano from Enirisc
Syndial SpA before the Court of Milan, requesting to establish the responsibility of Syndial SpA in t
require it to pay environmental damages necessary for remediation. Syndial opposed the claim based
The judge has not yet decided on Syndial's opposition.

In October 2004, Sitindustrie SpA started an analogous proceeding against Syndial concerning the p
copper alloy at Pieve Vergonte. The relevant hearing is set on November 10, 2005; parties are allowe

In May 2003, the Minister of the Environment summoned Syndial SpA before the Court of Turin an
million in relation to alleged DDT pollution in the Lake Maggiore caused by the Pieve Vergonte pla
parties and defined the date for the submission of memoranda. At the hearing of March 25, 2005 the
decision is still pending.

The municipality of Carrara started an action at the Court of Genova requesting to Syndial SpA the r
environmental conditions at the Avenza site and the payment of environmental damage. This reques
consequence of which EniChem Agricoltura SpA (later merged into Syndial SpA), at the time owne
works. The Ministry of the Environment joined the action and requested the environmental damage
maximum of euro 78.5 million to be broken down among the various companies that managed the
called into the action as a guarantor, Rumianca SpA, Sir Finanziaria SpA and Sogemo SpA. A techn
order to ascertain the actual environmental damage to the site.

Tax Proceedings

Eni SpA

With a decree dated December 6, 2000 the Lombardia Region decided that natural gas used for elect
excise tax in relation to which Snam SpA (merged into Eni SpA in 2002) will substitute for the tax a
interpretive uncertainties, the same decree provides the terms within which distributing companies a
penalty. Snam SpA and the other distributing companies of Eni believe that natural gas used for elec
excise tax. For this reason, an official interpretation has been requested from the Ministry of Finance
Ministry confirmed that this additional excise tax cannot be applied. The Region decided not to revo
On the basis of action carried out by Snam, the Council of State decided on March 18, 2002 that the
to this case. In case the Region should request payment, Eni will challenge this request in the relevar
Law No. 27/2001 that no additional tax is due from January 1, 2002 onwards, but still requested the
The period of foreclosure for the formal assessment of the payment is up until five years, so it is pos
31, 2006.

During 2003, the Customs District of Taranto sent 147 formal assessments and amendments to bills
finished products produced by Eni's Taranto refinery in 2000, 2001 and 2002 to Eni SpA, as the succ
into Eni. The notification regards about euro 24 million of customs duties not paid by the company b
goods, but were destined to processing, for which ordinary customs tariffs allow exemption. The for
any administrative penalties provided for by customs rules. The penalty can be from one to ten times
based on the fact that the company does not have the administrative authorization to utilize the custo
properly pursuant to Circular 20/D/2003, started a proceeding for an administrative resolution, accor
Regional Director of Customs of Puglia for the annulment of the received assessments as a measure
2004 the Regional Director accepted Eni s appeal and ended the litigation by cancelling the 147 for

On March 12, 2004, the Comando Nucleo Regionale Polizia Tributaria of Puglia notified a verbal ac
there is an alleged offense of smuggling and falsification of accounts for the same imports, already s
District of Taranto and other occurrences between January 1999 and February 2003. The verbal acti
Prosecutor in the Court of Taranto, reclaims the omitted payment of customs for about euro 26 milli
from two to ten times the amount of tax not paid. The notification is based on the same lack of admi
Customs District of Taranto, that was concluded in favor of Eni by the Regional Director.

Agip Karachaganak BV

In July 2004, relevant Kazakh authorities informed Agip Karachaganak BV and Agip Karachaganak
the Karachaganak contract, respectively, the final outcome of the tax audits performed for fiscal yea
concern unpaid taxes for a total of dollar 43 million, net to Eni, and the anticipated offsetting of VA
the payment of interest and penalties for a total of dollar 128 million. Both companies filed a counte
2004, the original amounts were reduced to dollar 22 million net to Eni; meetings are underway for f
a provision to the risk reserve for this matter.

Snam Rete Gas SpA

With Regional Law No. 2 of March 26, 2002, the Sicilia Region introduced an environmental tax up pipelines operating at a maximum pressure of over 24 bar). The tax was payable as of April 2002. In claim with the European Commission, aimed at opening a proceeding against the Italian Governmen for Electricity and Gas, although acknowledging that the tax burden is an operating cost for the trans tax in tariffs to the final ruling on its legitimacy by relevant authorities. Therefore, for the 2002-2003 2003-2004 thermal year with Decision No. 71/2003, the Authority for Electricity and Gas published account the tax, and the second one including it, that will be automatically applied with retroactive e September 10, 2002, Snam Rete Gas filed a claim with the Regional Administrative Court of Lomba including the tax. With the ruling of December 20, 2002, the Court judged the tax at variance with E Gas s claim. In December 2002, Snam Rete Gas suspended payments based on the above Court ruli euro 86.1 million. In January 2003 the Sicilia Region presented an appeal to the Council of State aga Lombardia for the part that states the variance of the regional law with European rules. On Decembe instituted by the Republic of Italy, through the Sicilia Region, to be in contrast with European rules a European Economic Community and the Peoples Democratic Republic of Algeria; the European C contrast with the common customs tariff because it modifies the equality of customs expenses on co create a deviation in trade with such countries and a distortion in access and competition rules. The C to present its observations about the argument and later with its opinion presented on July 7, 2004 it Government must conform within two months from the reception of the opinion. As it did not confo passed the case to the Court of Justice requesting a ruling. With a decision dated January 5, 2004, th environmental tax of the Sicilia Region illegitimate because it is in contrast with European rules and repayment of the first installment of euro 10.8 million, already paid in April 2002, to the Sicilia Reg installment. On April 2, 2004 the Sicilia Region presented recourse to the Regional Tax Commission appeal and confirmed the illegitimacy of the tax, condemning the Region to repay the amounts paid 2005 the Sicilia Region presented recourse to the Regional Tax Commission at Palermo. On Novem procedure presented by Snam Rete Gas concerning the yearly liquidation of the tax for 2002, reques million) relating to the unpaid December 2002 installment. On December 30, 2003 Snam Rete Gas f a result of the liquidation notice received from the Sicilia Region with the Provincial Tax Commissi Rete Gas s claim and decided the cancellation of the liquidation notice served by the Sicilia Region this decision with the Regional Tax Commission at Palermo, which, on March 7, 2005 rejected this a any case Snam Rete Gas will not have to pay the tax: if the tax is considered illegitimate in other Co restitution of the money. If, to the contrary, the tax is considered legitimated by the other Courts, the (Decision No. 146/2002 and No. 71/2003) in tariff with automatic and retroactive effects.

Other judicial or arbitration proceedings

Syndial SpA (former EniChem SpA) - Serfactoring SpA

In 1991, Agrifactoring SpA commenced proceedings against Serfactoring SpA, a company 49% own claim relates to an amount receivable of euro 182 million for fertilizer sales (plus interest and compe Federconsorzi to EniChem Agricoltura SpA (later Agricoltura SpA - in liquidation), and Terni Indus liquidation), that has been merged into EniChem SpA (now Syndial SpA)). Such receivables were tr to Serfactoring, which appointed Agrifactoring as its agent to collect payments. Agrifactoring guaran Serfactoring, regardless of whether or not it received payment at the due date. Following payment by placed in liquidation and the liquidator of Agrifactoring commenced proceedings in 1991 against Se million) made to Serfactoring based on the claim that the foregoing guarantee became invalid when Agricoltura and Terni Industrie Chimiche brought counterclaims against Agrifactoring (in liquidatio to acts carried out by Agrifactoring SpA as agent. The amount of these counterclaims has subsequen payment of the original receivables by the liquidator of Federconsorzi and various setoffs. These pro with a partial judgment, deposited on February 24, 2004: the request of Agrifactoring has been rejec requested by Serfactoring and damages in favor of Agricoltura, to be determined following the decis decision, requesting in particular the annulment of the first step judgement, the reimbursement of the

with the rejection of all its claims and the payment of all expense of the proceeding. The appeal penc
2007. The judge of the Court of Rome, responsible for the determination of the amount of damages t
May 18, 2005 to suspend this determination until the publication of the decision of the Court of App
civil procedure.

Syndial SpA (former EniChem SpA)

In 2002, EniChem SpA was summoned by ICR Intermedi Chimici di Ravenna Srl before the Court o
agreement for the purchase of an industrial area in Ravenna. ICR requested payment of compensator
which euro 3 million are compensatory damages and euro 43 million are for loss of profits. During 2
Conclusions were filed by the parties on the relevant hearing of May 26, 2005. The procedure is due

Snamprogetti SpA

In December 2002, Snamprogetti SpA made a request for an arbitration proceeding against Fertilizan
International Chamber of Commerce of Paris. In December 2004, Fertinitro and Snamprogetti reache
the plant in Jose, Venezuela, and in return, the Stand-by Letter of Credit it provided to Fertinitro; (ii)
settlement between the parties for the payables related to the awarding of licenses from Snamprogett
Fertinitro; and (iv) the decision of both parties to supersede all requests/claims made to the arbitratio
agreement.

Antitrust, EU Proceedings, actions of the Authority for Electricity and Gas and of othe

Eni SpA

In March 1999, the Antitrust Authority concluded its investigation started in 1997; and (i) verified th dominant position in the market for the transportation and primary distribution of natural gas relatin to third parties and the access of third parties to infrastructure; (ii) fined Snam euro 2 million; and (ii abuses. Snam believes it has complied with existing legislation and appealed the decision with the R suspension. On May 26, 1999, stating that these decisions are against Law No. 9/1991 and the Europ suspension of the decision. The Antitrust Authority did not appeal this decision. The decision on this

With a decision of December 9, 2004, the Italian Antitrust Authority started an inquiry on the distrib including Eni and some of its subsidiaries, that store and load jet fuel in the Rome Fiumicino, Milan intends to ascertain the existence of alleged limitations to competition as oil companies would agree The date set for the closing of the inquiry March 31, 2006.

Detailed information on the investigations by the Antitrust Authority (BluGas, closed in October 20 the "Operating Review Gas & Power segment Regulatory Framework", which is considered an i

On April 28, 2005, an inquiry was started, ordered by the Commission of the European Communitie Eni and its subsidiaries in actions intended to restrict competition in the sector of paraffin. The alleg determination of prices and their increase; (ii) subdivision of market shares; and (iii) exchange of tra volumes. Eni may appeal against this decision with the Court of first instance of the European Comm

The U.S. Department of Justice Antitrust Division on April 25, 2005 notified a subpoena to Eni Pe Houston headquarters requesting the company to provide information and documents on waxes activ

GNL Italia SpA

With Decision No. 16/2004 published on February 16, 2004, the Italian Authority for Electricity and SpA concerning the refusal to Gas Natural Vendita Italia SpA to access on an annual basis the regas volumes amounting to about 220 million cubic meters of natural gas.

On November 19, 2003 GNL Italia informed the Authority for Electricity and Gas, in accordance wi 164/2000, of the request for regasification services on a continuous basis from Gas Natural Vendita gas. GNL Italia offered only spot capacity as the whole regasification capacity had been conferred to and filed with the same Authority for Electricity and Gas, and approved with Decision No. 38/2002. for Electricity and Gas ordered GNL Italia to provide continuous capacity to Gas Natural Vendita an fine under Article 2, paragraph 20, letter c of Law No. 481/1995 in violation of Articles 14 and 15 o Authority for Electricity and Gas. In order to execute the requirements of Decision No. 120/2004, G planning of discharges of ships in order to allow Gas Natural Vendita Italia to access the regasificati discharge a month; and (ii) assigned capacity to Gas Natural Vendita Italia and entered a regasificati provide for a discharge per month in the months of August and September 2004. On November 19, 2 Regional Administrative Court of Lombardia. This claim, concerning in particular the Authority for regasification services at the Panigaglia terminal is still pending. With Decision No. 2 of January 12 Italia euro 50,000 that the company paid on February 21, 2005.

Polimeri Europa SpA and Syndial SpA

In December 2002, inquiries were commenced concerning alleged anti-competitive agreements in th concurrently by European and U.S. authorities. The first product under scrutiny was EP(D)M: the Eu

manufacturing companies of that product, among which Polimeri Europa SpA and Syndial and requ
controlling company, Eni SpA. After the inquiries the Commission decided to open a procedure for
Polimeri Europa and Syndial to that effect on March 8, 2005. Syndial filed memoranda. EP(D)M ma
where the Department of Justice of San Francisco requested information and documents to Polimeri
Europa and to its deputy chairman and sales manager. Class actions were filed claiming damages in
also extended to the following products: NBR, CR, BR, SSBR and SBR. The European Commission
On January 26, 2005 the Commission dropped the charges in relation to SSBR, while it decided to o
under scrutiny in Europe and the USA, where class actions have been started. With regard to CR, Sy
Department of Justice pursuant to which Syndial would agree to pay a fine of US dollar 9 million, w
not bring further criminal charges against Syndial or against its affiliate companies. A court hearing
of the plea agreement and sentencing. Eni recorded a provision for this matter. The European Comm
provide information about CR.

Stoccaggi Gas Italia SpA

With Decision No. 26 of February 27, 2002, the Authority for Electricity and Gas determined tariff c
services for the period starting on April 1, 2002 until March 31, 2006 and effective retroactively fro
Italia SpA (Stogit) filed its proposal of tariff for modulation, mineral and strategic storage for the fir
26, 2002, the Authority for Electricity and Gas repealed Stogit s proposal and defined tariffs for the
determined by the two decisions, but filed an appeal against both Authority for Electricity and Gas d
Lombardia requesting their cancellation. With a decision dated September 29, 2003, that Court rejec
2004, Stogit filed an appeal to the Council of State against the sentence of first instance.

Distribuidora de Gas Cuyana SA

The agency entrusted with the regulations for the natural gas market in Argentina ("Enargas") starte
these Distribuidora de Gas Cuyana SA, a company controlled by Eni. Enargas stated that the compa
factors to volumes of natural gas invoiced to customers and requested the company to apply the con
date of the default notification (March 31, 2004) without prejudice to any damage payment and fine
On April 27, 2004, Distribuidora de Gas Cuyana presented a defense memorandum to Enargas, with
not possible to quantify any negative effects deriving from this action, given its very early phase.

Settled Legal Proceedings

Eni SpA

Agip SpA (merged into Eni SpA in 1997) received four formal assessments from the Italian tax auth
1991 and 1992 had been understated for income tax purposes. These assessments concern an allege
determined by marking downward and upward adjustments to the prices of certain petroleum produc
companies. All these assessments were judged as unfounded and, therefore, annulled by the Provinc
authorities were rejected by the Regional Tax Commission of Milan or were given up by the Italian
because of the termination of the appeals or because of the decision of the tax authorities not to cont
company. With a decision dated May 7, 2001 the Provincial Tax Commission of Milan revoked the
income understatement for 1994, for an improper use of loss carryforwards relating to the year 1992
the Regional Tax Commission, which reviewed the case on May 19, 2004. During the discussion the
Eni of the 1992 assessment, acknowledged the proper behavior of Agip. The Regional Tax Commis
2004 rejected the appeal of tax authorities.

Snamprogetti SpA

In December 2002, Snamprogetti SpA made a request for an arbitration proceeding against Fertiliza
International Chamber of Commerce of Paris. In December 2004, Fertinitro and Snamprogetti reach
by the client of the plant in Jose, Venezuela, and in return, the Stand-by Letter of Credit it provided t
Credit; (iii) a settlement between the parties for the payables related to the awarding of licenses from
to be paid to Fertinitro; and (iv) the decision of both parties to supersede all requests/claims made to
executed the agreement.

Court inquiries

The Milan Public Prosecutor is inquiring on contracts awarded by Eni s subsidiary EniPower and o
media have provided wide coverage of these inquiries. It emerged that illicit payments have been ma
who has been immediately dismissed. The Court presented EniPower (commissioning entity) and Sn
procurement services) with notices of process in accordance with existing laws regulating administra
No. 231/2001). In its meeting of August 10, 2004, Eni s Board of Directors examined the situation
CEO of a task force in charge of verifying the compliance with Group procedures regarding the term
EniPower and Snamprogetti and the subsequent execution of works. The Board also advised divisio
respect with the Court. From the inquiries performed, that have not yet covered all relationships with
organization and internal controls emerged. For some specific aspects inquiries have been performe
transparency and firmness guidelines, Eni will take the necessary steps for acting as plaintiff in the e
that might derive to Eni by the illicit behavior of its suppliers and of their and Eni s employees.

Within an unrelated investigation on two Eni managers, the Public Prosecutor of Rome on March 10
Eni s relations with two oil product trading companies.

TSKJ Consortium - SEC Investigations

In June 2004, the U.S. Securities and Exchange Commission notified Eni a request of voluntary assi
obtain information regarding the TSKJ consortium in relation to the construction of natural gas lique
TSKJ consortium is formed by Snamprogetti (Eni 100%) with a 25% interest and, for the remaining
JGC. The investigations of the Commission concern alleged improper payments made to certain pub
started an internal inquiry on the matter. Other Authorities are currently investigating this matter. En
information to, and otherwise working with, the Commission and other Authorities.

Dividends

Eni s dividend policy in future periods, and the amount of future dividends, will depend upon a nun
expenditure and development plans, level of profitability and leverage[25] and the "Risk Factors" set o
amounts available for payment of dividends therefrom will also depend on the level of dividends rec
such factors, the Board of Directors expects to recommend to future meetings of shareholders to mai
share) in the next four-year plan. The euro 0.90 dividend per share proposed by Eni s Board of Dire
with respect to the dividend for fiscal year 2003 (euro 0.75 per share); the ratio of aggregate dividen
year 2004 is approximately 47%. This dividend proposal was approved by the general shareholders
plans to start paying dividends on a six-month basis. This circumstance will not alter the overall amo
shareholders.

Significant Changes

See "Item 5 Recent Developments" for a discussion of Eni s results of operations in the first quart
after December 31, 2004.

Item 9. THE OFFER AND THE LISTING

Offer and Listing Details

The ordinary shares of Eni SpA, nominal value euro 1.00 each (the "Shares"), are traded on the Blue
or MTA ("Telematico"), the Italian screen-based dealer market, which is the principal trading marke
Telematico includes shares of the companies whose market capitalization amounts to more than eur
each representing five shares, are listed on the New York Stock Exchange.

The table below sets forth the reported high and low reference prices of Shares on Telematico and o
respectively. See "Item 3 Key Information Exchange Rates" regarding applicable exchange rate

2000
2001
2002
2003
2004
2003
First quarter
Second quarter
Third quarter
Fourth quarter
2004
First quarter
Second quarter
Third quarter
Fourth quarter
2005
First quarter
January 2005
February 2005
March 2005
April 2005
May 2005
June 2005 (through June 10, 2005)

Source: Reuters.

Morgan Guaranty Trust Company of New York (the "Depositary") functions as Eni s depositary ba
pursuant to the Deposit Agreement among Eni, the depositary and the beneficial owners ("Beneficia

ADRs issued thereunder.

At June 10, 2005 there were 15,700,024 ADRs outstanding, representing 78,500,120 shares, or 1.96
record (including The Depository Trust Company) in the United States of America, 47 of which are
nominees, the number of holders may not be representative of the number of Beneficial Owners in th

The Shares are included in the S&P/MIB, the new primary Italian stock exchange index that measur
leading industries listed on Telematico and Nuovo Mercato. The constituents of the S&P/MIB are se
representation, market capitalization of free-float shares and liquidity. Since September 20, 2004 S&
performance of the Italian stock market, and is the basis for the FIB future contracts, as well as the M
Market ("IDEM") managed by Borsa Italiana SpA ("Borsa Italiana"). The Shares are the largest com
approximately 18.7%, as established by Standard & Poor s and Borsa Italiana after reviewing the co
addition, future and option contracts on the Shares are traded on IDEM. IDEM facilitates the trading
issued by companies that meet certain required capitalization and liquidity thresholds.

Since January 14, 2002 the rule on the minimum lot of shares for transactions on the Telematico has
permitted for orders that meet certain minimum size requirements and must be notified to Consob an
Shares have been also trading on a special market, named After Hours trading market or TAH ("Aft
Telematico under special rules. Since March 28, 2000, a three-day rolling cash settlement has been a
of the previous five-day settlement.

Markets

Telematico is organized and administered by Borsa Italiana subject to the supervision and control of (the National Commission for Companies and the Stock Exchange or "Consob"), the public authorit companies, securities markets and public offerings of securities in Italy to ensure the transparency a Borsa Italiana is a joint stock company (Società per Azioni) that was established to manage the Itali as part of the implementation in Italy of the EU Investment Services Directive. Borsa Italiana has iss administration of the markets it regulates, which are Telematico (shares, convertible bonds, pre-emp Mercato (high growth companies), After Hours, Mercato Expandi (small companies), IDEM (index warrants and certificates), MOT and Euro MOT (bond markets), as well as the admission to listing o

If the opening price of a security (established each trading day prior to the commencement of trading such other amount established by Borsa Italiana) from the previous day s reference price, trading in authorizes the trading. The reference price is calculated for each security as a weighted average of th course of a trading day the price of a security fluctuates by more than 5% from the last reported sale security will be automatically suspended for a certain period of time. In the event of such a suspensi confirmed before the suspension.

Effective July 1, 1998, the Italian financial markets are primarily regulated by Legislative Decree No consolidated the previous regulation primarily by restating the provisions of Legislative Decree No.

Decree No. 58 provides that trading of equity securities, as well as any other investment services, m società di intermediazione mobiliare (securities dealing firms or "SIMs"), which are authorized inter finance companies. In addition, banks and investment firms organized in a member nation of the EU intent of the bank or investment firm to operate in Italy is communicated to Consob and the Bank of Pursuant to Decree No. 58 the Bank of Italy, in agreement with Consob, is responsible for regulating investment firms may operate in Italy subject to the specific authorization of Consob and the Bank o

Item 10. ADDITIONAL INFORMATION

Memorandum and Articles of Association

The full text of the memorandum and articles of association of Eni is attached as an exhibit to this ar

Eni is incorporated under the name "Eni SpA" resulting from the transformation of Ente Nazionale I
136 of February 10, 1953. The company objects are the direct and/or indirect management, by way o
of activities in the field of hydrocarbons and natural vapors, such as exploration and development of
pipelines for transporting the same, processing, transformation, storage, utilization and trade of hydr
concessions required by law.

The company also has the object of direct and/or indirect management, by way of shareholdings in c
fields of chemicals, nuclear fuels, geothermy and renewable energy sources, in the sector of enginee
mining sector, in the metallurgy sector, in the textile machinery sector, in the water sector, including
and reuse of waters; in the sector of environmental protection and treatment and disposal of waste, a
instrumental, supplemental or complementary with the aforementioned activities.

The company also has the object of managing the technical and financial co-ordination of subsidiari
financial assistance on their behalf.

The company may perform any operations necessary or useful for the achievement of the company o
involving real estate, moveable goods, trade and commerce, industry, finance and banking asset and
way connected with the company objects with the exception of public fund raising and the performa
58 of February 24, 1998.

The company may take shareholdings and interests in other companies or businesses with objects si
those of companies in which it has holdings, either in Italy or abroad, and it may provide real and or
especially guarantees.

Directors

The Board of Directors is invested with the fullest powers for ordinary and extraordinary manageme
power to perform all acts it deems advisable for the implementation and achievement of the compan
by-laws reserve to the shareholders meeting.

For a complete description of the powers of the Board, the Managing Director and the Chairman, ap
of the meetings of the Board see "Item 6 Board Practices".

The Board of Directors and the Managing Director report timely, at least every three months and ho
of Statutory Auditors on the activities and on the most relevant operations regarding the operational,
and its subsidiaries: in particular the Board of Directors and the Managing Director report to the Boa
potential conflicts of interest. Article 2391 of the Italian Civil Code applies in the case of interests of

The Chairman and the members of the Board are remunerated in an amount established by the ordin
will remain valid for subsequent business years until the Shareholders Meeting decides otherwise.

There are no provisions as to retirement based on age-limit requirements, or requirement of share ow

Limitations on Voting and Shareholdings

General

There are no limitations imposed by Italian law or by the by-laws of Eni SpA on the rights of non-re
shares other than the limitations described below (which are equally applicable to residents and non-

The by-laws provide that no person, in any capacity, may own shares amounting to more than 3% of
is calculated taking into account the aggregate shareholding of a controlling entity, whether an indiv
indirectly controlled entities, as well as entities controlled by the same controlling entity; affiliated e
blood or marriage (except for a legally separated spouse). Affiliation exists as set forth in applicable
directly or indirectly, through controlled entities (other than those managing investment funds) are b
to the exercise of voting rights or the transfer of shares or interests in third-party companies or other
specified by applicable Italian legislation if such agreements relate to at least 10% of the voting shar
share capital of a non-listed company. For purposes of calculating the 3% limit, shares held through
account.

Any voting rights attributable to shares held or controlled in excess of such 3% limit cannot be exerc
such limit on shareholding applies are reduced proportionately, unless otherwise jointly disposed of
shares held or controlled in excess of the maximum limit are voted, any shareholders resolution ad
majority required to approve such resolution would not have been reached without the vote of the Sh
entitled to be voted are nevertheless counted for the purpose of determining the quorum at a shareho

Under the provisions of Law No. 602 of November 27, 1996, the 3% limit does not apply to shareho
and Finance; state-owned entities controlled by other entities or by the State. The 3% limit does not
result of the acquisitions of shares pursuant to a mandatory tender offer (offerta pubblica di acquisto
pubblica di acquisto preventiva), each as provided for by Decree No. 58, regardless of whether a ma
approval of the Ministers as described below in " Special Powers of the State" is however requeste

For other limitations that may affect voting rights, see " Reporting Requirements and Restrictions o

Special Powers of the State

Under Italian laws the State, acting through the Minister of Economy and Finance, in agreement wit
the Minister of Economy and Finance, the "Ministers"), holds certain special powers in connection w
State-owned companies operating in public service sectors, including Eni SpA. The law places no li
powers are to be exercised in accordance with EU principles. Specific guidelines have been introduc
Ministers (DPCM), May 4, 1999, which sets forth the conditions in which the Ministers can exercise
decisions. According to Article 66 of Law 488, dated December 23, 1999, such guidelines have bee

Pursuant to the DPCM of April 1, 2005, Eni modified its by-laws in order to apply the provisions of
law), which modified Article 2 of Law Decree No. 332 of May 31, 1994, as modified and converted
Special Powers of the State. Eni's by-laws acknowledges in Article 6.2 that the Special Powers of th

a) opposition with respect to the acquisition of material shareholdings by entities affected by the
3 of Law Decree 332 of May 31, 1994, converted with amendments into Law 474 of July 30,
Minister of Treasury on October 16, 1995 include those representing at least 3% of share ca

shareholders' meeting. Any opposition is required to be expressed within ten days of the date c
Directors at the time a request is made for registration in the Shareholders' Register if the Min
may prejudice the vital interests of the Italian State. Until the ten-day period has expired, the v
economic rights connected with the shares representing a material shareholding may not be ex
exercised on the basis that prejudice may be caused by the operation to the vital interests of th
exercise the voting rights or any rights other than the economic rights connected with the shar
and must sell said shares within one year. If the shareholder fails to comply, the law court, upo
and Finance, will order the sale of the shares representing a material shareholding according to
2359-ter of the Civil Code. The act through which the opposition power is exercised may be a
Regional Administrative Court of Lazio within sixty days as of its issue;

b) opposition with respect to the subscription of Shareholders' pacts or agreements as per Article
February 24, 1998, involving as per Decree issued by the Minister of Treasury on October 1
with the right to vote at ordinary shareholders' meetings. In order to allow the exercise of the a
Consob notifies the Minister of Economy and Finance of the relevant pacts or agreements con
aforementioned Article 122 of Legislative Decree No. 58 of February 24, 1998. The oppositio
days of the date of the notice by Consob. Until the ten-day period has expired, the voting right
rights connected with the shares held by the shareholders who have subscribed the above men
exercised. If the opposition power is exercised on the basis that prejudice may be caused by sa
interests of the Italian State, the shareholders pacts or agreements shall be null and void. If in t
shareholders who have signed shareholders pacts or agreements behave as if those pacts or a
Legislative Decree No. 58 of February 24, 1998 were still in effect, the resolutions approved v
approval, may be sued. The act through which the opposition power is exercised may be sued
above mentioned pacts or agreements before the Regional Administrative Court of Lazio with

c) veto power with respect to resolutions to dissolve the company, to transfer the business, to me
company's registered office abroad, to change the company objects and to amend the by-laws
indicated in this Article. The act through which the veto power is exercised shall be duly moti
the related resolution may cause to the vital interests of the Italian State and may be sued by th
Regional Administrative Court of Lazio within sixty days as of its issue;

d) appointment of one Board member with no voting rights. Should such appointed Director laps
in agreement with the Minister of Productive Activities will appoint his substitute.

With a decision published on May 23, 2000, the European Court of Justice declared that Italy, in gra
powers" and introducing them in the by-laws of some privatized companies, violated the obligations
establishment), 49 (former 59, free provision of services) and 56 (former 73b, free movement of cap

In accordance with past decisions, the Court analyzed Italian legislation in force at the expiration of
informed opinion, therefore it did not take into account DPCM of May 4, 1999, Article 66 of Law N
350 of December 24, 2003 which included provisions limiting those "special powers" of the Ministe
analyzed by the European Commission.

Minority Protection Provisions

Under Italian laws, the by-laws of companies, such as Eni SpA, that impose a maximum limit on the
must provide for the election of directors and statutory auditors through the voto di lista (voting list)
company are represented on its board of directors and board of statutory auditors. Accordingly, Eni
Directors and the Board of Statutory Auditors of Eni SpA not directly appointed by the Ministers (se
basis of candidate lists presented either by the Board of Directors or by one or more shareholders (in

representing in the aggregate at least 1% of the share capital of Eni SpA having the right to vote at o
must be deposited at the registered office of Eni SpA and published in at least three Italian newspape
must be business dailies). Publication of the candidate list presented by the Board of Directors shall
below) of the Shareholders Meeting. Such term is reduced to 10 days in the case of candidate lists
present or participate in the presentation of only one candidate list and each candidate may appear o

Under Eni s by-laws, the election of the members of the Board of Directors will proceed as follows

a) seven tenths of the members to be elected will be drawn out from the candidate list that receiv shareholders in the numerical order in which they appear on the list, rounded off in the event c number;

b) the remaining Board members will be drawn out from the other candidate lists; to this purpose list will be divided by one or two or three depending on the number of the members to be elec assigned progressively to candidates of each said list in the numerical order in which they app to candidates of said lists will be set in one decreasing numerical order. Those who obtain the

The election of members of the Board of Statutory Auditors is governed by the same rules, except th
list to the Board of Statutory Auditors, and that, pursuant to Decree No. 58, Eni s by-laws provides
formed by more than three Auditors, at least two of them be appointed by minority shareholders.

The Extraordinary Shareholders Meeting held on May 28, 2004 approved an amendment to Article
are controlling entities or under common control, as defined by Article 2359, first Paragraph, of the
of the company presenting a list shall not present nor take part in the presentation of another candida

Several provisions of Italian legislation are intended to increase the protection of minority sharehold
called also upon request of holders of at least 10% of the outstanding Shares (the Board of Directors
conflicting with the company s interests) (Article 2367 c.c.); (ii) at an extraordinary shareholders
least twothirds of the shares represented at the meeting, on the first, second or third call (Articles 23
of the outstanding share capital, respectively; (iii) shareholders actions against the Board of Directo
Managing Director may be initiated by shareholders holding at least 5% of the outstanding shares (A
shareholder may sue (Article 2394-bis c.c.); and (v) collective shareholders complaints to the Boar
shareholders holding at least 5% of the outstanding share (Article 2409 c.c.). The company s by-lav
increase the voting quorums under (ii). Effective from July 1, 1998, accounting control functions are
independent auditors, and the company s Board of Statutory Auditors no longer carries out such fu

Reporting Requirements and Restrictions on Acquisitions of Shares

Under Consob Regulation, any direct or indirect participation in excess of 2%, 5%, 7.5%, 10% and s
listed company must be notified to such company and to Consob, within five open market days from
obligation to notify.

The obligation to notify also applies to any direct or indirect participation owned through ADSs.

For listed companies, whose by-laws impose a maximum limit on the number of shares that may be
different relevant thresholds by decree.

Further, the reduction of the foregoing interest below the relevant thresholds must be notified within

Shares held in excess of any such threshold cannot be voted in the event the above notices have not
limitation can be voided if challenged in court by shareholders and Consob, if the resolution would
in question.

The relevant thresholds noted above shall be calculated including: (i) shares registered in the name o
voting rights are attributed to third parties, and viceversa; and (ii) shares held through third parties an
third parties, excluding shares registered in the name of, or endorsed to, fiduciaries, as well as shares
for purposes of the management of mutual or individual savings.

Furthermore, calculation of 5%, 10%, 25%, 50% and 75% thresholds shall also take into account sha
entitled to purchase or to sell directly or through third parties. Shares to be purchased through the ex
calculated only in the event the acquisition can take place within a sixty days period.

In the event the same relevant participation is directly or indirectly held by two or more entities, ther
person, provided that completeness of information is guaranteed.

Any participation exceeding 10% of the voting capital of an unlisted company, including any foreign
notified to such non-listed company within seven days from reaching such threshold. Similarly, the n
subsequent reduction of such participation below the 10% threshold.

Listed companies are also required to notify Consob of their participation exceeding 10% of the voti
the first six months and of the full year. Such notification is due within 30 days from the date of appr
Six Months, respectively.

In the event the same relevant participation is directly or indirectly held by two or more entities, ther
such entities, provided that completeness of information is guaranteed.

The 10% threshold shall be calculated including: (i) shares registered in the name of the relevant list
third parties; (ii) shares whose voting rights are attributable to the relevant listed company, in the eve
dominant or material influence at the ordinary shareholder s meeting; and (iii) shares registered in th
are attributable to third parties.

In addition to the rules of Article 2359 bis of the Italian civil code, governing the acquisition of shar
Decree No. 58/1998 regulates additional cross-ownership matters as follows.

Cross-ownership between listed and non-listed companies may not exceed 2% of the shares of the lis
company. For calculating these ownership thresholds, the rules for calculations of interests in listed a

The company ultimately exceeding the 2% or 10% interest in a listed or unlisted company respective
held in excess of such thresholds; such shares must be sold within 12 months.

If anyone holds an interest exceeding 2% of the share capital of a listed company, such listed compa
not acquire an interest exceeding 2% of the share capital of a listed company controlled by said hold
last exceeded the foregoing limit or both the holders, if it is not possible to ascertain which holder ex
right related to the shares exceeding the foregoing limit. Such limits are not applicable in case of a te
shares of a listed company. For a description of the limitation on cross-ownership between a compan
Own Shares".

Under Decree No. 58, any agreement, in whatever form, intended to regulate the exercise of voting r
controlling a listed company, together with any of its subsequent amendments, renewal or terminatio
from its execution; (ii) disclosed to the public through the publication, in summary form, in one Itali
days from its execution; and (iii) deposited in the Companies Register of the place where such liste
its execution.

The same requirements also apply to agreements, in whatever form, that: (a) impose an obligation of
listed company and in its controlling companies; (b) contain undertakings limiting the transferability
acquisition or subscription of shares; (c) provide for the acquisition of the shares and securities; and
association with other persons, of dominant influence over the listed company that issued the shares

In the event the obligations set out above are not completely satisfied, then the agreement is ineffect
shares may not be exercised. In case of violation of such limitation imposed on the voting rights, a r
have not been approved without the vote of such shares.

If the parties have agreed upon the duration of the agreement, such duration cannot exceed three yea
agreement can withdraw from such an agreement by giving a six month notice.

In accordance with Law No. 287 of October 10, 1990, any acquisition of sole or joint control over a
position in the domestic market in a manner that eliminates or significantly reduces competition is p
company to be acquired operate in more than one EU member state and together exceed certain reve
acquisition falls within the exclusive jurisdiction of the European Commission.

Shareholders Meetings

Registered shareholders are entitled to attend and vote at ordinary and extraordinary shareholders r
each share held. Votes may be cast personally, by proxy or by mail, in accordance with applicable re
Directors when required or deemed necessary, or on request of shareholders representing at least 10
of the matters to be discussed to the Chairman of the Board of Directors. Meetings may also be calle
Auditors, provided that such call has been notified in advance.

Ordinary shareholders meetings must be convened at least once a year. At these ordinary meetings
upon dividend distribution, if any, may appoint Directors, Statutory Auditors and, when necessary, t
and vote on the liability of Directors and Statutory Auditors and approve shareholders meeting regu
called to pass upon proposed amendments to the by-laws, capital increases, mergers, consolidations,
liquidators and similar extraordinary actions. The notice of a shareholders meeting generally specif
listed such notice may specify three calls for extraordinary shareholders meetings.

The attendance quorum required for a valid shareholder action at an ordinary meeting on first call is
second call there is no attendance quorum requirement. At a duly called ordinary meeting, in both fi
simple majority of the shares represented at the meeting.

The attendance quorum required for a valid shareholder meeting at an extraordinary meeting is more
on second call the attendance quorum is more than 1/3 of the Shares outstanding and on third call th
outstanding. On first, second and third call, resolutions may be approved by a majority of 2/3 of the

The financial statements of Eni SpA are submitted for approval to the annual shareholders meeting
of the financial year. Shareholders are informed of all meetings to be held by publication of a notice
newspaper of general circulation at least 30 days before the date fixed for the meeting. Under curren
Directors to the shareholders meeting for any item on the agenda of the meeting and the financial sta
shall be deposited at the Shareholders disposal at the Company s registered office and at Borsa Itali

Admission to the meeting is granted to shareholders who requested the notification of attendance pu
of December 23, 1998, at least five days prior to the date of the meeting on first call. The extraordin
approved the amendment of Article 13 of the by-laws according to which the term is reduced to two
followed by Beneficial Owners of ADRs to attend shareholders meetings and exercise voting right
American Depositary Receipts Voting of Deposited Securities". Beneficial Owners of Shares held

banks associated with Monte Titoli which hold their accounts to procure admission tickets and proxy

The Extraordinary Shareholders Meeting held on May 28, 2004, approved the amendment to Articl
Director is allowed to resolve: (i) the merger and demerger of at least 90% directly owned subsidiari
and (iii) the amendment to the by-laws to adequate its provisions to the current legislation.

Pursuant to Legislative Decree No. 213 dated June 24, 1998, Eni SpA s shares have been "demateri
certificate). Therefore for the exercise of the rights connected to outstanding Shares not yet demateri
financial intermediary associated with Monte Titoli.

Shareholders may appoint proxies by completing the form attached to the admission ticket. Directors
SpA or of controlled companies, and the External Auditors of Eni SpA, banks and Monte Titoli may
represent more than 200 shareholders of Eni SpA. A proxy may be appointed for a single meeting, in
the proxy is general or given to a company, association, foundation, other entities or institutions to a
voting by mail. There are no limitations arising under Italian law or the by-laws of Eni SpA on the ri
the Shares other than limitations that apply generally to all shareholders.

Rules relating to proxies are established by Decree No. 58 and the related Consob Regulation No. 11
proxies may be solicited, collected or exercised by banks, investment firms and shareholders assoc
shareholders meetings that have been called; and (iii) proxies may be limited to voting on particula
implement vote by mail procedures and establishes new regulations relating to, among other things,
agreements and saving shares.

Meetings of Eni s shareholders are conducted according to the "Eni SpA s Shareholders Meeting
Meeting of Eni on December 4, 1998 and amended by the Ordinary Shareholders Meeting held on
new rules content in the Civil Code for the participation to the Shareholders Meetings.

Subscription Rights

New shares may be issued pursuant to a resolution of shareholders at an extraordinary meeting. Und
subscribe for new issues of shares and debentures convertible into shares in proportion to their respe
principally designated to prevent dilution of the rights of shareholders, this right may be waived or li
shareholders meeting by the affirmative vote of more than 50% of the shares outstanding. Such per

Liquidation Rights

Under Italian law, subject to the satisfaction of the claims of all other creditors, shareholders are enti
of Eni SpA in proportion to the nominal value of their shares. Holders of savings shares and preferre
shares are issued by Eni SpA, are entitled to a preferred right to distribution from liquidation up to th
assets, ordinary shareholders rank equally in the distribution of such assets. Shares rank pari passu a

Material Contracts

None.

Exchange Controls

There are no exchange controls in Italy. Residents and non-residents of Italy may effect any investm transfer of assets to or from Italy, subject only to the reporting, record-keeping and disclosure requir Italy may hold foreign currency and foreign securities of any kind, within and outside Italy, while no restriction and may export from Italy cash, instruments of credit or payment and securities, whether dividends, other asset distributions and the proceeds of dispositions.

Updated reporting and record-keeping requirements are contained in recent Italian legislation which movement of capital. Such legislation requires that transfers into or out of Italy of cash or securities the Ufficio Italiano Cambi (the Italian Exchange Office) by residents or non-residents that effect suc Poste Italiane SpA (Italian Mail) that effect such transactions on their behalf. In addition, banks, secu transactions on behalf of residents or non-residents of Italy are required to maintain records of such t inspected at any time by Italian tax and judicial authorities. Non-compliance with these reporting an administrative fines or, in the case of false reporting and in certain cases of incomplete reporting, cri maintain reports for a period of ten years and may use them, directly or through other government o other crime or violation.

Taxation

The information set forth below is a summary only, and Italian, the United States and other tax laws
ADSs should consult with their professional advisors as to the tax consequences of their ownership c
particular, the effect of tax laws of any other jurisdiction.

Italian Taxation

The following is a summary of the material Italian tax consequences of the ownership and dispositio
purport to be a complete analysis of all potential tax effects relevant to the ownership or disposition

Income tax

Dividends received by Italian resident individuals in relation to participations exceeding 2% of the v
participations") are included in the taxable income subject to personal income tax to the extent of 40
progressive rates ranging from 23% to 43% plus local surtaxes. Dividends received by Italian reside
participations not related to the conduct of a business are subject to a substitute tax of 12.5% withhel
being the case, the dividend is not to be included in the individual s tax return. If the non-substantia
dividends received are included in the taxable business income to the extent of 40% of their amount.

Dividends received by Italian pension funds are included in the overall result of the pension funds su
Italian collective investment funds are included in the overall result of the collective investment func
received by Italian real estate investment funds are not subject to tax in the hands of the real estate in
income tax) are subject to the substitute tax at the rate of 27%.

Dividend paid to non Italian residents are subject to the same substitute tax levied at source by the di
the participations are not connected to an Italian permanent establishment. Up to four-ninths of the s
non-resident shareholder from the Italian Tax Authorities upon provision of evidence of full paymen
residence in an amount at least equal to the total refund claimed.

The substitute tax may be reduced under the tax treaty in force between Italy and the country of resid
has executed income tax treaties with approximately 70 foreign countries, including all EU member
New Zealand, Norway, Switzerland, the United States and some countries in Africa, the Middle Eas
noted that tax treaties are not applicable where the holder is a tax-exempt entity or, with few excepti

In order to obtain the treaty benefit (reduced substitute tax rate) at the same time of payment, the Be
paying agent chosen by the Depositary stating the existence of the conditions for the applicability of
by the foreign Tax Authorities stating that the shareholder is a resident of that country for treaty purp

Under the tax treaty between the United States and Italy, dividends derived and beneficially owned b
Company s shares are subject to an Italian withholding or substitute tax at a reduced rate of 15%, pr
connected with a permanent establishment in Italy through which the U.S. resident carries on a busin
such U.S. resident performs independent personal services (for further details please refer to the rele
In the absence of such conditions, the dividend paying agent will deduct from the gross amount of th
27%.

Based on the certification procedure required by the Italian Tax Authorities, to benefit from the direc
shareholder must provide the dividend paying agent with a certificate obtained from the U.S. Interna
dividend payment. The request for that certificate must include a statement, signed under penalties fo
resident individual or corporation, and does not maintain a permanent establishment in Italy, and mu
time for processing requests for certification by the IRS is normally about six to eight weeks.

Where the Beneficial Owner has not provided the above mentioned documentation, the dividend pay
dividend the substitute tax at the statutory rate of 27%. The U.S. recipient will then be entitled to cla
("treaty refund") between the domestic rate and the treaty one by filing specific forms (certificate) w

According to the Italian tax law as reflected in the Deposit Agreement, the Company is not involved
to relevant taxing authorities in connection with any distributions relating to ADSs; or (ii) in the pro
obtain tax rebates, credits, refunds or other similar benefits. Pursuant to the Deposit Agreement, the
reasonable efforts to make and maintain arrangements to enable persons that are considered the Unit
receive any rebates or tax credits (pursuant to treaty or otherwise) relating to distributions on the AD
Depositary has agreed to establish procedures to enable all holders to take advantage of any rebates
to distributions on the ADSs to which such holders are entitled and to provide, at least annually, a w
Company, to the holders of ADSs of any necessary actions to be undertaken by such Holders.

Transfer tax

In general terms, no Italian transfer tax is payable in the following cases:

- contracts executed on regulated financial markets;
- contracts concerning shares of non-listed companies, executed between non-resident persons a intermediaries (provided that certain conditions are met);
- contracts concerning listed shares even if not executed on regulated financial markets, betwee other authorized intermediaries or investment funds.

The mentioned exemption from transfer tax does not entail the application of stamp duty or registrat

To provide a more complete picture, transfer tax is currently payable at the following rates:

- Euro 0.072 for euro 51.65 (or fraction thereof) of the price at which the Shares or ADRs are tr directly between the contracting parties or through intermediaries other than those listed belov
- Euro 0.025 for euro 51.65 (or fraction thereof) of the price at which the Shares or ADRs are tr between private individuals and a bank or between private individuals through an intermediar stock broker, or a SIM.
- Euro 0.0061 for euro 51.65 (or fraction thereof) of the price at which the Shares or ADRs are between banks, exchange agents or SIMs.

Capital Gains Tax

This paragraph applies with respect to capital gains out of the scope of a business activity carried ou

Gains realized by Italian resident individuals upon the sale of substantial participations are included
the extent of 40% of their amount, while gains realized upon the sale of non substantial participation

For gains deriving from the sale of non substantial participations, two different systems may be appl
the filing of the tax return:

- the so-called "administered savings" tax regime (risparmio amministrato), based on which inte shall apply a substitute tax (12.5%) on each gain, on a cash basis. If the sale of shares generate forward up to the fourth following year; and
- the so-called "portfolio management" tax regime (risparmio gestito) which is applicable when managed by an Italian asset management company. The accrued net profit of the portfolio is s applied by the portfolio.

Gains realized by non residents from non substantial participations in listed companies are deemed n
subject to the capital gains tax.

On the contrary, gains realized by non-residents from substantial participations even in listed compa
consequently they are subject to the capital gains tax.

However double taxation treaties may eliminate the capital gains tax. Under the income tax conventi will not be subject to the capital gains tax unless the shares or ADRs form part of the business prope or pertain to a fixed establishment available to a shareholder in Italy for the purposes of performing shares may be required to produce appropriate documentation establishing that the above-mentioned convention have been satisfied.

Inheritance and Gift Tax

No inheritance tax applies in Italy to the transfer of shares or ADRs by reason of death. Transfer of donation are subject to the ordinary Italian transfer tax on the value of the gift exceeding 180,759.91 descendant or a relative up to the fourth degree of the donor. However, tax applies in the fixed amou

An anti avoidance rule applies to gift of assets (such as shares) which, if sold for consideration, wou per Decree No. 461 of November 21, 1997. In particular if the donee sells the shares for consideratio substitute tax will apply on the capital gain determined as if the gift had never been given.

United States Taxation

The following is a summary of certain U.S. federal income tax consequences to U.S. Holders (as def Shares or ADRs. This summary is addressed to U.S. Holders that hold Shares or ADSs as capital ass consequences of the ownership of Shares or ADSs. The summary does not deal with special classes securities, traders in securities that elect to mark to market, certain insurance companies, broker-deal investors that actually or constructively own 10% or more of Eni SpA s Shares, investors that hold conversion transaction and investors whose "functional currency" is not the U.S. dollar.

This summary is based on the tax laws of the United States (including the Internal Revenue Code of existing and proposed regulations thereunder, published rulings and court decisions) as in effect on t changes in interpretation), possibly with retroactive effect. The summary is based in part on represen obligation in the Deposit Agreement and any related agreement will be performed in accordance wit advisors to determine the U.S. federal, state and local and foreign tax consequences to them of the o

As used in this section, the term "U.S. Holder" means a beneficial owner of Shares or ADSs who or a domestic corporation; (iii) an estate the income of which is subject to the United States federal inc court within the United States is able to exercise primary supervision over the administration of the t authority to control all substantial decisions of the trust.

The discussion does not address any aspects of the United States taxation other than federal income confirm their eligibility for benefits under the income tax convention between the United States and advisors any possible consequences of their failure to qualify for such benefits.

In general, and taking into account the earlier assumptions, for the United States federal income tax ADSs will be treated as owners of the underlying Shares. Exchanges of Shares for ADSs, and ADSs States federal income tax.

Dividends

Distributions paid on the shares generally will be treated as dividends for U.S. federal income tax pu accumulated earnings and profits as determined for U.S. federal income tax purposes, but will not be generally allowed to corporations. To the extent that a distribution exceeds Eni SpA s earnings and capital to the extent of the U.S. Holder s tax basis in the shares or ADSs, and thereafter as a taxable Holder will be subject to U.S. federal taxation, on the date of actual or constructive receipt by the U.

(in the case of ADSs) with respect to the gross amount of any dividends, including any Italian tax wi
portion of such tax may be refunded to the U.S. Holder by the Italian tax authorities. If you are a nor
taxable years beginning before January 1, 2009 that constitute qualified dividend income will be tax
that you hold the Shares or ADSs for more than 60 days during the 121-day period beginning 60 day
period requirements. Dividends we pay with respect to the shares or ADSs generally will be qualifie
distribution that you must include in your income as a U.S. holder will be the US dollar value of the
dollar rate on the date the dividend distribution is includible in your income, regardless of whether t
Generally, any gain or loss resulting from currency exchange fluctuations during the period from the
the date you convert the payment into US dollars will be treated as ordinary income or loss and will
qualified dividend income.

Subject to certain conditions and limitations, Italian tax withheld from dividends will be treated as a
Holder s U.S. federal income tax liability. Special rules apply in determining the foreign tax credit l
the maximum 15% tax rate. To the extent a refund of the tax withheld is available to a U.S. Holder u
the amount of tax withheld that is refundable will not be eligible for credit against your United State
Income Tax" above, for the procedures for obtaining a tax refund. Dividends paid on the Shares will
States. Dividend paid in taxable years beginning before January 1, 2007 generally will be of "passive
in taxable years beginning after December 31, 2006 will, depending on your circumstances, be "pass
treated separately from other types of income for purpose of computing the foreign tax credit allowa

Sale or Exchange of Shares

In general, a U.S. Holder will recognize gain or loss for U.S. federal income tax purposes on the sale
difference between the U.S. Holder s adjusted basis in the shares or ADSs (determined in US dollar
sale or exchange (or if the amount realized is denominated in a foreign currency its US dollar equiva
disposition). Generally, such gain or loss will be treated as capital gain or loss if the Shares or ADSs
capital gain or loss if the shares or ADSs have been held for more than one year on the date of such s
non-corporate U.S. Holder that is recognized before January 1, 2009 is generally subject to a maxim
realized by a U.S. Holder generally will be treated as U.S. source income or loss for U.S. foreign tax

Documents on Display

It is possible to read and copy documents referred to in this annual report on Form 20-F that have be
room located at 100F Street, NE, Room 1580, Washington, DC 20549 and at the SEC s other public
Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms and th
the public from commercial document retrieval services and in the website maintained by the SEC a
documents referred to in this annual report on Form 20-F at the New York Stock Exchange, 20 Broa

Item 11. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOU

Eni operates internationally in the oil and natural gas, electricity generation, petrochemicals and oilf
to exposure to market risks from changes in interest rates, foreign exchange rates and commodity pri

Derivative financial instruments are utilized by Eni to reduce these risks, as explained below.

Eni s treasury activities are managed primarily by two captive finance companies, operating in the I
operating subsidiaries are required to reduce foreign exchange rate risk to a minimum level by coord

Eni SpA s Board of Directors has defined a policy that requires the Treasury Department of Eni Sp
rate and interest rate risks that can be assumed by Eni s finance companies. Such policy also define
As far as interest rate and foreign exchange rate risks are concerned, the calculation and measuremen
in accordance with established banking standards (such standards are established by the Basel Comm
such companies is more conservative than that defined by the Basel Committee. Eni SpA s Treasury
with Eni s policy, as well as the correlation between the indicators adopted for measuring of the tol
and market conditions.

Eni does not enter into derivative transactions on a speculative basis.

The Company has estimated its market risk exposure using sensitivity analysis. Market risk exposur
derivative financial and commodity instruments and other financial instruments assuming a hypothe
rates. Fair value was determined using dealer quotes or appropriate pricing models. The interest rate
LIBOR/EURIBOR. The Company has applied the sensitivity analysis to derivative financial and co
that are exposed to interest rate, foreign exchange rate and commodities price risk. The results of the
changes in market prices or rates may differ from hypothetical changes.

For a comprehensive disclosure of market risk see Note 23 to the Consolidated Financial Statements

Foreign Exchange Risks

Eni s operations are denominated in various foreign currencies and consequently Eni is exposed to
cash flows and financing activities. The Company s exposure to foreign currency rates exists prima

Eni enters into various types of foreign exchange contracts in managing its foreign exchange risk. Th
the following table:

(million euro)

Forward exchange contracts
Options

Eni uses forward exchange contracts primarily to hedge existing receivables and payables, including
other than euro. Some of the contracts involve the exchange of currencies other than the local curren
subsidiaries. Both buy and sell amounts of such contracts are indicated at the notional value. The ter
longer than one year. The increase of euro 2,336 million in forward exchange contracts is primarily
financial short-term payables of Eni Coordination Center SA (euro 1,785 million).

Eni generally uses a combination of currency options that enable a predetermined risk rate band, rela
euro, to be locked in. Currency options, purchased in the over-the-counter market for a premium, pro
amount of currency at a specified exchange rate at the end of a specified period. The decrease of eur
options of the Oilfield Services, Construction and Engineering segment (euro 296 million) and Gas

Based on the results of the sensitivity analysis, Eni estimates that the potential impact of a 10% decr
currency on the fair value of existing financial instruments as of December 31, 2004 amounts to euro

Interest Rate Risk

Debt and the existence of mismatches between assets and liabilities earning or paying fixed interests
enters into various types of interest rate contracts in managing its interest rate risk. The notional amo
table:

(million euro)

Interest rate swaps
Interest rate collars

Eni enters into interest rate derivatives, particularly "interest rate swaps", to alter interest rate exposu
liabilities, to lower funding costs and to diversify sources of funding. Under interest rate swaps, Eni
intervals, the difference between interest amount calculated by reference to an agreed notional princi

Eni uses "interest rate collars" to manage its interest rate risk. An interest rate collar is a combinatio
band to be locked in. Eni also uses primarily zero-cost collars that do not require payment of an opti

Based on the results of a sensitivity analysis, Eni estimates that a 10% decrease or increase in the eu
instruments as of December 31, 2004, in the amount of euro 78 million.

Based on the results of a sensitivity analysis, Eni estimates that a 10% decrease or increase in the int
instruments as of December 31, 2004 amounts to euro 82 million (euro 90 million at December 31,

Commodity Price Risk

Eni enters into commodity-based derivative contracts to minimize the commodities price volatility i

In natural gas trading activity, Eni uses exchange traded crude oil forward contracts with the aim of
prices following supply contracts at variable costs with an indexation to the petroleum products in th

In refining and marketing activities of petroleum products, Eni uses derivative instruments with the a

The expiration date of contracts is less than 1 year. The table below summarizes trade derivative con

Crudes	(l
Oil products	(
Oil products	(g
Electricity	(megawa

Eni s commodity market risk exposure as of December 31, 2004 is not material (not material at Dec

Item 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SEC

Not applicable.

PART II

Item 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENC

None.

Item 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECUR PROCEEDS

None.

Item 15. CONTROLS AND PROCEDURES

In designing and evaluating the Company s disclosure controls and procedures, the Company s ma principal financial officer, recognized that any controls and procedures, no matter how well designe of achieving the desired control objectives, and the Company s management necessarily was requir relationship of possible controls and procedures. Because of the inherent limitations in all control sy assurance that all control issues and instances of fraud, if any, within the Company have been detect

It should be noted that Eni has investments in certain unconsolidated entities. As Eni does not contr procedures with respect to such entities are necessarily more limited than those it maintains with res

The Company s management, with the participation of the principal executive officer and principal design and operation of its disclosure controls and procedures pursuant to Exchange Act Rule 13a-1 20-F. Based on that evaluation, the principal executive officer and principal financial officer have co are effective at the reasonable assurance level.

There have not been changes in the Company s internal control over financial reporting that occurre have materially affected, or are reasonably likely to materially affect, the Company s internal contr

Item 16A. Board of Statutory Auditors Financial Expert

Eni s Board of Statutory Auditors has determined that four members of Eni s Board of Statutory A defined in Item 16A of Form 20-F. These four members are: Paolo Andrea Colombo, who is the Cha Perotta and Giorgio Silva.

Item 16B. Code of Ethics

Eni adopted a code of ethics that applies to all Eni s employees including Eni s principal executive
accounting officer. Eni published its code of ethics on Eni s website. It is accessible at www.eni.it,
Responsibility - Code of Practice.

Eni s code of ethic contains ethical guidelines, describes corporate values and required standards of
guidelines are designed to deter wrongdoing and to promote honest and ethical conduct, compliance
reporting of violations of the guidelines. The code also affirms the principles of accounting transpar

Item 16C. Principal Accountant Fees and Services

PricewaterhouseCoopers SpA has served as Eni independent public auditor for fiscal years 2002 and for fiscal year 2004, for which audited consolidated financial statements appear in this annual report

The following table shows total fees paid by Eni and our subsidiaries for services provided by Eni pu firms, with respect to the previous two years:

(thousands of euro)
Audit fees
Audit-related fees
Tax fees
All other fees
Total

Audit Fees principally include fees billed for the standard audit work that needs to be performed eac financial statements of Eni. It also includes other audit services which are those services that only th comfort letter/consent letter, certification services, assistance and revision of documents filed with th

Audit Related Fees include fees billed for other assurance and related services provided by auditors, provided by the external auditor signing the audit report, that are reasonably related to the performan statements such as audits of pension and benefit plans, merger and acquisition due diligence, audit a acquisition deals, checks on internal control systems over financial reporting, certification services n consultations concerning financial accounting and reporting standards.

Tax Fees include fees billed for the assistance with compliance and reporting of income and value ad changing tax regimes, tax consultancy in connection with merger and acquisition deals, services rend rendered on occasion of tax inspections and in connection with tax claims and recourses and assistan going into Eni correspondence with tax authorities.

Other Fees include fees billed for services that are permissible under applicable rules and regulations to IT and secretarial services.

Pre-approval Policies and Procedures of the Internal Control Committee

The Internal Control Committee informed all Group companies that they cannot request Eni s exter services related to audits, and to the company s capital markets transactions. This restriction applies auditors performing audit services relating to 5% or more of Eni s consolidated revenues or total as company s capital markets transactions have been listed by the Internal Control Committee.

Audit services and services strictly related to audit services and to the company s capital markets tr been pre-approved by the Internal Control Committee, which also informed all Group companies tha other service requested to be performed by the external auditors, including those non-audit services w regulations.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Making use of the exemption provided by Rule 10A-3 for non-US private issuers, Eni has identified
starting from June 1, 2005, will be performing the functions required by the SEC rules and the Sarba
committees of non-US companies listed on the NYSE (see "Item 6 Board of Statutory Auditors" a

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Pursuant to Italian law, a company may purchase its own shares only pursuant to a prior authorizatic shares only out of distributable earnings and distributable reserves as reflected in the most recent fin The nominal value of shares so purchased, including shares held by subsidiaries, may not exceed 10 excess of such 10% limit must be resold within one year from the date of their purchase. Identical lir its subsidiaries. In order to increase shareholders value, Eni s Ordinary Shareholders Meeting he share buy-back program for an 18-month period starting on May 27, 2005 and up to 400 million ord aggregate amount not exceeding euro 5.4 billion. The 400 million shares and the 5.4 billion threshol shares purchased from the beginning of the buy-back program until May 26, 2005. At that date, Eni 6.12% of Eni s share capital, for an aggregate amount of euro 3,440 million (corresponding to an av shares are to be purchased on the Telematico at a price no lower than their nominal value and no hig business day preceding each purchase.

The following tables present purchases of treasury shares by Eni from the beginning of the program

Period	Numbers of shares (million)	Average p (euro per sl
2000	44.4	
2001	110.0	
2002	52.2	
2003	23.9	
2004	4.2	
Total held as of December 31, 2004	234.8	

	Total number of shares purchased	Aver
January 2004	106,049	
February 2004	204,410	
March 2004	484,724	
April 2004	151,245	
May 2004	875,834	
June 2004	985,337	
July 2004	748,871	
August 2004	309,382	
September 2004	312,933	
October 2004		
November 2004	51,450	
December 2004		
January 2005	560,260	
February 2005	854,920	
March 2005	1,297,742	
April 2005	3,764,013	
May 2005	4,030,350	

PART III

Item 17. FINANCIAL STATEMENTS

Not applicable.

Item 18. FINANCIAL STATEMENTS

Index to Financial Statements:

Report of Independent Registered Public Accounting Firm

Other Auditors Reports on the consolidated financial statements of certain major subsidiaries of En
herein)

Consolidated Balance Sheets at December 31, 2003 and 2004

Consolidated Statements of Income for the years ended December 31, 2002, 2003 and 2004

Consolidated Statements of Cash Flows for the years ended December 31, 2002, 2003 and 2004

Supplemental Information for the years ended December 31, 2002, 2003 and 2004

Consolidated Statements of Changes in Shareholders Equity for the years ended December 31, 200

Notes to the Consolidated Financial Statements

Item 19. EXHIBITS

1. By-laws as amended as of April 13, 2005

8. List of subsidiaries

11. Code of Ethics

Certifications:

12.1. Certification pursuant to Rule 13a-14(a) of the Securities Exchange Act

12.2. Certification pursuant to Rule 13a-14(a) of the Securities Exchange Act

13.1. Certification furnished pursuant to Rule 13a-14(b) of the Securities Exchange Act (such certifi
the Exchange Act and not incorporated by reference with any filing under the Securities Act)

13.2. Certification furnished pursuant to Rule 13a-14(b) of the Securities Exchange Act (such certifi
the Exchange Act and not incorporated by reference with any filing under the Securities Act)

SIGNATURES

The registrant certifies that it meets all of the requirements for filing on Form 20-F and has duly cau
undersigned, thereunto duly authorized.

Date: June 24, 2005

Eni Sp.

/s/ FAI

Fabrizi
Title: D

REPORT OF INDEPENDENT REGISTERED PUBLIC ACC

To the Shareholders of
Eni SpA

We have audited the accompanying consolidated balance sheets of Eni SpA and its subsidiaries as o
consolidated statements of income, changes in shareholders equity, and cash flows for each of the t
expressed in euro. These financial statements are the responsibility of the Company s management.
consolidated financial statements based on our audits. We did not audit the financial statements of c
of 24 percent of the related consolidated totals as of December 31, 2003, and total revenues of 15 an
of the two years in the period ended December 31, 2003. Those statements were audited by other au
and our opinion expressed herein, insofar as it relates to the amounts included for those entities, is b

We conducted our audits of these statements in accordance with the standards of the Public Compan
standards require that we plan and perform the audit to obtain reasonable assurance about whether th
misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and dis
accounting principles used and significant estimates made by management, and evaluating the overa
audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the c
subsidiaries at December 31, 2004 and 2003, and the consolidated results of their operations and the
ended December 31, 2004, in conformity with the Italian law governing consolidated financial state
Italy.

Accounting laws and principles generally accepted in Italy vary in certain significant respects from a
States of America. Information relating to the nature and effect of such differences is presented in N
statements.

PricewaterhouseCoopers SpA

Rome, June 24, 2005

REPORT OF INDEPENDENT REGISTERED PUBLIC ACC

Italian statutory consolidated financial statem

To the Stockholders
of Saipem S.p.A.

We have audited the Italian statutory consolidated balance sheets of Saipem SpA and subsidiaries (th
the related consolidated statements of income, changes in shareholders' equity and cash flows for eac
December 31, 2003, expressed in millions of Euro. These financial statements (not presented separat
management. Our responsibility is to express an opinion on these financial statements based on our a
certain subsidiaries, which reflect total assets of 4% as of December 31, 2003 and 2002 and revenue
each of the years ended December 31, 2003 and 2002 respectively. Those statements were audited b
us and our opinion, insofar as it relates to the amounts included for these subsidiaries, is based solely

We conducted our audits in accordance with the standards of the Public Company Accounting Overs
that we plan and perform the audit to obtain reasonable assurance about whether the financial statem
includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial
accounting principles used and significant estimates made by management, as well as evaluating the
that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the Italian statutory consolidate
in all material respects, the consolidated financial position of Saipem S.p.A. and subsidiaries as of D
results of their operations and their cash flows for each of the years in the three-year period ended D
accepted accounting principles in Italy.

April 6, 2004
Milan, Italy

Reconta Ernst & Young S.p.A.

INDEPENDENT AUDITORS REPORT

Italian statutory financial statements

To the Stockholders
of Italgas Società Italiana per il Gas p.A.

We have audited the Italian statutory balance sheet of Italgas Società Italiana per il Gas p.A. as of
income, changes in shareholders equity and cash flows for the year then ended. These financial sta
responsibility of the Company s management. Our responsibility is to express an opinion on these f
audit the financial statements of certain subsidiaries which represent 12% of total assets as of Decem
auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amount
reports of the others auditors.

We conducted our audit in accordance with the standards of the Public Company Accounting Overs
that we plan and perform the audit to obtain reasonable assurance about whether the financial statem
includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial
accounting principles used and significant estimates made by management, as well as evaluating the
that our audit and the reports of others auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and on the reports of other auditors, the Italian statutory financial
material respects, the financial position of Italgas Società Italiana per il Gas p.A. as of December 3
for the year ended, in conformity with generally accepted accounting principles in Italy.

Turin, Italy
April 6, 2004

Reconta Ernst & Young S.p.A.

INDEPENDENT AUDITOR'S REPORT

Italian statutory consolidated financial statem

To the Stockholders
of Italgas-Società Italiana per il Gas p.A.

We have audited the Italian statutory consolidated balance sheet of Italgas-Società Italiana per il Ga 31, 2002 and 2001, and the related consolidated statement of income, changes in shareholders' equit period ended December 31, 2002. These financial statements (not presented separately herein) are th responsibility is to express an opinion on these financial statements based on our audits. We did not which statements represent assets constituting respectively 16% and 19% of the consolidated assets were audited by other auditors whose reports have been furnished to us and our opinion, insofar as i is based solely on the reports of the other auditors.

We conducted our audits in accordance with the standards of the Public Company Accounting Over that we plan and perform the audit to obtain reasonable assurance about whether the financial statem includes examining, on a test basis, evidence supporting the amounts and disclosures in the financia accounting principles used and significant estimates made by management, as well as evaluating the that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the Italian statutory consolidat in all material respects, the consolidated financial position of Italgas-Società Italiana per il Gas p.A. and the consolidated results of their operations and their cash flows for each of the years in the two- with the accounting principles governing the presentation of consolidated statutory financial statem

Turin, Italy
April 3, 2003

Reconta Ernst & Young S.p.A.

INDEPENDENT AUDITORS REPORT

Slovenian statutory financial statements

To the Stockholders
of ADRIAPLIN d.o.o.

We have audited the Slovenian statutory balance sheet of ADRIAPLIN d.o.o. as of December 31, 20
ended December 31, 2003. These financial statements (not presented separately herein) are the respo
responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing and with the auditin
America. Those standards require that we plan and perform the audit to obtain reasonable assurance
material misstatement. An audit includes examining, on a test basis, evidence supporting the amount
also includes assessing the accounting principles used and significant estimates made by manageme
presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Slovenian statutory financial statements referred to above present fairly, in all ma
d.o.o. as of December 31, 2003, and the result of its operations for the year ended December 31, 200
principles in Slovenia.

Ljubljana, Slovenia
March 12, 2004

Ernst & Young d.o.o.

INDEPENDENT AUDITOR'S REPORT

Italian statutory financial statements

To the Stockholders
of Compagnia Napoletana di Illuminazione e Scaldamento col Gas S.p.A.

We have audited the Italian statutory balance sheet of Compagnia Napoletana di Illuminazione e Sca
and the related statement of income, changes in shareholders' equity and cash flows for the year then
separately herein) are the responsibility of the Company's management. Our responsibility is to expr
our audits.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversi
that we plan and perform the audit to obtain reasonable assurance about whether the financial statem
includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial
accounting principles used and significant estimates made by management, as well as evaluating the
that our audit provides a reasonable basis for our opinion.

In our opinion, the Italian statutory financial statements referred to above present fairly, in all materi
Napoletana di Illuminazione e Scaldamento Col Gas S.p.A. as of December 31, 2003, the result of it
in conformity with generally accepted accounting principles in Italy.

Naples, Italy
March 31, 2004

Reconta Ernst & Young S.p.A.

REPORT OF INDEPENDENT AUDITORS

To the Stockholders of
Eni Portugal Investment S.p.A.

We have audited the balance sheets of Eni Portugal Investment S.p.A. (an Italian corporation) as of I
income, changes in shareholders' equity and cash flows for each year in the two-year period ended D
statements are not enclosed herein). These financial statements are the responsibility of the Compan
opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Overs
that we plan and perform the audit to obtain reasonable assurance about whether the financial statem
includes examining on a test basis, evidence supporting the amounts and disclosures in the financial
accounting principles used and significant estimates made by management, as well as evaluating the
that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits, the financial statements referred to above present fairly, in all m
Investment S.p.A. as of December 31, 2003 and the results of their operations and their cash flows f
31, 2003, in conformity with accounting principles generally accepted in Italy.

Rome, Italy
May 7, 2004

Deloitte Touche S.p.A.

INDEPENDENT AUDITOR'S REPORT

Italian statutory financial statements

To the Stockholders
of Fiorentinagas S.p.A.

We have audited the Italian statutory balance sheet of Fiorentinagas S.p.A. as of December 31, 2003
shareholders' equity and cash flows for the year then ended. These financial statements (not presente
Company's management. Our responsibility is to express an opinion on these financial statements ba

We conducted our audits in accordance with the standards of the Public Company Accounting Overs
that we plan and perform the audit to obtain reasonable assurance about whether the financial statem
includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial
accounting principles used and significant estimates made by management, as well as evaluating the
that our audit provides a reasonable basis for our opinion.

In our opinion, the Italian statutory financial statements referred to above present fairly, in all materi
S.p.A. as of December 31, 2003, the result of its operations and its cash flows for the year then ende
principles in Italy.

Florence, Italy
April 8, 2004

Reconta Ernst & Young SpA

INDEPENDENT AUDITOR'S REPORT

Italian statutory financial statements

To the Stockholders
of Fiorentinagas Clienti S.p.A.

We have audited the Italian statutory balance sheet of Fiorentinagas Clienti S.p.A. as of December 3
in shareholders' equity and cash flows for the year then ended. These financial statements (not prese
Company's management. Our responsibility is to express an opinion on these financial statements ba

We conducted our audits in accordance with the standards of the Public Company Accounting Overs
that we plan and perform the audit to obtain reasonable assurance about whether the financial statem
includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial
accounting principles used and significant estimates made by management, as well as evaluating the
that our audit provides a reasonable basis for our opinion.

In our opinion, the Italian statutory financial statements referred to above present fairly, in all materi
Clienti S.p.A. as of December 31, 2003, the result of its operations and its cash flows for the year the
accounting principles in Italy.

Florence, Italy
April 8, 2004

Reconta Ernst & Young SpA

INDEPENDENT AUDITOR'S REPORT

Italian statutory financial statements

To the Stockholders
of Italgas Più S.p.A.

We have audited the Italian statutory balance sheet of Italgas Più S.p.A. as of December 31, 2003, an
shareholders' equity and cash flows for the year then ended. These financial statements (not presente
Company's management. Our responsibility is to express an opinion on these financial statements ba

We conducted our audits in accordance with the standards of the Public Company Accounting Overs
that we plan and perform the audit to obtain reasonable assurance about whether the financial statem
includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial
accounting principles used and significant estimates made by management, as well as evaluating the
that our audit provides a reasonable basis for our opinion.

In our opinion, the Italian statutory financial statements referred to above present fairly, in all materi
as of December 31, 2003, the result of its operations and its cash flows for the year then ended, in co
principles in Italy.

Turin, Italy
April 5, 2004

Reconta Ernst & Young S.p.A.

INDEPENDENT AUDITORS REPORT

Hungarian statutory financial statements

To the Stockholders
of Mol-Gáz Kereskedelmi Kft.

We have audited the Hungarian statutory balance sheet of Mol-Gáz Kereskedelmi Kft. as of Decemb
15,553,956 and a loss of the year of 000HUF 208,007, and the related statement of income for the ye
statements (not presented separately herein) are the responsibility of the Company s management. O
financial statements based on our audits.

We conducted our audit in accordance with the Hungarian statutory auditing standards and the audit
of America. Those standards require that we plan and perform the audit to obtain reasonable assuran
material misstatement. An audit includes examining, on a test basis, evidence supporting the amount
also includes assessing the accounting principles used and significant estimates made by managemen
presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Hungarian statutory financial statements referred to above present fairly, in all m
Kereskedelmi Kft. as of December 31, 2003, and the result of its operations for the year ended Dece
accounting principles in Hungary.

Without qualifying our opinion, we draw the attention of the shareholders to the fact that the accomp
significant operating loss and loss for the year and that current liabilities and accrued expenses & de
expenses & accrued income by THUF 4,190,487. In order to ensure the Company's ability to continu
has developed a plan as set out on page 66 of the notes to the financial statements. The validity of th
by providing adequate funds or on other third party financing arrangements becoming available. In t
that the Company will not be able to continue operating on a going concern basis. The accompanyin
the going concern assumption and do not contain the effects of adjustments which may become nece

Ernst & Young Kft.

Budapest, Hungary
February 13, 2004

INDEPENDENT AUDITOR'S REPORT

Italian statutory financial statements

To the Stockholders
of Napoletanagas Clienti S.p.A.

We have audited the Italian statutory balance sheet of Napoletanagas Clienti S.p.A. as of December
in shareholders' equity and cash flows for the year then ended. These financial statements (not prese
Company's management. Our responsibility is to express an opinion on these financial statements ba

We conducted our audits in accordance with the standards of the Public Company Accounting Overs
that we plan and perform the audit to obtain reasonable assurance about whether the financial statem
includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial
accounting principles used and significant estimates made by management, as well as evaluating the
that our audit provides a reasonable basis for our opinion.

In our opinion, the Italian statutory financial statements referred to above present fairly, in all materi
Clienti S.p.A. as of December 31, 2003, the result of its operations and its cash flows for the year the
accounting principles in Italy.

Naples, Italy
March 31, 2004

Reconta Ernst & Young SpA

REPORT OF INDEPENDENT AUDITORS

To the stockholders of
Snam Rete Gas S.p.A.

We have audited the consolidated balance sheets of Snam Rete Gas S.p.A. (an Italian corporation) a
2003, and the related consolidated statements of income, changes in shareholders equity and cash f
ended December 31, 2003 expressed in euro (which consolidated financial statements are not enclos
responsibility of the Company s management. Our responsibility is to express an opinion on these f

We conducted our audits in accordance with the standards of the Public Company Accounting Overs
that we plan and perform the audit to obtain reasonable assurance about whether the consolidated fi
Our audit includes examining, on a test basis, evidence supporting the amounts and disclosures in th
includes assessing the accounting principles used and significant estimates made by management, as
statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits, the consolidated financial statements referred to above present f
Snam Rete Gas SpA and subsidiary as of December 31, 2003 and the results of their operations and
ended December 31, 2003, in conformity with accounting principles generally accepted in Italy.

Deloitte Touche

Milan, Italy
April 5, 2004

INDEPENDENT AUDITOR'S REPORT

Italian statutory consolidated financial statem

To the Stockholders
of Società Azionaria per la Condotta di Acque Potabili p.A. ("Acque Potabili S.p.A.")

We have audited the Italian statutory consolidated balance sheet of Acque Potabili S.p.A. and subsid
consolidated statement of income, changes in shareholders' equity and cash flows for the year then e
separately herein) are the responsibility of the Company's management. Our responsibility is to expr
our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Overs
that we plan and perform the audit to obtain reasonable assurance about whether the financial statem
includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial
accounting principles used and significant estimates made by management, as well as evaluating the
that our audit provides a reasonable basis for our opinion.

In our opinion, the Italian statutory consolidated financial statements referred to above present fairly
position of Acque Potabili S.p.A. and subsidiaries as of December 31, 2003, the consolidated result
then ended, in conformity with generally accepted accounting principles in Italy.

Turin, Italy
April 6, 2004

Reconta Ernst & Young S.p.A.

INDEPENDENT AUDITORS REPORT

Hungarian statutory financial statements

To the Stockholders
of Tigáz Rt.

We have audited the Hungarian statutory balance sheet of Tigáz Rt as of December 31, 2003, which
profit after dividend for the year of 000HUF 1,790,826, and the related statement of income for the y
statements (not presented separately herein) are the responsibility of the Company s management. O
financial statements based on our audits.

We conducted our audit in accordance with the Hungarian statutory auditing standards and the auditi
of America. Those standards require that we plan and perform the audit to obtain reasonable assuran
material misstatement. An audit includes examining, on a test basis, evidence supporting the amount
also includes assessing the accounting principles used and significant estimates made by managemen
statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Hungarian statutory financial statements referred to above present fairly, in all m
December 31, 2003, the result of its operations for the year ended December 31, 2003, in conformity
Hungary.

Budapest, Hungary
March 18, 2004

Ernst & Young Kft

BALANCE SHEETS
(Amounts stated in million euro)

ASSETS
Current assets:
Marketable securities
Receivables, net
Inventories, net:
Crude oil, natural gas and petroleum products
Chemical products
Work in progress on long-term contracts
Other
Total inventories
Accrued interest and other
Total current assets
Non-current assets:
Fixed assets, net of accumulated depreciation, amortization and writedowns
Receivables, net
Investments
Intangible assets
Other
Total non-current assets
TOTAL ASSETS
LIABILITIES AND SHAREHOLDERS' EQUITY
Current liabilities:
Short-term debt
Current portion of long-term debt
Trade accounts payable
Advances
Taxes payable
Accrued expenses and other
Total current liabilities
Non-current liabilities:
Long-term debt
Reserve for employee termination indemnities
Reserves for contingencies
Deferred and other non-current income tax liabilities
Accrued expenses and other
Total non-current liabilities
TOTAL LIABILITIES
Minority interests
Shareholders equity:
Capital stock 4,004,424,476 fully paid shares nominal value 1 euro each (4,002,922,176 shares at December 31, 2003)
Reserves
Treasury shares
Net income for the year
Total shareholders equity

TOTAL LIABILITIES AND SHAREHOLDERS EQUITY

(The accompanying notes are an integral part of these consolidated fina

STATEMENTS OF INCOME
(Amounts stated in million euro, except per Share and per ADS

	Note	2002
Revenues:		
Net sales from operations	14	
Other income and revenues		
Total revenues		
Operating expenses:		
Purchases, services and other	15	
Payroll and related costs	16	
Depreciation, amortization and writedowns	17	
Operating income		
Interest and other income (expense):		
Financial income (expense) and exchange differences, net [a]	18	
Other income (expense) from investments	19	
Total interest and other income (expense)		
Income before extraordinary income (expense) and income taxes		
Extraordinary income (expense) [b]	20	
Income before income taxes		
Income taxes	21	
Income before minority interest		
Minority interest in net income		
Net income		
Earnings per Share (based on the weighted-average number of shares outstanding for each period) [c]	22	
Earnings per ADS (based on five shares per ADS) [c]		

(a) Included financial income and expense and changes in value of financial assets net of interest capitalized.
(b) Before income taxes.
(c) Amount in euro.

(The accompanying notes are an integral part of these consolidated fina

STATEMENTS OF CASH FLOWS
(Amounts stated in million euro)

	2002
Cash flows from operating activities	
Net income	
Minority interest in net income	
Depreciation and amortization	
Writedowns, net	
Net change in other reserves	
Net change in the reserve for employee termination indemnities	
Gain on disposal of assets, net	
Dividend income	
Interest income	
Interest expense	
Exchange differences	
Extraordinary expense (income), net	
Income taxes	
Cash generated from operating income before changes in working capital	
(Increase) decrease:	
- inventories	
- accounts receivable	
- accrued interest and other current assets	
- trade and other accounts payable	
- accrued expenses and other	
Cash from operations	
Dividends received	
Interest received	
Interest paid	
Net extraordinary expense paid	
Income taxes paid	
Net cash provided from operating activities	
Cash flows from investing activities	
Investments:	
- intangible assets	
- fixed assets	
- new consolidated subsidiaries and businesses	
- investments	
- securities	
- financing receivables	
- change in accounts payable in relation to investments and capitalized depreciation	
Disposals:	
- intangible assets	
- fixed assets	
- consolidated subsidiaries and businesses	
- investments	
- securities	

- financing receivables
- change in accounts receivable in relation to disposals
Net cash used in investing activities
Cash flows from financing activities
Proceeds from long-term debt
Payments of long-term debt
Additions to (reductions of) short-term debt
Payments by minority shareholders
Sale (purchase) of additional interests in subsidiaries
Dividends to minority shareholders
Other
Net cash used in financing activities
Effect of change in consolidation area
Effect of exchange rate differences
Net cash flow for the year
Cash and cash equivalent at beginning of the year
Cash and cash equivalent at end of the year

(The accompanying notes are an integral part of these consolidated fina

SUPPLEMENTAL INFORMATION
(Amounts stated in million euro)

	2002
Effect of investments in new consolidated subsidiaries and businesses	
Non-current assets	
Current assets	
Net borrowings	
Other liabilities	
Net effect of investments	
Transferred from equity investment	
Minority interest and reserves	
Purchase price	
less: cash acquired	
Cash from investments in consolidated subsidiaries	
Effect of disposal of consolidated subsidiaries and businesses	
Non-current assets	
Current assets	
Net borrowings	
Other liabilities	
Exchange differences from translation in the period	
Net effect of disposal	
Gain (loss) on disposal	
Minority interest and reserves	
Selling price	
less: cash conferred	
Cash flow on disposal	

(The accompanying notes are an integral part of these consolidated fina

STATEMENTS OF CHANGES IN SHAREHOLDERS E

(Amounts stated in million euro)

	Share capital	Legal reserve of Eni SpA	Reserv for treasury shares	Reserve from mergers	Distri- butable reserve of Eni SpA	Former Agip SpA reserves reconsti- tuted	State grants	Consoli- dation reserves	Reserve for shares granted to employees Article 2349 civil code	Rese Arti 13 Dec 124/
Balance at December 31, 2001	**4,001**	**959**	**3,400**		**3,514**	**103**	**62**	**31**	**3**	
Dividend distribution (euro 0.75 per Share)					(757)					
Allocation of 2001 net income					3					
Increase of reserve for shares granted to employees Article 2349 civil code					(2)				2	
Authorization to repurchase shares			2,000		(2,000)					
Reserve from mergers				1,390						
Shares repurchased										
Shares issued under stock grant plan	1								(1)	
Exchange differences due to the translation of financial statements prepares in currencies other than euro										
Other changes										
Net income for the year										
Balance at December 31, 2002	**4,002**	**959**	**5,400**	**1,390**	**758**	**103**	**62**	**31**	**4**	
Dividend distribution (euro 0.75 per Share)										
Allocation of 2002 net income					789					
Shares repurchased										
Reduction in value of stock grant			(3)		3					
Shares issued under stock grant plan	1								(1)	
Reclassification				(1,390)	1,500					
Exchange differences arising on the translation of foreign currency financial statements										
Exchange differences arising on the distribution of dividendsand other changes										

Net income for the year									
Balance at December 31, 2003	**4,003**	**959**	**5,397**		**3,050**	**103**	**62**	**31**	**3**
Dividend distribution (euro 0.75 per Share)									
Allocation of 2003 net income					22				
Shares repurchased									
Shares issued under stock grant plan	1		(5)		5				(1)
Cost of stock option					3				
Former Italgas SpA reserves reconstituted					(43)				
Reserves from mergers of EniData SpA				4					
Reclassification					859	(84)			
Exchange differences arising on the translation of foreign currency financial statements									
Exchange differences arising on the distribution of dividends and other changes									
Net income for the year									
Balance at December 31, 2004	**4,004**	**959**	**5,392**	**4**	**3,896**	**19**	**62**	**31**	**2**

(The accompanying notes are an integral part of these consolidated fina

Notes to the Consolidated Financial Statements

1 General

Eni SpA and its subsidiaries ("Eni") together constitute a fully integrated company operating in the oil and gas, electricity g industries. Eni SpA is the successor entity to Ente Nazionale Idrocarburi, which was established in 1953 as a public statuto in connection with the privatization program of the Italian Government (the "Government"), the public statutory body was Economy and Finance (previously Ministry of Treasury, Budget and Economic Planning) of Italy as the sole shareholder. S regarding share capital.

2 Summary of significant accounting and reporting policies

Basis of presentation

The consolidated financial statements of Eni have been prepared in accordance with Eni s group accounting policies whic supplemented by the accounting principles issued by the Consiglio Nazionale dei Dottori Commercialisti e dei Ragionieri and if applicable, the International Accounting Standards Board (IASB). In the absence of indications in said principles, pa Production Sharing Agreement methods of accounting, specific criteria for hydrocarbons exploration and production applic GAAP"). Italian GAAP differs in certain respects from generally accepted accounting principles in the United States ("U.S net income and shareholders equity is set forth in Notes 27 and 28, and, in Note 29, the additional financial statement dis statements have been reformatted from the original Italian statutory financial statement presentation and include certain ad and content of financial statements required by the U.S. Securities and Exchange Commission (the "SEC"). Reclassificatio were segregated between current and non-current, as well as the recording as a decrease in net borrowings of implicit inter shares purchased, items that in the original Italian statutory financial statements are classified as current assets and fixed as

Principles of consolidation

The consolidated financial statements include the statutory accounts of Eni SpA and all Italian and foreign companies cont majority of the voting rights or sufficient votes to enable it to exercise control at ordinary shareholders meetings. The con to reflect the company s interest in the activity, the accounts of companies controlled jointly with other partners, except fo The effects of proportionate consolidation are not material. Insignificant subsidiaries, companies in liquidation, if their exc financial condition and consolidated results, and companies purchased exclusively for sale, are not included in the scope of does not exceed two of these limits: (i) total assets or liabilities: euro 3,125 thousand; (ii) total revenues euro 6,250 thousan companies, for which the consolidation does not produce significant effects, are not included in the scope of consolidation. companies as the operator in the management of upstream oil contracts and that are proportionally financed, on the basis o contract, to which the company reports costs and revenues following the management activity of the oil contract. Costs and exploration activities are recognized on a proportional basis in the financial statements of the companies involved, as well exclusions are not material.

Companies excluded from consolidation are accounted for under the equity method or cost basis as described below under

Investments

Investments in non-consolidated subsidiaries excluded from the consolidation process and in companies where Eni SpA ha the equity method. Other investments are recorded at cost, adjusted for permanent impairment in value.

Sale of stakes in consolidated subsidiaries

Gains or losses on sale of stakes in consolidated subsidiaries are recorded in the income statement for the amount correspo
divested stake in net equity.

Intercompany transactions

All intercompany balances and transactions have been eliminated in consolidation.

Foreign currency translation

Assets and liabilities of foreign consolidated companies have been translated at exchange rates prevailing at year-end. Equ
the historic exchange rates. Income statement accounts of foreign consolidated companies are translated at the average rate
translation adjustments are reported as a component of shareholders equity. Financial statements of foreign subsidiaries v
currencies.

Monetary assets and liabilities denominated in currencies other than the functional currency are translated into euro using t
recognized in earnings in the period.

Accounting principles

Cash and cash equivalents

Eni considers cash and cash equivalents to be its cash on hand and in deposit with banks and short-term investments with c

Marketable securities

Marketable securities are stated at the lower of purchase cost or market value and are usually available for sale.

Inventories

Inventories, except for those relating to contract work in progress, are stated at the lower of cost or market value. The cost
petroleum products, representing 49% and 47% of Eni s inventories at December 31, 2003 and 2004, respectively, is deter
inventories of the Petrochemicals segment, representing 19% and 21% of Eni s inventories at December 31, 2003 and 200

Contract work in progress, representing 13% and 12% of inventories at December 31, 2003 and 2004, respectively, is reco
cost-to-cost basis. Payments received in advance of construction are subtracted from inventories and any excess of such ad
Contract work in progress not yet invoiced, whose payment is agreed in a foreign currency, is translated into euro using the
the income statement. Future losses related to contracts whose future costs exceed future revenues, are accrued for as soon

The remaining inventories are determined, generally, by the average cost method.

Fixed assets

Fixed assets are stated at cost as adjusted by revaluations in accordance with various Italian laws; revaluations are included
debt incurred in connection with specific projects. Cash requirements in excess of such debts are satisfied primarily throug

Investment grants from Government agencies are recorded in a contra asset account when authorized, if all the required co
life of the assets.

Depreciation of fixed assets, except those related to exploration and production activities, is computed on the revalued cost
are based on the estimated remaining useful lives of the fixed assets.

Depreciation rates used are as follows:

(%)
Buildings
Plant and machinery:
- pipelines, distribution networks and related plant and machinery

- other plant and machinery
Industrial and commercial equipment

Fixed assets are written down whenever events and changes in circumstances indicate that the carrying amount may not be
between the expected accumulated discounted cash flow and the book value of the asset.

When the circumstances causing impairment cease to exist, Eni reverses previously recorded impairment charges net of de

Renewals and improvements which extend asset lives are capitalized; maintenance and ordinary repairs are expensed as in

Intangible assets

Intangible assets are stated at cost, including interest on debt incurred in connection with specific projects as indicated pre

Goodwill is recorded as an asset when purchase consideration exceeds the fair value of assets and liabilities acquired and i
longer than 20 years from the year of recording.

Other intangible assets, except for those related to exploration and production activities, are amortized using the straight-li
written down whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Eni ca
accumulated discounted cash flow and the book value of the intangible assets. When the circumstances causing impairmen
charges net of amortization. However, goodwill and capitalized organizational costs are not revalued.

Exploration and production activities

Acquisition of mineral rights

Costs associated with the acquisition of mineral rights, including reserves purchased in connection with such acquisitions, permits, among other items. Mineral rights are amortized on a straight-line basis over the expected period of benefit. Capit Unit-of-Production (UOP) basis, while capitalized costs related to other mineral rights are not amortized until classified as programs are expensed.

Exploration

Costs associated with exploratory activities for oil and gas producing properties incurred to obtain information in order to parties, test wells and geophysical surveys) are recorded as intangible assets and amortized in full in the period incurred (i.

Development

Development costs are those costs incurred to obtain access to proved reserves and to provide facilities for extracting, gath a UOP basis. Costs related to unsuccessful development wells are expensed immediately as loss on disposal.

Writedowns and revaluations of development costs are made on the same basis as those for fixed assets.

Production

Production costs are costs to operate and maintain wells and field equipment and are expensed as incurred.

Abandonment

Eni regularly accrues costs expected to be incurred with respect to eventual well abandonment, including costs associated

Reserve for employee termination indemnities and other employee benefits

Eni s employees are eligible, immediately upon termination, for severance pay pursuant to Italian law. Eni accrues a reser employment. The amount accrued at each balance sheet date reflects the aggregate liability for all eligible employees if ter

In addition, Eni makes contributions to certain employee associations that provide medical and various other employee be Eni and contributions are determined in accordance with the agreements negotiated with trade unions. Eni expenses the co made.

Expenses relating to Eni s pension obligations of subsidiaries operating outside Italy are settled in relation to the period o

Treasury shares

Treasury shares are recorded at cost written-down for impairments in value as a reduction of shareholders equity. When t revalued up to the original cost basis.

Recognition of revenues and costs

Revenues from sales of products and services are recognized upon transfer of title or completion of service. In particular, r

- for petroleum products sold to retail distribution networks, generally upon delivery to the service stations; for all the ot
- for natural gas when the natural gas leaves Eni s distribution network and is delivered to the customer;
- for crude oil, generally upon shipment;
- for chemicals and all other sales, generally upon shipment.

In all instances where revenue is recognized upon shipment, all risk of loss is transferred to the buyer upon shipment.

Revenues from natural gas and crude oil production from properties in which Eni has an interest together with other produc
on Eni s behalf (sales method). Differences between Eni s net working interest volumes and actual production volumes a

Revenues related to long-term construction contracts are recognized using the percentage-of-completion method measured
denominated in currencies other than euro are translated into the euro using the exchange rate of the day the percentage of
rate of the day advances are paid; long-term construction contracts not yet accepted by the purchaser are translated using th
corresponding hedging derivatives. Provisions for anticipated losses on long-term contracts are recorded in full when such
the original contract price due to the incurrence of unanticipated additional costs (i.e. Eni claims against third parties), are
additional contract revenues and the amount of the claim can be reasonably estimated.

Costs are recognized when the related goods and services are sold, consumed or allocated, or when their future useful lives

Eni is a party to certain Production Sharing Agreements whereby taxes are settled by joint venture partners which are state
of oil and gas production. The company records such income taxes owed by Eni but paid on its behalf in revenues and inco

Starting in 2003, stock grant and stock options granted to Group managers were recognized as compensation expense, as th
of stock-based compensation is measured by the fair value of the award at the grant date and recognized over the vesting p
termination indemnity related to stock grant plans are also recognized over the vesting period. The fair value of stock grant
less the present value of dividends expected in the vesting period. The fair value of stock options is represented by the valu
takes into account the conditions for the exercise of the options, the present value of shares, the expected volatility and the
treasury shares and the related social security contributions and termination indemnity are recognized as a contra-entry to t
of stock options is recognized as a contra-entry to the item "Disposable reserves".

Revenues and costs expressed in currencies other than euro are translated at the exchange rate prevailing on the day of the

Accounting for Buy/Sell Contracts

In January and February 2005, the Securities and Exchange Commission ("SEC") issued comment letters to Eni and other
information related to the accounting for buy/sell contracts. Eni routinely enters buy/sell contracts, principally in the down
For refined products, buy/sell arrangements are used to support the company s refined products marketing activity, which
order to fulfill the company s marketing needs and supply agreements to customer locations and specifications.

Eni accounts for buy/sell transactions in the consolidated income statement on a net basis, regardless whether terms of the
or separately, in individual contracts that are entered into concurrently or in contemplation of one another with a single cou
guidance of the SEC staff who considers that the accounting for buy/sell contracts should be shown net on the income stat

The topic is under deliberation by the Emerging Issues Task Force (EITF) of the FASB as Issue No. 04-13, "Accounting fo
The EITF first discussed this issue in November 2004. Additional research is being performed by the FASB staff, and the
issue is under deliberation, the SEC staff directed Eni and other oil companies in its February 2005 comment letter to discl
with buy/sell contracts and to discuss in a footnote to the financial statements the basis for the underlying accounting.

In Eni s consolidated income statement, "Net sales from operations" and "Purchases, services and other" for the three year
euro 1,490 million and euro 1,511 million, respectively, for the above described buy/sell contracts.

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(1) For stock grants, the period between the grant date and the date of assignation of shares; for stock options, the period between the
exercised.

Income taxes

Deferred tax assets or liabilities are recognized for differences between the financial reporting and tax bases of assets and l
payment is not deemed probable. Deferred tax assets are recognized when there is a reasonable expectation of their realiza
income tax liabilities" account, while deferred tax assets are recorded in "Other" (non-current assets). Deferred tax assets a
tax paying entity.

Derivatives

With respect to interest rate, foreign exchange and price risks, Eni enters into derivative transactions to hedge specific tran
See Note 23 for a description of Eni s overall strategy and description of financial instruments utilized to mitigate market

The interest differentials to be received or paid on interest rate swaps, as well as interest differentials on interest rate collar
interest differentials on forward rate agreements are recognized at the date of settlement of the contract and charged to the
interest rate differentials, with the exclusion of non-current securities, are recorded in "Accrued interest and other current a
applicable until recognized in the income statement as "Financial expense and exchange differences net". Gains on exchan
income to compensate losses on exchange relating to the hedged activities.

Foreign exchange hedge derivatives are valued at the spot rate at year-end and the related gains and losses are recorded in
accrued over the life of the contract and classified as exchange differences. With reference to options, the premiums paid a
depending on the maturity of the contract.

The gains on price risk hedge derivatives are recorded in income to the extent of writedowns of hedged assets; losses are re
value attributed to them by the derivative when they are accrued, consistent with the evaluation of the hedged assets. The g
the sale of the hedged asset.

Environmental expenditures

Environmental expenditures are made in order to prevent, reduce, repair or control the environmental impact of production
useful lives and increase the production capacity or safety of fixed assets are capitalized in the appropriate fixed asset acco
incurred. Reserves for environmental contingencies are established when it becomes probable or certain that a liability has

Restructuring costs

The costs of redundancy incentives are accrued when a workforce reduction program is defined and the conditions require
also include the costs of closures of facilities and asset impairments. Such charges are recorded as extraordinary items.

Research and development costs

Research and development costs are generally expensed as incurred.

For the years ended December 31, 2002, 2003 and 2004, total research and development costs were euro 175 million, euro
million, euro 52 million and euro 47 million as capitalized costs.

Statements of cash flows

The cash flow statements are prepared in accordance with International Accounting Standards, using the indirect method.

Unless otherwise indicated, all monetary amounts in the financial statements and in these notes are presented in millions o

3 Marketable securities

Marketable securities consist of the following:

(million euro)

Investments
Other securities:
- Italian treasury bonds
- other

Investments of euro 22 million concern the shares of Saipem SpA which were purchased for stock option and stock grant p

On December 31, 2004, the due dates of other securities of euro 1,270 million were the following:

(million euro)

within 12 months
within 5 years
beyond 5 years

Securities for euro 474 million are considered coverage of technical reserves of Padana Assicurazioni SpA (euro 483 milli

4 Receivables

Receivables by type and due date consist of the following:

(million euro)	Dec. 31, 2003	
	Current	Non-current
Trade:		
- customers	9,243	233
- other	296	
	9,539	**233**
Financing	551	1,098
Other	2,787	989
	12,877	**2,320**

"Trade" receivables of euro 10,785 million increased by euro 1,013 million. This increase relates primarily to the Gas & P
Exploration & Production segments (euro 214 million).

"Financing" receivables of euro 1,418 million include loans made for operating purposes for euro 1,178 million (euro 1,40
loans made for operating purposes is primarily due to the collection of the loans made on behalf of Trans Austria Gasleitur
(euro 57 million) and to exchange rate differences of euro 78 million due to the translation of financial statements preparec

Repayment of such receivables of euro 42 million (euro 32 million at December 31, 2003) is contingent upon the outcome
converted into capital.

"Other" receivables consist of the following:

(million euro)
Accounts receivable from:
- Italian tax authorities related to:
. income tax credits
. value added tax (VAT)
. interest on tax credits
. other
- joint venture operators in exploration and production
- insurance companies
- foreign tax authorities
- Italian governmental entities
- receivables from affiliates and unconsolidated subsidiaries
Prepayments for services
Receivables relating to factoring activities
Other receivables

Receivables relating to factoring activities for euro 171 million concern Serfactoring SpA which has been included in the s

The interest rate applicable to tax credits from Italian tax authorities was 1.375% for each six month period from July 1, 20

Approximately 43.8% of Eni s non-current receivables at December 31, 2004 were denominated in currencies other than t

Eni did not have any significant concentration of credit risk as of December 31, 2003 and 2004.

The above amounts are net of the allowance for doubtful accounts, which amounts to euro 778 million, 730 million and 87
evolution of the allowance in the past three years is as follows:

(million euro)	Balance at the beginning of the year	Additions
December 31, 2002	1,277	111
December 31, 2003	875	129
December 31, 2004	730	86

5 Inventories

(million euro)	Dec. 31, 2003					
	Crude oil, gas and petroleum products	Chemical products	Work in progress long-term contracts	Other	Total	Crude an petro prod
Raw and auxiliary materials and consumables	361	205		466	1,032	
Products being processed and semi finished products	66	15		6	87	
Work in progress long-term contracts			433		433	
Finished products and goods	1,170	416		41	1,627	
Advances	7		1	106	114	
	1,604	**636**	**434**	**619**	**3,293**	

Oil and petroleum products inventories of euro 623 million represent certain minimum quantities ("compulsory stock") req
gas inventories of euro 39 million represent strategic stock (the same amount at December 31, 2003), while natural gas inv
demand (euro 465 million at December 31, 2003).

The excess of market value over the book value of crude oil, petroleum products and purchased natural gas at year-end wa

The above amounts are net of the valuation allowance amounting to euro 99 million, 107 million and 108 million at Decen
allowance in the past three years is as follows:

(million euro)	Balance at the beginning of the year	Additions
December 31, 2002	159	47
December 31, 2003	108	25
December 31, 2004	107	20

6 Fixed assets

(million euro)	Net value at Dec. 31, 2003	Investments	Depreciation	Writedown	Change in scope of consolidation
Buildings	1,795	52	(104)	(12)	(26)
Plant and machinery	25,217	2,865	(3,197)	(119)	(107)
Industrial and commercial equipment	522	149	(122)	(1)	(32)
Other assets	291	92	(102)	(1)	(5)
Fixed assets in progress and advances	8,535	3,613		(178)	(39)
	36,360	**6,771**	**(3,525)**	**(311)**	**(209)**

Capital expenditure of euro 6,771 million (euro 7,843 million in 2003) primarily relate to the Exploration & Production seg million), Refining & Marketing segment (euro 654 million) and Oilfield Services, Construction and Engineering segment (construction and drilling activity). Additional information on capital expenditure is included in the "Operating Review" of

Writedowns of euro 311 million concern primarily the Exploration & Production segment (euro 266 million), the Refining million).

The changes in scope of consolidation of euro 209 million concern, primarily, the sale of LukAgip NV (euro 95 million), A million) and Eni Nederland BV (euro 22 million). This decrease is partially offset by the inclusion in the scope of consolid

Exchange rate differences due to the translation of financial statements prepared in currencies other than euro amount to eu is the US dollar (euro 1,173 million).

Other changes for euro 371 million related primarily to the sale and elimination of businesses and assets (euro 457 million) million).

Monetary revaluations included in the gross and net value of fixed assets, amount to euro 1,067 and 76 million, respectivel December 31, 2003).

At December 31, 2004 fixed assets have been pledged for euro 482 million primarily as collateral on debt incurred by Eni

Fixed assets by segment

(million euro)
Fixed assets, gross:
- Exploration & Production
- Gas & Power
- Refining & Marketing
- Petrochemicals
- Oilfield Services Construction and Engineering
- Other activities
- Corporate and financial companies
Accumulated depreciation, amortization and writedowns:
- Exploration & Production
- Gas & Power
- Refining & Marketing
- Petrochemicals
- Oilfield Services Construction and Engineering
- Other activities
- Corporate and financial companies
Fixed assets, net:
- Exploration & Production
- Gas & Power
- Refining & Marketing
- Petrochemicals
- Oilfield Services Construction and Engineering
- Other activities
- Corporate and financial companies

7 Investments

(million euro)	Net value at Dec. 31, 2003	Acquisitions and subscriptions	Increase in value	Reduction in value	Exchange ra differences
Investments in unconsolidated subsidiaries	285	11	27	(33)	
Investments in affiliates	2,562	240	173	(184)	
Investments in other companies	313	65		(9)	
	3,160	**316**	**200**	**(226)**	

Acquisitions and subscriptions for euro 316 million concerned mainly the subscriptions of capital increase of Darwin LNG
Verwaltungsgesellschaft mbH (euro 53 million), of Albacom SpA (euro 41 million) Raffineria di Milazzo ScpA (euro 35 r
(euro 44 million, of which euro 9 million related to the subscriptions of capital increase).

Increases and reductions in value include Eni s portion of equity earnings or losses on investments accounted for under th
for under the cost method. Specifically, the increase of euro 200 million relates primarily to Trans Austria Gasleitung Gmb
million) and Azienda Energia e Servizi Torino SpA (euro 19 million); reductions for euro 226 million concern primarily th
the equity method for the receipt of dividends (euro 153 million, of which euro 31 million relate to Galp Energia SGPS SA
million to Transmediterranean Pipeline Co Ltd) and reductions of investments (euro 73 million, of which 41 million relate

Other changes for euro 90 million relate primarily to the inclusion in the scope of consolidation of Eni Gas & Power CH S
million) and Serfactoring SpA (euro 10 million) and to the sale of investments (euro 32 million).

The net value of euro 3,282 million (euro 3,160 million at December 31, 2003) consists of the following companies:

(million euro)	Dec. 31, 2003		
	Net value	Eni s interest	Accounting metho
Unconsolidated subsidiaries:			
- Transmediterranean Pipeline Co Ltd	65	50.00	equity metho
- Eni BTC Ltd	52	100.00	equity metho
- Other (*)	168		
	285		
Affiliates:			
- Galp Energia SGPS SA	602	33.34	equity metho
- Unión Fenosa Gas SA	416	50.00	equity metho
- Azienda Energia e Servizi Torino SpA	168	49.00	equity metho
- Raffineria di Milazzo ScpA	131	50.00	equity metho
- Eteria Parohis Aeriou Thessaloniki SA	151	49.00	equity metho
- EnBW - Eni Verwaltungsgesellschaft mbH	94	50.00	equity metho
- Blue Stream Pipeline Co BV	125	50.00	equity metho
- Erg Raffinerie Mediterranee Srl (a)	100	28.00	cos
- United Gas Derivatives Co	82	33.33	equity metho
- Superoctanos CA	80	49.00	equity metho
- Fertilizantes Nitrogenados de Oriente CEC	66	20.00	equity metho
- Trans Austria Gasleitung GmbH (b)	58	89.00	equity metho
- Supermetanol CA	59	34.51	equity metho
- Toscana Gas SpA	49	46.07	equity metho
- Siciliana Gas SpA	47	50.00	equity metho
- Acam Gas SpA			
- Eteria Parohis Aeriou Thessalia SA	39	49.00	equity metho
- Haldor Topsøe A/S	37	50.00	equity metho
- Distribuidora de Gas del Centro SA	36	31.35	equity metho
- Transitgas AG	32	45.99	equity metho
- Termica Milazzo Srl	23	40,00	equity metho
- Other	167		
	2,562		
Other companies:			
- Darwin LNG Pty Ltd	39	12.04	cos
- Nigeria LNG Ltd	92	10.40	cos
- Ceska Rafinerska AS	33	16.33	cos
- Interconnector (UK) Ltd	25	5.00	cos
- Discovery Producer Services Llc	28	16.67	cos
- Other (*)	96		
	313		
	3,160		

(*) Each individual amount included herein does not exceed euro 25 million.
(a) To the company was granted a call option for the purchase with a fixed contract price (see Note 23 "Other commitments").
(b) The company is a joint venture.

The net value of investments in unconsolidated subsidiaries and affiliates includes the differences between purchase price a
relate primarily to Unión Fenosa Gas SA (euro 185 million), EnBW - Eni Verwaltungsgesellschaft mbH (euro 180 million

The following are the amounts, according to Eni s interest, from the last available financial statements of unconsolidated s

(million euro)	Dec. 31, 2003
	Unconsolidated subsidiaries
Total assets	1,340
Total liabilities	1,132
Net sales	140
Operating income	5
Net income	(3)

The reserve for losses related to investments, included in the reserve for contingencies (Note 12) concerns the following co

(million euro)
Industria Siciliana Acido Fosforico - ISAF SpA (in liquidation)
Consorzio Set Sviluppo Elettrico Trecate
Caspian Pipeline Consortium R - Closed Joint Stock Company
Lasmo Petroleum Development BV
Other companies

8 Intangible assets

(million euro)	Net value at Dec. 31, 2003	Investments	Amortizatio
Organizational and financing costs	20	2	(
Costs for research and development	167	550	(6
Industrial patent right and intellectual property rights	162	60	(1
Concessions, licenses, trademarks and similar items	934	10	(1
Goodwill	1,982	13	(1
Intangible assets in progress and advances	133	75	
Other intangible assets	212	22	(
	3,610	**732**	**(1,0**

Organizational and financing costs of euro 10 million concern costs for extraordinary corporate operations, costs for settin increases.

Costs for research and development of euro 106 million concern mainly the purchase of mineral rights (euro 96 million). T year for euro 491 million (euro 632 million in 2003).

Concessions, licenses, trademarks and similar items for euro 824 million concern primarily the transmission rights for natu for mineral exploration (euro 76 million).

Goodwill of euro 1,815 million concerns primarily the Gas & Power segment (euro 788 million, of which euro 770 millior Services, Construction and Engineering segment (euro 785 million, of which euro 754 million relates to the purchase of Bo Production segment (euro 195 million relates to the purchase of Lasmo Plc, now Eni Lasmo Plc), the Refining & Marketin relate primarily to the change in the scope of consolidation following the sale of Agip do Brasil SA (euro 51 million).

Other intangible assets of euro 201 million concern primarily royalties for the use of licenses by Polimeri Europa SpA (eur million).

Changes in goodwill for the years indicated by segment are as follows:

(million euro)	Initial balance	Capital Expenditure	Depreciation Amort. charges	Change Consolid
Dec. 31, 2003				
Exploration & Production	**250**		(18)	
Gas & Power	**77**	2	(45)	
Refining & Marketing	**93**	26	(21)	
Oilfield Services Construction and Engineering	**880**		(55)	
Other segments	**7**		(2)	
	1,307	**28**	**(141)**	
Dec. 31, 2004				
Exploration & Production	**213**		(19)	
Gas & Power	**832**		(45)	
Refining & Marketing	**109**	1	(16)	
Oilfield Services Construction and Engineering	**825**	12	(53)	
Other segments	**3**		(2)	
	1,982	**13**	**(135)**	

9 Other non-current assets

Other non-current assets consist of the following:

(million euro)
Securities held as long-term assets:
- Italian treasury bonds
- other securities
Other
Deferred tax assets

Securities held as long-term assets are carried at cost, adjusted for permanent impairment, and represent security deposits f
31, 2003).

Deferred tax assets are described in Note 12 "Reserves for contingencies and deferred and other non-current tax liabilities"

10 Taxes payable

Taxes payable include the following:

(million euro)
Customs and excise duties

Income taxes payable
Other

Taxes payable of euro 2,514 million increased by euro 331 following the increase in customs and excise tax duties (euro 5
providing the anticipated payment in December of the excise tax on petroleum products sold during the second half of Dec
offset by the decrease in income taxes payable and other taxes payable (euro 189 million).

11 Debt

Short-term debt

Eni s short-term debt is composed of the following:

(million euro)

Due to:
- banks
- other financing institutions
- commercial paper
- unconsolidated subsidiaries
- affiliates

Short-term debt by currency is as follows:

(million euro)

Euro
US dollar
British pound
Norwegian kroner
Other

The average interest rate of Eni s short-term debt was 2.13% and 2.49% for the years ended December 31, 2003 and 2004

Short-term debt of euro 4,115 million decreased by euro 3,313 million. Such decrease was primarily due to the balance of
exchange rate differences related to the translation of financial statement prepared in currencies other than euro (euro 22 m
scope of consolidation of Serfactoring SpA (euro 332 million).

On December 31, 2004 Eni maintained committed and uncommitted unused lines of credit with various domestic and forei
4,647 million and euro 4,799 million, respectively, at December 31, 2003). These agreements provide for interest charges
lines of credit are not significant.

Long-term debt

Eni s long-term debt, including current maturities, as of December 31, 2003 and 2004, and the related maturity schedules

(million euro)		Dec. 31		Current maturity	
Type of debt instrument	**Maturity range**	**2003**	**2004**	**2005**	**2006**
Due to banks:					
- ordinary loans	**2005-2017**	2,722	2,167	151	47
- interest rate assisted loans	**2005-2013**	137	101	74	1
- other financings	**2005-2007**	359	286	2	5
		3,218	**2,554**	**227**	**54**
Notes of credit	**2004**	33			
Ordinary bonds	**2005-2027**	4,793	5,331	660	86
Other financing institutions	**2005-2019**	782	725	49	8
		8,826	**8,610**	**936**	**1,49**

Long-term debt of euro 8,610 million decreased by euro 216 million. Such decrease was primarily due to the effect of exch prepared in currency other than euro (euro 210 million) and to the effect of exchange rate differences on the alignment to t functional currencies (euro 57 million). The increase was partially offset by the balance of payments and liabilities (euro 2

Eni entered into financing arrangements with the European Investment Bank, relating to bank debt that requires maintenan financial statements or of a rating not inferior to A - (S&P) and A3 (Moodys). At December 31, 2003 and 2004, the amour euro 865 million and euro 1,104 million, respectively (of which, euro 300 million relating to rating). Furthermore, Saipem million, that require maintenance of certain financial ratios generally based on Saipem s consolidated financial statements these financing arrangements.

Ordinary bonds of euro 5,331 million concern primarily notes issued by Eni in its Euro Medium Term Notes program for a
euro 1,035 million. Ordinary bonds, including the issuing entity, the expiration dates and the interest rates, by currency, ar

(million euro)	Amount	Value
Issuing entity		
Euro Medium Term Notes:		
- Eni SpA	1,500	Euro
- Eni Coordination Center SA	851	British pound
- Eni Coordination Center SA	696	Euro
- Eni SpA	500	Euro
- Eni Coordination Center SA	213	US dollar
- Enifin SpA	100	Euro
- Eni Coordination Center SA	95	US dollar
- Eni Coordination Center SA	93	Japanese yen
- Eni Coordination Center SA	92	Swiss franc
- Eni Coordination Center SA	73	Euro
- Eni Coordination Center SA	52	Swiss franc
- Enifin SpA	31	Euro
	4,296	
Other bonds:		
- Eni USA Inc	294	US dollar
- Eni USA Inc	220	US dollar
- Eni Lasmo Plc (*)	212	British pound
- Eni USA Inc	147	US dollar
- Enifin SpA	129	Euro
- Eni Investment Plc	18	British pound
- Eni Finance Inc	15	US dollar
	1,035	
	5,331	

(*) The bond is guaranteed by a fixed deposit recorded under non-current receivables (euro 234 million).

Ordinary bonds due within 18 months amount to euro 953 million and concern Eni Coordination Center SA (euro 440 mill
million), Eni Investments Plc (euro 18 million) and Eni Finance Inc (euro 15 million). During 2004 Eni Coordination Cent

Long-term debt, including current maturities and average interest rates, by currency, is as follows:

	Dec. 31, 2003 (million euro)	**int**
Euro	6,235	
US dollar	1,855	
British pound	517	
Swiss franc	146	
Japanese yen	40	

Other	33
	8,826

At December 31, 2004 Eni maintains committed unused long-term lines of credit for euro 710 million (completely used at
charges based on prevailing market conditions. Commission fees on unused lines of credit are not significant.

In the normal course of business, Eni utilizes various derivative contracts to reduce risks arising from interest rate and fore
short-term debt. See Note 23 for a more detailed discussion.

Certain debt, in the amount of euro 332 million and euro 274 million at December 31, 2003 and 2004, respectively, is guar
companies and by pledges on marketable securities and fixed deposits.

12 Reserves for contingencies and deferred and other non-current tax liabilities

(million euro)	Amount at the beginning of the year	Ad
December 31, 2003		
Employee retirement and similar obligations	**128**	
Other reserves for contingencies:		
- site restoration and abandonment	1,980	
- environmental risks	1,608	
- loss adjustments and actuarial reserves for Eni s insurance companies	593	
- contract penalties and disputes reserve	211	
- restructuring or decommissioning of production facilities	304	
- losses related to investments	106	
- financial risks	8	
- reserve for redundancy incentives	42	
- other (*)	542	
	5,394	
Non-current income tax liabilities:		
- deferred taxation	2,386	
- other tax reserves	225	
	2,611	
	8,133	
December 31, 2004		
Employee retirement and similar obligations	**175**	
Other reserves for contingencies:		
- site restoration and abandonment	2,040	
- environmental risks	1,631	
- loss adjustments and actuarial reserves for Eni s insurance companies	599	
- contract penalties and disputes reserve	181	
- restructuring or decommissioning of production facilities	218	
- losses related to investments	121	
- OIL insurance		
- financial risks	5	
- reserve for redundancy incentives	65	
- other (*)	673	
	5,533	
Non-current income tax liabilities:		
- deferred taxation	2,260	
- other tax reserves	182	
	2,442	
	8,150	

(*) Each individual amount included herein does not exceed euro 50 million.

At December 31, 2004 deductions in reserves amounted to euro 568 million, of which euro 102 million related to deductio
deductions not corresponding to cash expenditures in 2004 primarily relate to: (i) the reserve created in 2002 by Stoccaggi
tariffs relating to the decision No. 26/2002 of the Authority for Electricity and Gas. Following compensation made to inter
unlikely, for this reason the residual amount of the reserve is considered to be redundant (euro 28 million); and (ii) an adju
actuarial reserve for Eni s insurance companies" arising from estimates concerning accident rates differing from actual ex
cash expenditures relate to various immaterial items.

At December 31, 2003 deductions in reserves amounted to euro 475 million, of which euro 129 million related to deductio
deductions not corresponding to cash expenditures in 2003 primarily relate to: (i) an adjustment by Padana Assicurazioni S
companies" arising from estimates concerning accident rates differing from actual experiences (euro 21 million); and (ii) a
(euro 19 million) due to the fact that previously Eni had accrued a provision for the payment of contractual penalties relate
issuing of a network code and a better interpretation of the tariff regime established by the Authority for Electricity and Ga
corresponding to cash expenditures relate to various immaterial items.

The "Site restoration and abandonment" reserve of euro 2,057 million represents primarily the estimated costs for well-plu
Other changes for euro 254 million concern primarily the transfer of the site restoration and abandonment reserve due to th
loss from the translation of financial statements denominated in currencies other than the euro (euro 27 million). The total
worldwide oil and gas properties totaled approximately euro 2,964 million at December 31, 2004 (euro 2,700 million at De

The "Environmental risks" reserve of euro 1,639 million represents primarily the estimated costs of remediation in accorda
facilities for Syndial SpA (euro 1,275 million), the Refining & Marketing segment (euro 233 million) and the Gas & Powe
primarily to the Refining & Marketing (euro 122 million) and Exploration & Production (euro 18 million) segments.

The "Loss adjustment and actuarial reserves for Eni s insurance companies" of euro 693 million represents the liabilities a
captive insurance company.

Contingent liabilities are included primarily under the caption "Contract penalties and disputes reserve".The balance of eur
matters of differing nature. Accruals have been based on Eni s best estimate of the expected probable liability.

The "Restructuring or decommissioning of production facilities" reserve of euro 179 million mainly represents the estimate
SpA (euro 157 million). Other changes relate in particular to the reclassifications to "Reserve for redundancy incentives" m

The "Reserve for losses on investments" of euro 91 million represents losses on investments incurred to date in excess of th

The "OIL insurance" reserve of euro 91 million include a provision related to the estimated charges due by Eni for the part
accidents occurred in the past 5 years.

The "Financial risks" reserve of euro 64 million includes, essentially, the charge related to the sale to British Telecom Plc o
(euro 62 million).

The "Reserve for redundancy incentives" of euro 36 million represents liabilities primarily for the Refining & Marketing se
Engineering segment (euro 9 million) and the Petrochemicals segment (euro 8 million). Other changes for euro 24 million
decommissioning of production facilities" reserve made by Syndial SpA (euro 20 million).

With respect to the foregoing liabilities, Eni does not expect any material, reasonably possible, additional loss beyond the a

"Net Deferred tax liabilities" of euro 2,533 million have already been reduced by deferred tax assets for which Eni possess
concern, primarily, the set-off, for each company, of tax assets and deferred tax liabilities (euro 220 million) and net excha
prepared in currencies other than euro (euro 51 million).

Net deferred income tax liabilities

(million euro)

Deferred income taxes
Deferred tax assets may be offset

Deferred tax assets may not be offset

The most significant temporary differences giving rise to net deferred tax liabilities are as follows:

(million euro)

Deferred tax liabilities:
- anticipated and accelerated depreciation
- differences between purchase cost and net book value of acquired consolidated companies
- reserve for uncollectable receivables
- reserves for accelerated contingencies
- gains taxable in the future
- distributable reserves subject to taxes
- other
Deferred tax assets:
- accruals for doubtful accounts and reserve for contingencies
- tax loss carryforwards
- asset revaluations as per Law 342/2000
- investment revaluations in accordance with Law 292/1993 and the allocation of the merger difference arising from the merger of Agip SpA into Eni SpA
- asset revaluations as per Law 448/2001
- losses of investments and subsidiaries in excess of currently allowable tax deductions
- future deductible amortization
- writeoffs of tangible, intangible assets and or inventories deductible in the future
- other
Less:
Valuation allowance
Net deferred tax liabilities

The valuation allowance for deferred tax assets (euro 3,330 and 3,018 million for the years ending December 31, 2003 and
accumulated fiscal losses which are not expected to be recovered against future fiscal profits and to temporary differences

Tax loss carryforwards

Under Italian tax regulations, losses may be carried forward for up to five years, with the exception of the losses suffered i
non-Italian tax loss carryforwards, the period generally averages up to 5 years, with a significant portion having no expirat
companies and an average rate of 36% for foreign companies.

Gross tax loss carryforwards of euro 3,413 million expire as follows:

(million euro)

2005
2006
2007
2008
2009
over 2009
without expiration

Tax loss carryforwards expected to be utilized amount to euro 295 million and relate primarily to foreign companies (euro
73 million.

Other tax reserves of euro 235 million include primarily estimated charges for unsettled tax claims related to uncertain app
Exploration & Production segment. All tax years prior to 1999 have been settled, for direct taxes, with Italian tax authoriti
for foreign companies is more complex, however, with a few exceptions, all tax years prior to 1999 have been settled.

13 Shareholders equity

Share capital

Eni SpA had 4,004,424,476 shares (nominal value euro 1 each) fully paid-up as of December 31, 2004 (4,002,922,176 at D
corresponding to 63.84% are publicly held; (ii) 813,443,277 shares, corresponding to 20.31% are held by the Ministry of E
10% are held by Cassa depositi e prestiti SpA; (iv) 234,394,888 shares, corresponding to 5.85% are held by Eni SpA. Duri
issued under the stock grant plan following the expiration of the plan issued in 2001 (1,344,750 shares) and the agreed term
which 112,450 shares related to the plan issued in 2001 and 45,100 shares related to the plan issued in 2002).

Reserves

The legal reserve of Eni SpA represents earnings restricted from the payment of dividends pursuant to the Italian Civil Cod
income of any year, an amount equal to 5% of the net income of Eni SpA, as recorded in Eni SpA s statutory financial sta
reserve is equal to one-fifth of the nominal value of Eni SpA s issued and outstanding share capital. Such dividend restrict

Reserves include amounts received from the Ministry of Economy and Finance to reimburse Eni SpA for principal and inte
which under Laws No. 730/1983, No. 749/1985 and No. 41/1986, were obligations of the Government.

The "Reserve for the issue of shares in accordance with Article 2349 of the Italian Civil Code" contains earnings destined t
31, 2004 the number of shares to assign for no consideration is 938,000 shares nominal value 1 euro (2,443,050 shares at D

Exchange rate differences due to the translation of financial statements prepared in currencies other than euro amounted to
whose functional currency is the US dollar.

As provided by Italian law, dividends may be paid by Eni SpA only out of retained earnings plus distributable reserves and
allocated to the legal reserve in the subsequent year.

Approximately euro 23,300 million was unrestricted as to payment of dividends at December 31, 2004, a portion of which
euro 20 million have been recorded in relation to the reserves expected to be distributed.

Treasury shares

Treasury shares amount to euro 3,229 million (euro 3,164 million at December 31, 2003) and consist of 234,394,888 ordin
ordinary shares nominal value euro 1 as of December 31, 2003). Such shares are valued at cost and have been repurchased
Eni s shareholders meeting.

Reconciliation of statutory net income and shareholders equity to consolidated net income and shareholders equi

The statutory financial statements of subsidiaries reflect certain tax-driven entries. In addition, Eni SpA s statutory financi companies.

Adjustments are made in consolidating the statutory accounts of Eni SpA and subsidiary companies to reflect the consolida accounting and reporting policies. In addition, adjustments are made to eliminate the effects of certain tax-driven entries ap accounts.

The reconciliation of net income and shareholders equity as reported in Eni SpA s statutory financial statements to those

(million euro)	Net income		
	2002	**2003**	
As recorded in Eni SpA s financial statements	**3,880**	**2,850**	**4,(**
Treasury shares			
Difference between the equity value and result of consolidated companies and the equity value and result of consolidated companies as accounted for in Eni SpA financial statements	1,049	2,118	4,5
Consolidation adjustments:			
- difference between cost and underlying value of equity	(83)	(169)	(1
- elimination of tax adjustments and compliance with accounting policies	1,261	1,453	(2,7
- elimination of unrealized intercompany (profits) losses	(1,024)	132	(1
- deferred taxation	120	(138)	1,3
- other adjustments	19	(92)	3
	5,222	**6,154**	**7,8**
Minority interest	(629)	(569)	(6
As recorded in consolidated financial statements	**4,593**	**5,585**	**7,2**

In 2004, other adjustments of net income of euro 360 million include euro 311 million, which is related to the fact that the 9.054% of the share capital of Snam Rete Gas SpA were higher in the consolidated financial statements than in Eni SpA fi

14 Net sales from operations

Net sales from operations are as follows:

(million euro)	
Gross sales from operations	
Change in contract work in progress	
Less:	
- excise tax	
- services billed to joint venture partners	

Net sales from operations for the three years ending December 31, 2004, are netted of euro 1,763 million, euro 1,490 milli
associated with crude oil and refined products.

15 Purchases, services and other

Purchases, services and other include the following:

(million euro)

Production costs-raw, ancillary and consumable materials and goods
Production costs-services
Lease, rental and royalty expenses
Other expenses
less:
- services billed to joint venture partners
- capitalized direct costs associated with self-constructed assets
- repayment of royalties
- personnel seconded

Lease, rentals and royalty expenses include royalties on hydrocarbons extracted for euro 508 million, euro 538 million and

Production costs-raw, ancillary and consumable materials and goods for the three years ending December 31, 2004, 2003 a
euro 1,511 million, respectively, for buy/sell contracts associated with crude oil and refined products.

16 Payroll and related costs

Payroll and related costs are analyzed as follows:

(million euro)

Wages and salaries
Social security contributions
Employee termination indemnities
Pensions and similar obligations
Other costs
Plus:
- personnel seconded
Less:
- revenues related to personnel costs
- capitalized direct costs associated with self-constructed assets

17 Depreciation, amortization and writedowns

Depreciation, amortization and writedowns consist of the following:

(million euro)

Depreciation and amortization:
- intangible assets
- fixed assets
Writedowns:
- intangible assets
- fixed assets
Less:
- direct costs associated with self-constructed assets

18 Financial income (expense) and exchange differences, net

Financial expense and exchange differences, net, consist of the following:

(million euro)

Interest and other financial income
Securities gains
Interest and other financial expense
Exchange differences, net
Less:
- interest capitalized

Interest and other financial expense of euro 729 million include the charge related to the sale to British Telecom Plc of a cr
62 million).

19 Other income (expense) from investments

Other income (expense) from investments consists of the following:

(million euro)

Income from equity investments
Dividends
Gains on disposals
Other revaluation of investments
Writedown of investments
Other

20 Extraordinary income (expense)

Extraordinary income (expense) consists of the following:

(million euro)

Extraordinary income
Gains on disposals
Other extraordinary income
Extraordinary expense
Restructuring cost:
- provisions for risks
- cost of redundancy incentives
- writedowns of fixed assets
Other extraordinary expenses

2004 Extraordinary items

Gains on disposals of euro 661 million concern primarily: (i) the sale to Mediobanca SpA of shares representing 9.054% o
the sale of the oil and LPG products distribution company Agip do Brasil SA (euro 94 million); (iii) the sale of a business
sale of service stations in the Refining & Marketing segment (euro 12 million).

Provisions for risks of euro 601 million relate primarily to: (i) charges for environmental remediation of Syndial SpA (euro million); (ii) provisions for future risks related to the estimated charges due by Eni for the participation in the mutual insur years (in particular, to substantial damages recorded in 2004).This amount will be paid in the next 5 years (euro 91 million guarantees given in relation to sale transactions in the Refining & Marketing segment (euro 64 million); (iv) provisions for and restructuring costs (euro 14 million) in relation to the rationalization of the presence of the Exploration & Production s inactive sites in Syndial SpA (euro 20 million).

Redundancy incentives of euro 54 million concern primarily the Refining & Marketing segment (euro 20 million), the Gas (euro 6 million) and the Corporate and financial companies segment (euro 11 million).

Writedowns and losses of euro 20 million concern essentially the writedown of the Fornovo plant following the reorganiza

2003 Extraordinary items

Gains on disposals relate to the sale of investments, businesses and fixed assets as a result of restructuring activities. In par sale of service stations and land in the Refining & Marketing segment (euro 237 million) and the sale of fixed assets and th million).

Other extraordinary income of euro 273 million relate primarily to the compensation paid by Edison SpA to Syndial SpA i reserves for excess provisions and the definition of legal proceedings (euro 47 million, of which euro 38 million relating to

Provisions for risks of euro 248 million relate primarily to charges for environmental remediation of Syndial SpA (euro 82 and to future operating costs of inactive sites in Syndial SpA (euro 48 million).

Redundancy incentives of euro 116 million concern primarily the Petrochemical segment (euro 37 million), the Refining & (euro 15 million) and the Oilfield Services, Construction and Engineering segments (euro 15 million).

Writedowns and losses of euro 66 million include the loss of concessions for highway service stations (euro 35 million) an million).

2002 Extraordinary items

Gains on disposals relate to sales of investments, businesses and fixed assets as a result of restructuring activities. In partic the sale of service stations in the Refining & Marketing segment in Italy (euro 127 million); (ii) the sale of the share capita (euro 28 million, of which euro 21 million related to the Gas & Power segment); (iv) the sale of consolidated businesses (e

Other extraordinary income of euro 112 million relates primarily to the release of excess reserves, the conclusion of legal p for essentially in the Petrochemicals (euro 72 million), Gas & Power (euro 23 million) and Refining & Marketing (euro 13

Provisions for risks of euro 157 million relate primarily to environmental restoration and to charges for restructuring and d Petrochemicals (euro 71 million) segments.

Redundancy incentives of euro 114 million concern primarily the Petrochemical segment (euro 34 million), the Gas & Pov (euro 25 million) and the Oilfield Services, Construction and Engineering segments (euro 14 million).

Writedowns and losses of euro 55 million include the writedown of fixed assets in the Petrochemical segment (euro 23 mil Mediterranee Srl (euro 22 million) and the loss on the disposal of consolidated businesses and fixed assets (euro 10 millior

21 Income taxes

(million euro)

Current taxes:

- Italian subsidiaries
- foreign subsidiaries operating in the Exploration & Production segment
- other foreign subsidiaries
Less:
- Tax credits on dividend distributions not offset with current tax payment
Deferred taxes:
- Italian subsidiaries
- foreign subsidiaries operating in the Exploration & Production segment
- other foreign subsidiaries

Income taxes payable of euro 1,138 million relate to Ires (National income tax) for euro 863 million and Irap (Regional inc
million.

The effective tax rate is 37.1% compared with a statutory tax rate of 38.5%, calculated by applying a 33% tax rate (Ires) to
production as provided for by Italian laws.

The difference between the statutory and effective tax rate is due to the following factors:

(%)
Statutory tax rate
Items increasing (decreasing) statutory tax rate:
- higher (lower) foreign subsidiaries tax rate
- permanent differences
- revaluation of anticipated taxes
- effect of the application of Law No. 448/2001
- effect of the application of Law No. 342/2000
- tax benefit due to the application of favorable tax laws
- effect of the budget Law 2004
Other
Effective tax rate

Permanent differences in 2004 concern mainly the gain recorded in the consolidated financial statements due to the sale of
tax benefit due to the application of Law No. 448/2001 relates to Stoccaggi Gas Italia SpA that aligned the tax bases of the
conferral value by paying a discounted tax rate of 9%. In 2004, Eni recognized deferred tax assets on natural gas inventori
considered to not be recoverable with reasonable certainty in the future, as Law No. 170/1974 did not envision limits for th
was approved, that provided that the holder of a storage concession can have only two extensions of 10 years, therefore the
assets. The recording of deferred tax assets follows the inclusion of Syndial SpA in the Consolidato fiscale nazionale (Nati
deferred tax assets deriving mainly from reserves for contingencies and the writedown of fixed assets that were not fiscally
are due to the application of the budget Law for 2004 that allowed companies to revalue the assets within certain limits ma

22 Earnings per share

Earnings per share is calculated by dividing "Net income" by the weighted-average number of shares issued and outstandi

In order to compare earnings per share in the years presented, the number of shares issued through stock grants made in 20
in the years 2002 and 2003. Based on this criterion, the number of shares outstanding was 3,828,447,971, 3,779,938,557 a

The dilutive effect of potential ordinary shares on earnings per share, when stock options and stock grants, are converted i

23 Commitments and contingencies

Derivative financial instruments

Eni operates internationally in the oil and natural gas, electricity generation, petrochemicals and oilfield services, construct
market risks from changes in interest rates, foreign exchange rates and commodity prices.

Derivative financial instruments are utilized by Eni to reduce these risks, as explained below.

Eni s treasury activities are managed primarily by two captive finance companies operating in the Italian and internationa
reduce foreign exchange rate risk to a minimum level by coordinating their operations with such finance companies.

Eni s Board of Directors has defined a policy that requires the Treasury Department of Eni SpA to determine the maximum
assumed by Eni s finance companies. Such policy also defines the eligible counterparties in derivative transactions. As far
calculation and measurement techniques followed by Eni s finance companies are in accordance with established banking
However, the tolerable level of risk adopted by such companies is more conservative than that defined by the Basel Comm
compliance with Eni s policy, as well as the correlation between the indicators adopted for measuring of the tolerable risk

Eni does not enter into derivative transactions on a speculative basis.

(a) Notional amounts and credit exposures of derivatives

The notional value of a derivative is the contractual amount on the basis of which the differentials are exchanged; this amo
quantities basis (such as barrels, tonnes, etc.). The amounts expressed in foreign currency are converted into euro applying

The notional amounts of derivatives summarized in the sections that follow do not represent amounts exchanged by the pa
amounts exchanged are calculated on the basis of the notional amounts and the other terms of the derivatives, which relate
the credit exposure of interest rate, foreign exchange and commodity contracts is represented by the fair value of contracts
master netting agreements. Eni s Board of Directors has approved policies which provide guidelines related to the criteria
financing investments, including purchases of securities. Although Eni is exposed to credit-related losses in the event of no
instruments, it does not expect any counterparties to fail to meet their obligations given the high credit standings of such co

(b) Interest rate risk management

Eni enters into various types of interest rate contracts in managing its interest rate risk, as indicated in the following table:

(million euro)

Interest rate swaps
Interest rate collars

Eni enters into interest rate derivatives, particularly interest rate swaps, to alter interest rate exposures arising from mismat
diversify sources of funding. Under interest rate swaps, Eni agrees with other parties to exchange, at specified intervals, th
agreed notional principal amount and agreed fixed or floating interest rates.

The following table indicates the types of interest rate swaps used and their weighted-average interest rates and maturities.
change significantly, affecting future cash flows.

The comparison between weighted-average receive rate and weighted-average pay rate does not represent the result of deri
hedged operation.

Receive-fixed/Pay-floating swaps-notional amount	(m
- weighted average receive rate	
- weighted average pay rate	
- weighted average maturity	
Receive-floating/Pay-floating swaps-notional amount	(m
- weighted average receive rate	
- weighted average pay rate	
- weighted average maturity	
Pay-fixed/Receive-floating swaps-notional amount	(m
- weighted average pay rate	
- weighted average receive rate	

- weighted average maturity

Eni uses interest rate collars to manage its interest rate risk. An interest rate collar is a combination of options that enable a
zero-cost collars that do not require payment of an option premium. At year-end 2004 Eni holds a single interest rate collar

(c) Foreign exchange risk management

Eni enters into various types of foreign exchange contracts in managing its foreign exchange risk, as indicated in the follov

(million euro)

Forward exchange contracts
Purchased options

Eni uses forward exchange contracts primarily to hedge existing receivables and payables, including deposits and borrowin
involve the exchange of currencies other than the local currency, according to the needs of foreign consolidated subsidiarie
notional value. The term of forward exchange contracts is normally not longer than one year. The increase of euro 2,336 m
SpA s transactions in order to hedge financial short-term payables of Eni Coordination Center SA (euro 1,785 million).

Eni generally uses a combination of currency options that enable a predetermined risk rate band, related to expenses denon
options, purchased in the over-the-counter market for a premium, provide Eni with the right to buy or sell an agreed amour
period. The decrease of euro 459 million is essentially due to the expiration of options of the Oilfield Services, Constructio
segment (euro 144 million).

The table below summarizes, by major currency, the contractual amounts of Eni s forward exchange and option contracts.

(million euro)	Dec. 31, 2003
	Buy
US dollar	1,019
British pound	1,432
Norwegian kroner	140
Euro	100
Japanese yen	99
Swiss franc	177
Other	3
	2,970

(d) Commodity price risk management

Exchange traded crude oil and petroleum product derivative instruments are used to minimize the commodity price volatili

In natural gas trading activity, Eni uses exchange traded crude oil forward contracts with the aim of hedging the risk relate
purchase price of such hedging instruments is determined on the basis of a price basket with an indexation to petroleum pr

In refining and marketing activities of petroleum products, Eni uses derivative instruments with the aim of reducing the ris
in the period between the purchase of crude oil, the refining and the trade of finished products.

The expiration date of contracts is less than 1 year.

The table below summarizes trade derivative contracts at December 31, 2003 and 2004.

		Dec. 31, 2003
		Buy
Crudes	(barrels)	6,629,544
Oil products	(tonnes)	159,849
Oil products	(gallons)	
Electrical energy	(megawatthour)	

(e) Sales of government bonds

Eni sold Italian Government bonds to investors, primarily employees, and simultaneously entered into interest rate swaps w
such Italian Government bonds and pays a floating rate of interest linked to Euribor (Europe Interbank Offered Rate). Such
value plus related interest with the simultaneous cancellation of the related swaps. Eni also entered into an interest rate swa
which is considered more favorable for its floating rate commitment to its investors. At December 31, 2003 and 2004, euro

securities remained in the hands of employees. For accounting purposes, this transaction was treated as a sale of the bonds

Guarantees

Guarantees have been given by Eni to third parties. At December 31, 2003 and 2004, these guarantees were as follows:

(million euro)	At Dec. 31, 2003				
	Unsecured guarantees	**Other guarantees**	**Secured guarantees**	**Total**	**Uns gua**
Unconsolidated subsidiaries	7	302		309	
Affiliated companies	30	1,685	77	1,792	
Consolidated companies	4,894	6,090		10,984	
Others		198		198	
	4,931	**8,275**	**77**	**13,283**	

Unsecured guarantees and other guarantees given on behalf of unconsolidated subsidiaries and affiliated companies of euro consist primarily of: (i) unsecured guarantees, letters of patronage and other guarantees given to banks in relation to loans a million at December 31, 2003), of which euro 731 million related to a contract released by Snam SpA (now merged in Eni financing institutions (euro 686 million as of December 31, 2003) and euro 404 million relating to unsecured guarantees gi company controlled by Unión Fenosa Gas SA, (euro 238 million at December 31, 2003); (ii) unsecured guarantees and lett performance and bid bonds for euro 214 million (euro 242 million as of December 31, 2003); (iii) the fulfilment of obligat of Eni Middle East BV against the contractual commitments with the Government of the Kingdom of Saudi Arabia for eur (euro 104 million at December 31, 2003) given on behalf of Unión Fenosa SA and Unión Fenosa Gas SA (Eni s interest 5 commitments related to the results of operations of Unión Fenosa Gas SA; (v) unsecured guarantees given to third parties i Libya for euro 17 million (euro 160 million at December 31, 2003). The decrease of euro 143 million regards primarily the euro 40 million (euro 77 million at December 31, 2003), relate to mortgages, liens and privileges granted to banks in conne December 31, 2004, the underlying commitment covered by such guarantees was euro 1,825 million (euro 1,959 million as

Guarantees given on behalf of consolidated companies of euro 14,609 million (euro 10,984 million as of December 31, 200 same amount as of December 2003) given by Eni SpA to Treno Alta Velocità - TAV SpA for the proper and timely compl CEPAV (Consorzio Eni per l Alta Velocità) Uno consortium; consortium members gave Eni liability of surety letters and work; (ii) parent company guarantees given relating to contractual commitments for hydrocarbon exploration activities for (euro 1,186 million at December 31, 2003). The increase of euro 3,415 million was primarily due to an increase in the guar relating to contractual commitments for hydrocarbon exploration activities in the Republic of Kazakhstan for euro 3,329 m and performance bonds for euro 2,977 million (euro 2,841 million as of December 31, 2003); (iv) VAT recoverable from t December 31, 2003); (v) insurance risk for euro 396 million reinsured by Eni (euro 379 million as of December 31, 2003). 9,882 million as of December 31, 2004 (euro 7,930 million as of December 31, 2003).

Other guarantees given to third parties for euro 174 million (euro 198 million as of December 31, 2003) regard essentially: institutions in relation to loans and lines of credit on behalf of subsidiaries and companies sold for euro 95 million (euro 96 given on the behalf of Unión Fenosa SA and Unión Fenosa Inversiones SA in relation to contractual commitments related for euro 41 million (euro 73 million at December 31, 2003). The underlying commitment covered by such guarantees was December 31, 2003).

Other commitments

Other commitments and potential risks consist primarily of:

- Obligations for purchase and sale of fixed assets of euro 324 million (euro 355 million as of December 31, 2003) relate million (euro 181 million as of December 31, 2003) and investments for euro 141 million (euro 174 million as of Dece related to marketable securities concerned the placement on the market of securities managed by Sofid Sim SpA. This investors, primarily employees, and simultaneously entered into interest rate swaps with such investors wherein it rece Government bonds and pays a floating rate of interest linked to Euribor. Such investors may sell their securities back to

related interest with the simultaneous cancellation of the related swaps. Against the commitment related to interest rate
more profitable than the one renown by the shareholders. Obligations relating to investments concerned primarily the c
purchase of a 28% share of Erg Raffinerie Mediterranee SpA for euro 100 million (the same amount as of December 3

- Commitments of euro 319 million (euro 379 million as of December 31, 2003) primarily related to: (i) a memorandum whereby Eni has agreed to invest, also on account of Shell Italia E&P SpA, euro 206 million in the future in connectio Val d Agri (euro 217 million as of December 31, 2003); (ii) agreements for the area of Porto Marghera between Syndi employee and trade groups whereby Syndial SpA has committed to invest approximately euro 90 million (euro 149 mi further develop the chemical segment and protect the environment with respect to the Porto Marghera plant.
- Risks of euro 1,151 million (euro 902 million as of December 31, 2003) are primarily associated with: (i) contractual a investments and businesses of Eni for euro 406 million (euro 400 million as of December 31, 2003); (ii) potential risks parties under the custody of Eni for euro 551 million (euro 317 million as of December 31, 2003). The euro 234 millio natural gas volumes stored by Stoccaggi Gas Italia SpA (euro 236 million); (iii) environmental damages for euro 137 n 2003); (iv) tax proceedings for euro 37 million (euro 18 million as of December 31, 2003).
- Non-quantifiable risks related to contractual assurances given to acquirors of investments against certain unforeseeable contributions and environmental matters applicable to periods during which such investments were owned by Eni. Eni adverse effect on its consolidated financial statements.

Legal proceedings

Eni is a party to a number of civil actions and administrative proceedings arising in the ordinary course of business. Based existing risk reserves, Eni believes that the foregoing will not have an adverse effect on Eni s consolidated financial stater

Following is a description of the most significant proceedings currently pending; unless otherwise indicated below, no pro that negative outcomes are not probable or because the amount of the provision is not reasonably quantifiable.

Environment

Eni SpA

In 1997, Grifil SpA summoned AgipPetroli SpA (merged into Eni SpA in 2002) before the Court of La Spezia. Grifil requ the La Spezia refinery (which was closed in 1985), sold to it in 1996 by Italiana Petroli SpA and later merged into AgipPe million. At the end of 2002 Grifil and AgipPetroli reached an agreement under the terms of which AgipPetroli had to pay h independent appraisal at euro 19 million, with AgipPetroli s share corresponding to a maximum of euro 9.5 million, Grifi renounce any claims against Eni. Grifil did not fulfill its obligations to remediate the polluted soil; however, maintaining th Eni decided to remediate the polluted soil with the assistance of a company interested in developing the parcel of land. The still pending. On January 7, 2004 the Municipality of La Spezia put Eni in possession of the area and from that date Eni sta requested the conservative seizure of Grifil s land parcel, up to a maximum value of euro 19 million. With two administra respectively, the Court of Genova declared the right of Eni legitimate, based on the sale contract stipulated between Italian that Eni will incur as Grifil did not fulfil its obligation. The judge closed the inquiry phase and stated that the judgment ca 2005. As for the value attributable to the conservative seizure of Grifil s land parcel (up to a value of euro 19 million), the with the court, in which the amounts paid are recognized. The contract with an international company specializing in reme the Court. In order to preserve Grifil s asset as a way to recover its credit versus Grifil, Eni, which is paying for the remed waiting for the Court s ruling, Grifil will not be able to sell the land parcel to third parties. Recently, this international con for the remediation of this land parcel on the basis of new information regarding the level of soil pollution. This new estim been accrued to the risk reserve.

In 1999, the public prosecutor of Gela started an investigation in order to ascertain alleged soil and sea pollution caused by 2002, "Italia Nostra" and the association "Amici della Terra" filed civil claims related to this proceeding and requested the July 2003, the relevant Court decided for the transmission of the inquiries to the public prosecutor, recognizing a violation corruption). The preliminary hearing was carried out on May 24, 2005. The next hearing is scheduled on October 18, 2005

In 2000, the public prosecutor of Gela started an investigation on alleged prohibited emissions from the refinery of Gela, w number of citizens of Gela, and on a lack of declaration of such emissions in violation of Presidential Decree No. 203 of 1 from 1997. The Municipality of Gela, the Province of Caltanissetta and others filed civil claims in this proceeding and requ 878 million. The judgment of first degree before the Court of Gela is pending.

In 2002, the public prosecutor of Gela started an investigation in order to ascertain alleged pollution caused by emissions o (former EniChem SpA) and Raffineria di Gela SpA. An inquiry phase was closed on July 2, 2003. Some local public entiti On January 17, 2005, a second inquiry phase commenced in 2003 to ascertain which sort of emissions had eventually prod completed.

In March 2002 the public prosecutor of Siracusa started an investigation concerning the activity of the refinery of Priolo fo
requested a technical opinion, not yet concluded, to ascertain alleged infiltrations of refinery products into the deep water-l
Priolo area. The proceeding is still in the preliminary investigation phase. In consideration of the complexity of the investi
cause, the origin and the extension of the infiltration. For protective purposes, actions have been taken to: (i) create safety
for drinking water in an area farther from and higher than the industrial site; and (iii) install a purification system for drink
on the storage tanks that had been seized on April 17, 2003, except for five storage tanks that are still under seizure.

In June 2002, in connection with a fire in the refinery of Gela, a penal investigation began concerning arson, environmenta
first hearing was held for an immediate decision. The proceeding is pending.

In 2002, the public prosecutor of Gela started a penal investigation concerning the refinery of Gela to ascertain the quality
the prosecutor asked to ascertain the state of the refinery s storage tanks and the presence of infiltrations of refinery produ
tanks. The investigation concerns the environmental rules about the pollution of water and soil and illegal disposal of liqui
the Court for preliminary investigation, in agreement with a request of the public prosecutor of Gela, had already ordered t
activity at the refinery of Gela in November 17, 2003 following the inquiry phase and many investigations, inspections anc
preliminary investigation. These experts declared there had been no reasonable loss of products from storage tanks. Therea
the facility to restart of the on January 19, 2004. Following this, another 38 tanks were reopened, 12 remained under seizur

In relation to the investigations concerning a subsidence phenomenon allegedly caused by hydrocarbon exploration, on Ma
Nucleo Operativo Ecologico dei Carabinieri of Venice placed under preliminary seizure the Dosso degli Angeli, Angela/A
platforms. On June 10, 2004 the Court responded to the claim filed by Eni and lifted the seizure of the Angela/Angelina - I
March 10, 2005, the Supreme Court confirmed the decision of the Court of Rovigo lifting the seizure on Eni s fields, thus
February 5, 2003, a seizure had already been applied to the Naomi/Pandora platform, the Naomi 4 Dir, Naomi 2 Dir and 3
transportation of gas to the Casalborsetti facility. Eni believes it has always acted in full compliance with existing laws und
of the consultants of the Court of Rovigo on which the Public Prosecutor based his case, Eni constituted an independent an
Boschi, professor of seismology at the Università degli Studi di Bologna and chairman of the Istituto nazionale di geofisic
international experts of subsidence caused by hydrocarbon exploration, with the aim of verifying the size and the effects a
phenomenon in the Ravenna and North Adriatic area both on land and in the sea. The commission produced a study which
damage to the environment. It also states that no example is known anywhere in the world of accidents that caused harm to
production. The study also shows that Eni employs the most advanced techniques for the monitoring, measuring and contr

EniPower SpA

In autumn 2004 the Public Prosecutor of Rovigo started an investigation for alleged crimes related to unauthorized waste r
Loreo and from EniPower s site in Mantova are currently being examined.

Polimeri Europa SpA

In 2002, the public prosecutor of Gela started a criminal action in order to ascertain alleged illegally discharge of effluents
Syndial SpA (former EniChem SpA) and Raffineria di Gela SpA. In January 2005, the Court for preliminary investigation
close this proceeding against all the defendants.

Before the Court of Gela two criminal actions took place, one in relation to the activity of the F3001 furnace and the other
cases the accused were found guilty. For the proceeding concerning the F3001 furnace the sentence was passed to the civil
Caltanissetta Province. Eni appealed the Court s decision.

Syndial SpA (former EniChem SpA)

In 1992, the Ministry of Environment summoned EniChem SpA and Montecatini SpA before the Court of Brescia. The Mi
for the alleged pollution caused by the Mantova plant from 1976 until 1990, and provisionally, in case there was no possib
The amount is going to be determined during the proceeding, but it will not be lower than euro 136 million, or determined
Mantova plant in June 1989, as part of the Enimont deal. Edison SpA must hold Eni harmless or pay compensatory damag
Montedison s sale, even if the damage occurred later.

In 1997, an action was commenced before the Court of Venice concerning the criminal charges brought by the Venice pub
plant starting in the 1970s until 1995 and for the alleged pollution and health damage resulting therefrom. On November 2
against the decision was presented by the public prosecutor, the State Attorney on behalf of the Ministry of Environment a
other entities and 48 individual persons. On December 15, 2004 the Venice Court of Appeals confirmed the preceding judg
defendants of Eni and Syndial, the Court of Appeals decided not to proceed due to the statute of limitations for some crime
All plaintiffs appealed this decision before the court of final instance. Eni recorded a provision to the risk reserve for this l

In 2000, the Public Prosecutor of Brindisi started a criminal action against 68 persons who are employees or former emplo
manufacture of dichloroethane, vinyl chloride monomer and vinyl polychloride from the early 1960s to date, some of whic
preliminary investigation phase, the Public Prosecutor asked the dismissal of the case in respect of the employees and the r
not yet given his opinion. The relevant hearing is set for September 23, 2005.

On December 18, 2002 EniChem SpA, jointly with Ambiente SpA and European Vinyls Corporation Italia SpA, was summ
province requested compensation for environmental damages, not quantified, caused to the lagoon of Venice by the Porto
proceedings against employees and managers. In a related action, European Vinyls Corporation Italia presented an action f
damage of the Province of Venice and that of EVC Italia to EniChem and Ambiente have not been quantified. In 2004, the
the next hearing is set on December 9, 2005.

On January 16, 2003 the Court of Siracusa issued personal cautionary measures against some employees of EniChem SpA
relating to the production, disposal and treatment of liquid and solid waste materials and of obtaining illicit income. Polim
attorneys. The collection of evidence effected before the hearing starts in Court has been concluded and preliminary invest

Press reports have suggested that the Public Prosecutor of Siracusa has started preliminary investigations on alleged malfo
food.

On April 14, 2003 the President of the Regional Council of Calabria, as Delegated Commissioner for Environmental Emer
SpA related to environmental damages for about euro 129 million and to financial and non-financial damages for euro 250
Pertusola Sud SpA (merged into EniChem) in the area of Crotone. On June 6, 2003 EniChem appeared before the court an
payment of the total costs for the remediation works already underway. The relevant hearing is set on July 5, 2005 in order
entered the proceeding, claiming environmental damages for euro 300 million. Syndial was notified on October 21, 2004 o
Milan in order to obtain a preliminary damage payment, in anticipation of the expiration of the special office for managing
for over euro 800 million. The first hearing is set on July 5, 2005.

In March 2004, Sitindustrie SpA, which in 1996 purchased a plant in Paderno Dugnano from Enirisorse (now merged into
requesting to establish the responsibility of Syndial SpA in the alleged pollution of soils around the plant and to require it t
opposed the claim based on an absence of the right of action of the plaintiff. The judge has not yet decided on Syndial s o

In October 2004, Sitindustrie SpA started an analogous proceeding against Syndial concerning the plant for the manufactu
relevant hearing is set on November 10, 2005; parties are allowed to submit memoranda prior to the hearing.

In May 2003 the Minister of the Environment summoned Syndial SpA before the Court of Turin and requested environme
pollution in the Lake Maggiore caused by the Pieve Vergonte plant. On September 23, 2004 the judge summoned the parti
hearing of March 25, 2005 the judge acquired the memoranda of both parties; the decision is still pending.

The municipality of Carrara started an action at the Court of Genova requesting to Syndial SpA the remediation and reesta
site and the payment of environmental damage. This request is related to an accident occurred in 1984, as a consequence o
SpA), at the time owner of the site, had carried out safety and remediation works. The Ministry of the Environment joined
a minimum of euro 53.5 million to a maximum of euro 78.5 million to be broken down among the various companies tha
called into the action as a guarantor, Rumianca SpA, Sir Finanziaria SpA and Sogemo SpA. A technical survey requested b
environmental damage to the site.

Tax Proceedings

Eni SpA

With a decree dated December 6, 2000 the Lombardia Region decided that natural gas used for electricity generation is sul
SpA (merged into Eni SpA in 2002) will substitute for the tax authorities in its collection from customers. Given interpreti
distributing companies are expected to pay this excise tax without paying any penalty. Snam SpA and the other distributing
generation is not subject to this additional excise tax. For this reason, an official interpretation has been requested from the
2001, the Ministry confirmed that this additional excise tax cannot be applied. The Region decided not to revoke its decree
carried out by Snam, the Council of State decided on March 18, 2002 that the jurisdiction of the Administrative court did n
Eni will challenge this request in the relevant Court. The Lombardia Region decided with regional Law No. 27/2001 that n
requested the payment of the additional taxes due before that date. The period of foreclosure for the formal assessment of t
will be requested until December 31, 2006.

During 2003, the Customs District of Taranto sent 147 formal assessments and amendments to bills of entry for finished pr
Taranto refinery in 2000, 2001 and 2002 to Eni SpA, as the successor entity of AgipPetroli SpA following its merger into E
duties not paid by the company because the imported products were not yet finished goods, but were destined to processing
assessment does not contain the determination of any administrative penalties provided for by customs rules. The penalty c
notification is based on the fact that the company does not have the administrative authorization to utilize the customs exen
Circular 20/D/2003, started a proceeding for an administrative resolution, according to the customs rules. The company ask
of the received assessments as a measure of self-protection. With a decision of November 26, 2004 the Regional Director a
formal assessments.

On March 12, 2004 the Comando Nucleo Regionale Polizia Tributaria of Puglia notified a verbal action of observation to t
and falsification of accounts for the same imports, already subjected to the previous assessments of the Customs District of
February 2003. The verbal action made by a Fiscal Officer, sent to the Public Prosecutor in the Court of Taranto, reclaims
offense of smuggling, there is a penalty from two to ten times the amount of tax not paid. The notification is based on the s
Customs District of Taranto, that was concluded in favor of Eni by the Regional Director.

Agip Karachaganak BV

In July 2004 relevant Kazakh authorities informed Agip Karachaganak BV and Agip Karachaganak Petroleum Operating B
respectively, the final outcome of the tax audits performed for fiscal years 2000 to 2003. Claims by the Kazakh authorities
and the anticipated offsetting of VAT credits for dollar 140 million, net to Eni, as well as the payment of interest and penal
counterclaim. With an agreement reached on November 18, 2004, the original amounts were reduced to dollar 22 million n
residual matters. Eni recorded a provision to the risk reserve for this matter.

Snam Rete Gas SpA

With Regional Law No. 2 of March 26, 2002, the Sicilia Region introduced an environmental tax upon the owners of prim
pressure of over 24 bar). The tax was payable as of April 2002. In order to protect its interests, Snam Rete Gas filed a clain
against the Italian Government and the Tax Commission of Palermo. The Authority for Electricity and Gas, although ackn
activity, subjected inclusion of the environment tax in tariffs to the final ruling on its legitimacy by relevant authorities. Th
No.146/2002 and for the 2003-2004 thermal year with Decision No. 71/2003, the Authority for Electricity and Gas publish
the tax, and the second one including it, that will be automatically applied with retroactive effect should the tax be judged l
with the Regional Administrative Court of Lombardia requesting the immediate application of tariffs including the tax. Wi
variance with European rules and therefore did not accept Snam Rete Gas s claim. In December 2002, Snam Rete Gas sus
effected until November 2002 totaled euro 86.1 million. In January 2003 the Sicilia Region presented an appeal to the Cou
Court of Lombardia for the part that states the variance of the regional law with European rules. On December 16, 2003, th
of Italy, through the Sicilia Region, to be in contrast with European rules and with the cooperation agreement between the
Republic of Algeria; the European Commission also stated that such environmental tax is in contrast with the common cus
commodities imported from third countries and could create a deviation in trade with such countries and a distortion in acc
Italian Government to present its observations about the argument and later with its opinion presented on July 7, 2004 it fo
must conform within two months from the reception of the opinion. As it did not conform, on December 20, 2004 the Euro
requesting a ruling. With a decision dated January 5, 2004, the Provincial Tax Commission of Palermo declared the enviro
contrast with European rules and therefore accepted Snam Rete Gas s claim for the repayment of the first installment of eu
On May 4, 2004, the Sicilia Region repaid the first installment. On April 2, 2004 the Sicilia Region presented recourse to t
2005 rejected this appeal and confirmed the illegitimacy of the tax, condemning the Region to repay the amounts paid and
Region presented recourse to the Regional Tax Commission at Palermo. On November 3, 2003, the Sicilia Region, followi
yearly liquidation of the tax for 2002, requested liquidation of tax, fines and interest (euro 14.2 million) relating to the unp

Gas filed a claim with request of suspension of payment as a result of the liquidation notice received from the Sicilia Regio
25, 2004 accepted Snam Rete Gas s claim and decided the cancellation of the liquidation notice served by the Sicilia Regi
decision with the Regional Tax Commission at Palermo, which, on March 7, 2005 rejected this appeal and confirmed the i
pay the tax: if the tax is considered illegitimate in other Courts of law, the company will have the right to the restitution of
the other Courts, the Authority for Electricity and Gas will include the tax (Decision No. 146/2002 and No. 71/2003) in tar

Other judicial or arbitration proceedings

Syndial SpA (former EniChem SpA) - Serfactoring SpA

In 1991, Agrifactoring SpA commenced proceedings against Serfactoring SpA, a company 49% owned by Sofid SpA whic
receivable of euro 182 million for fertilizer sales (plus interest and compensation for inflation), originally owed by Federco
liquidation), and Terni Industrie Chimiche SpA (merged into Agricoltura SpA (in liquidation), that has been merged into E
transferred by Agricoltura and Terni Industrie Chimiche to Serfactoring, which appointed Agrifactoring as its agent to coll
receivables to Serfactoring, regardless of whether or not it received payment at the due date. Following payment by Agrifa
and the liquidator of Agrifactoring commenced proceedings in 1991 against Serfactoring to recover such payments (equal
the foregoing guarantee became invalid when Federconsorzi was itself placed in liquidation. Agricoltura and Terni Industr
liquidation) for damages amounting to euro 97 million relating to acts carried out by Agrifactoring SpA as agent. The amo
46 million following partial payment of the original receivables by the liquidator of Federconsorzi and various setoffs. The
partial judgment, deposited on February 24, 2004: the request of Agrifactoring has been rejected and the company has bee
favor of Agricoltura, to be determined following the decision. Agrifactoring appealed against this partial decision, requesti
reimbursment of the euro 180 million amount from Serfactoring along with the rejection of all its claims and the payment
discussed in a hearing set for March 16, 2007. The judge of the Court of Rome, responsible for the determination of the am
decided on May 18, 2005 to suspend this determination until the publication of the decision of the Court of Appeals, in acc

Syndial SpA (former EniChem SpA)

In 2002, EniChem SpA was summoned by ICR Intermedi Chimici di Ravenna Srl before the Court of Milan in relation to
industrial area in Ravenna. ICR requested payment of compensatory damages for approximately euro 46 million, of which
for loss of profits. During 2004 the preliminary inquiry was completed. Conclusions were filed by the parties on the releva

Snamprogetti SpA

In December 2002, Snamprogetti SpA made a request for an arbitration proceeding against Fertilizantes Nitrogenados de V
Commerce of Paris. In December 2004, Fertinitro and Snamprogetti reached an agreement that provides for: (i) the accepta
Letter of Credit it provided to Fertinitro; (ii) the recovery of the Stand-By Letter of Credit; (iii) a settlement between the pa
Snamprogetti and a dollar 6.5 million compensation to be paid to Fertinitro; and (iv) the decision of both parties to superse
2004 Snamprogetti executed the agreement.

Antitrust, EU Proceedings, actions of the Authority for Electricity and Gas and of other regulatory Authorities

Eni SpA

In March 1999, the Antitrust Authority concluded its investigation started in 1997; and (i) verified that Snam SpA (merged
for the transportation and primary distribution of natural gas relating to the transportation and distribution tariffs applied to
fined Snam euro 2 million; and (iii) ordered a review of these practices relating to such abuses. Snam believes it has compl
Regional Administrative Court of Lazio requesting its suspension. On May 26, 1999, stating that these decisions are agains
Court granted the suspension of the decision. The Antitrust Authority did not appeal this decision. The decision on this dis

With a decision of December 9, 2004, the Italian Antitrust Authority started an inquiry on the distribution of jet fuel agains
that store and load jet fuel in the Rome Fiumicino, Milan Linate and Milan Malpensa airports. The inquiry intends to ascer
companies would agree to divide among themselves the supplies to airlines. The date set for the closing of the inquiry Mar

Detailed information on the investigations by the Antitrust Authority (BluGas, closed in October 2004 and TTPC, started i
Power segment Regulatory Framework", which is considered an integral part of these Notes.

GNL Italia SpA

With Decision No. 16/2004 published on February 16, 2004, the Italian Authority for Electricity and Gas initiated a formal
Natural Vendita Italia SpA to access on an annual basis the regasification service at Eni s Panigaglia terminal for volumes

On November 19, 2003 GNL Italia informed the Authority for Electricity and Gas, in accordance with Article 24 paragrap
regasification services on a continuous basis from Gas Natural Vendita Italia for about 220 million cubic meters of natural
regasification capacity had been conferred to Eni SpA under a contract signed on January 29, 2002 and filed with the same
No. 38/2002. With Decision No. 120 of July 22, 2004 the Authority for Electricity and Gas ordered GNL Italia to provide
investigation aimed at requesting a fine under Article 2, paragraph 20, letter c of Law No. 481/1995 in violation of Articles
Authority for Electricity and Gas. In order to execute the requirements of Decision No. 120/2004, GNL Italia: (i) obtained
order to allow Gas Natural Vendita Italia to access the regasification services in August and September with one discharge
entered a regasification contract with Gas Natural Vendita Italia that provide for a discharge per month in the months of A
claim against this decision with the Regional Administrative Court of Lombardia. This claim, concerning in particular the
regasification services at the Panigaglia terminal is still pending. With decision No. 2 of January 12, 2005 the Authority fo
company paid on February 21, 2005.

Polimeri Europa SpA and Syndial SpA

In December 2002, inquiries were commenced concerning alleged anti-competitive agreements in the area of elastomers. T
U.S. authorities. The first product under scrutiny was EP(D)M: the European Commission submitted to inspection the man
Europa SpA and Syndial and requested information to those two companies and to their controlling company, Eni SpA. Af
violation of competition laws and notified Eni, Polimeri Europa and Syndial to that effect on March 8, 2005. Syndial filed
United States, where the Department of Justice of San Francisco requested information and documents to Polimeri Europa
deputy chairman and sales manager. Class actions were filed claiming damages in relation to the alleged violation. The inv
BR, SSBR and SBR. The European Commission started an investigation regarding BR, SBR, SSBR. On January 26, 2005
for the other products the Commission started an infraction procedure. NBR and CR are under scrutiny in Europe and the U
Syndial entered into a plea agreement with the Department of Justice pursuant to which Syndial would agree to pay a fine
agree that it will not bring further criminal charges against Syndial or against its affiliate companies. A court hearing has b
agreement and sentencing. Eni recorded a provision for this matter. The European Commission requested Eni, Polimeri Eu

Stoccaggi Gas Italia SpA

With Decision No. 26 of February 27, 2002, the Authority for Electricity and Gas determined tariff criteria for modulation
April 1, 2002 until March 31, 2006 and effective retroactively from June 21, 2000. On March 18, 2002 Stoccaggi Gas Itali
and strategic storage for the first regulated period. With Decision No. 49 of March 26, 2002, the Authority for Electricity a
regulated period. Stogit applied the tariff determined by the two decisions, but filed an appeal against both Authority for E
Court of Lombardia requesting their cancellation. With a decision dated September 29, 2003, that Court rejected the appea
to the Council of State against the sentence of first instance.

Distribuidora de Gas Cuyana SA

The agency entrusted with the regulations for the natural gas market in Argentina ("Enargas") started a formal investigatio
SA, a company controlled by Eni. Enargas stated that the company has applied improperly calculated conversion factors to
company to apply the conversion factors imposed by local regulations from the date of the default notification (March 31,
may be decided after closing the investigation. On April 27, 2004, Distribuidora de Gas Cuyana presented a defense memo
this date it is not possible to quantify any negative effects deriving from this action, given its very early phase.

Other commitments and risks not included in the balance sheet

Commitments regarding long-term natural gas supply contracts stipulated by Eni, which contain take or pay clauses, are de
Non-quantifiable risks related to contractual assurances given to acquirors of investments against certain unforeseeable liab
environmental matters applicable to periods during which such investments were owned by Eni. Eni believes such matters
statements.

Environmental Regulations

Together with other companies in the industries in which it operates, Eni is subject to numerous EU, national, regional and gas operations, products and other activities, including legislation that implements international conventions or protocols. permit before drilling for hydrocarbons may commence, restrict the types, quantities and concentration of various substanc exploration, drilling and production activities, limit or prohibit drilling activities on certain protected areas, and impose cri gas, refining and petrochemical operations. These laws and regulations may also restrict emissions and discharges to surfa processing plants, petrochemical plants, refineries, pipeline systems and other facilities that Eni owns. In addition, Eni s o generation, handling, transportation, storage, disposal and treatment of waste materials. Environmental laws and regulation environmental costs and liabilities is inherent in particular operations and products of Eni, as it is with other companies en material costs and liabilities will not be incurred. Although management, considering the actions already taken with the ins risks accrued, does not currently expect any material adverse effect upon Eni s consolidated financial statements as a resu assurance that there will not be a material adverse impact on Eni s consolidated financial statements due to: (i) the possibi surveys and the other possible effects of statements required by Decree No. 471/1999 of the Ministry of Environment; (iii) like the decree of the Ministry of Environment published in January 8, 2004, that regards the fixing of new quality standar legislative decree on integrated environmental authorization already approved by Parliament, but not yet published on the legislative decree yet to be issued for implementing Directive 2000/60/CE which establishes a European framework on wa implement: a) Law No. 308 of December 15, 2004 which delegated to the Government the reorganization of all regulation protection of water bodies from pollution and management of water resources, indemnities for environmental damage, pro environmental evaluation, as well as protection of air and reduction of emissions into the atmosphere; b) a law approved b Senate which implements Directive 2003/87/CE on emission trading in Europe and Directive 2004/35/CE on environment environmental damage; (iv) the effect of possible technological changes relating to future remediation; (v) the possibility o as against other potentially responsible parties with respect to such litigation and the possible insurance recoveries.

24 Segment information

Segment information is presented in accordance with the revised IAS 14. Intersegment sales are conducted on an arm s le

Information by industry segment

Following the merger of EniData SpA into Eni SpA, segment information related to this company for the years 2002 and 2
and financial companies" in which ICT activities have been concentrated.

(million euro)	Exploration & Production	Gas & Power	Refining & Marketing	Petrochemicals
2002				
Net sales from operations [(a)]	12,877	15,297	21,546	4,516
Less: intersegment sales	(8,795)	(623)	(1,037)	(746)
Net sales to customers	4,082	14,674	20,509	3,770
Operating income	5,175	3,244	321	(126)
Identifiable assets [(b)]	23,686	12,482	7,634	2,821
Unallocated assets				
Identifiable liabilities [(c)]	4,764	2,969	2,861	631
Unallocated liabilities				
Capital expenditure	5,615	1,315	550	145
Depreciation, amortization and writedowns	(3,884)	(512)	(494)	(231)
Interest income	59	14	64	2
Interest expense	(185)	(37)	(26)	(11)
2003				
Net sales from operations [(a)]	12,746	16,067	22,148	4,487
Less: intersegment sales	(8,468)	(450)	(621)	(438)
Net sales to customers	4,278	15,617	21,527	4,049
Operating income	5,746	3,627	583	(176)
Identifiable assets [(b)]	23,433	15,824	8,025	2,523
Unallocated assets				
Identifiable liabilities [(c)]	4,629	3,007	2,835	612
Unallocated liabilities				
Capital expenditure	5,681	1,760	730	141
Depreciation, amortization and writedowns	(3,360)	(567)	(494)	(248)
Interest income	37	7	18	1
Interest expense	(141)	(20)	(16)	(7)
2004				
Net sales from operations [(a)]	15,349	17,258	26,094	5,417
Less: intersegment sales	(10,231)	(450)	(759)	(499)
Net sales to customers	5,118	16,808	25,335	4,918
Operating income	8,017	3,463	965	271
Identifiable assets [(b)]	23,348	16,998	8,330	2,799
Unallocated assets				
Identifiable liabilities [(c)]	4,406	3,121	3,175	630
Unallocated liabilities				
Capital expenditure	4,912	1,446	669	99
Depreciation, amortization and writedowns	(3,286)	(579)	(469)	(109)

Interest income	30	5	9	1
Interest expense	(118)	(17)	(10)	(4)

(a) Before elimination of intersegment sales.
(b) Includes assets directly related to the generation of operating income.
(c) Includes liabilities directly related to the generation of operating income.

Geographic financial information

Assets and Investments by geographic area of origin

(million euro)	Italy	Other EU	Rest of Europe	Africa
2002				
Identifiable assets [(a)]	24,524	7,150	3,519	9,1
Investments in fixed and intangible assets	2,396	567	284	2,4
2003				
Identifiable assets [(a)]	27,355	7,229	3,466	10,5
Investments in fixed and intangible assets	2,708	1,067	302	3,0
2004				
Identifiable assets [(a)]	28,578	8,540	2,843	10,9
Investments in fixed and intangible assets	2,613	370	387	2,6

(a) Includes assets directly related to the generation of operating income.

Geographic information relating to 2002 and 2003 was reorganized due to the entry into the European Union of 10 new Sta
respectively, relating to "Identifiable assets" and euro 21 million and euro 32 million, respectively, relating to "Investments
Europe" into "Other European Union".

Sales from operations by geographic area of destination

(%)
Italy
Other European Union
Americas
Africa
Rest of Europe
Asia
Other areas

Sales from operations by geographic area of destination relating to 2002 and 2003 were reorganized due to the entry into th
million and euro 790 million, respectively, were moved from "Rest of Europe" into "Other European Union"

25 Fair value of financial instruments

In the normal course of its business, Eni utilizes various types of financial instruments. These instruments include recorded
off-balance sheet risk. Information about the fair value of Eni s financial instruments is presented below.

- Marketable securities: the fair values of marketable securities are based upon market value.
- Non-current investments carried at cost: such investments are not publicly traded and do not have quoted market prices
because the amount of the investment is not significant and the estimation of fair value would require incurring excessi
- Current investments: such investments are publicly traded and their fair value is represented by their market price.

- Non-current receivables: the fair values of non-current receivables are estimated based on the discounted value of futur rates of interest which Eni could earn on similar credit. The differences between the carrying and market values of non and 2004, excluding tax credits with Italian tax authorities, were not significant. In relation to tax credits, the interest ra market rate trend.
- Current receivables: the carrying values of current receivables approximate their fair value considering the short perioc expiration date.
- Bonds payable, current portion of long-term debt and long-term debt: the fair values of bonds payable and long-term de discounted cash flow analyses.
- Short-term debt: the carrying value of short-term debt approximates fair value because of the short period of time betw borrowings.
- Non-current payables: the fair values of non-current payables are estimated based on the discounted value of future cas and market values of non-current payables at December 31, 2003 and 2004 were not significant.

	Dec. 31, 2003	
(million euro)	Carrying Value	
Marketable securities and current investments	1,300	
Bonds and long-term debt, including current maturities [1]	8,826	

(1) The carrying value is increased by the fair value of fixed interest rate financial debt acquired, recorded in accrued expenses and deferr
and prepaid expenses.

- Derivative financial instruments: the fair value of derivatives generally reflects the estimated amounts that Eni would p
reporting date, thereby taking into account the current unrealized gains or losses of open contracts. Dealer quotes or ap
estimate the fair value for Eni s derivatives. The carrying value, compared with the fair value, represents the amount o
recognized but not yet paid at year-end. For foreign exchange derivatives related to monetary assets and liabilities, the
using current exchange rates at year-end. The difference between carrying value and fair value is therefore not significa

	Dec. 31, 2003	
(million euro)	Carrying Value	
Interest rate derivatives:		
- assets	22	
- liabilities	(17)	
Foreign exchange derivatives:		
- assets	175	
- liabilities	(104)	

26 Transactions with related parties

According to rules issued by Consob, the Italian Stock Exchange Commission on February 20, 1997 No. 97001574 and su
transactions with related parties.

In the ordinary course of its business Eni enters into transactions concerning the exchange of goods, provision of services a
subsidiaries as well as with entities owned or controlled by the Government. All such transactions are conducted on an arm

Relevant transactions carried out with entities controlled by the Italian government are only those with Enel, the Italian Na

The following is a description of trade and financing transactions with related parties.

2004 Trade and other transactions

(million euro)	Dec. 31, 2004			
Name	**Receivables**	**Payables**	**Guarantees**	**Commi**
Affiliated companies				
Agip Oil Co Ltd	4	163		
Albacom SpA	8	14		
Azienda Energia e Servizi Torino SpA	1	18		
Bayernoil Raffineriegesellschaft mbH		39		
Bernhard Rosa Inh. Ingeborg Plochinger GmbH	10			
Blue Stream Pipeline Co BV	43	10		
Bronberger & Kessler Handelsgesellschaft U. Gilg & Schweiger GmbH & Co Kg	13			
Erg Raffinerie Mediterranee Srl	30	30		
Gruppo Distribuzione Petroli Srl	16			
Karachaganak Petroleum Operating BV	21	12		
Petrobel Belayim Petroleum Co		83		
Promgas SpA	27	23		
Raffineria di Milazzo ScpA	6	4		
Supermetanol CA		24		
Superoctanos CA		55		
Trans Austria Gasleitung GmbH		15		
Trans Europa Naturgas Pipeline GmbH		9		
Transitgas AG		2		
Unión Fenosa Gas SA			111	
Other (*)	83	70	98	
	262	**571**	**209**	
Non consolidated subsidiaries				
Eni BTC Ltd			143	
Eni Gas BV	30	40	17	
Eni Middle East BV			367	
Transmediterranean Pipeline Co Ltd	1	1		
Other (*)	32	4	10	
	63	**45**	**537**	
	325	**616**	**746**	
Entities owned or controlled by the Government				
Enel	234	3		
	559	**619**	**746**	

(*) Each individual amount included herein does not exceed euro 50 million.

Engineering, construction and maintenance services were acquired from the Cosmi Holding Group, related to Eni through euro 29 million and 28 million in 2003 and 2004, respectively.

Most significant transactions concern:

- specialized services in upstream activities to Agip Oil Co Ltd, Eni Gas BV, Karachaganak Petroleum Operating BV, P
  invoiced on the basis of incurred costs; exclusively with Eni Gas BV, the unsecured guarantees in relation to the constr
  Libya and receivables and payables for investment activities and with Karachaganak Petroleum Operating BV, the prov
  drilling activity;
- communication services, data transmission and concessions of optical fibers with Albacom SpA;
- transportation and distribution activities with Azienda Energia e Servizi Torino SpA;
- sale of petrochemical products, supply of crude oil, refining activities and fuel additive purchase from Bayernoil Raffin
  Ingeborg Plochinger GmbH, Bronberger & Kessler Handelsgesellschaft U. Gilg & Schweiger GmbH Co Kg, Gruppo D
  and Superoctanos CA;
- acquisition of natural gas transport services outside Italy from Blue Stream Pipeline Co BV, Trans Europa Naturgas Pi
  Pipeline Co Ltd and only with Blue Stream Pipeline Co BV the providing of services by Eni s construction and drillin
  of natural gas transport services are regulated on the basis of tariffs, which permit the recovery of operating expenses a
  the providing of services by Eni s construction and drilling activities are regulated on the basis of compensation calcu
  party transactions;
- acquisition of refining services from Erg Raffinerie Mediterranee Srl and Raffineria di Milazzo ScpA on the basis of g
  Erg Raffinerie Mediterranee Srl and of incurred costs for Raffineria di Milazzo ScpA;
- sale and acquisition of natural gas outside Italy with Promgas SpA;
- acquisition of natural gas transport services outside Italy from Trans Austria Gasleitung GmbH and Transitgas AG, tra
  conditions applied to third parties;
- performance guarantees given on behalf of Unión Fenosa Gas SA in relation to contractual commitments related to the
- guarantees given in relation to the construction of an oil pipeline on behalf of Eni BTC Ltd;
- guarantees given to Eni Middle East BV against contractual commitments with the Government of the Kingdom of Sa

Transactions with Enel concern the sale and transportation of natural gas, sale of fuel oil and sale and purchase of electrici

2004 Financing transactions

(million euro)	**Dec.**
Name	**Receivables**
Affiliated companies	
Albacom SpA	22
Blue Stream Pipeline Co BV	
EnBW - Eni Verwaltungsgesellschaft mbH	
Planta de regassificaciòn de Sagunto SA	
Raffineria di Milazzo ScpA	
Spanish Egyptian Gas Co SAE	
Trans Austria Gasleitung GmbH	389
Other (*)	52
	463
Non consolidated subsidiaries	
Transmediterranean Pipeline Co Ltd	197
Other (*)	68
	265
	728

(*) Each individual amount included herein does not exceed euro 50 million.

Most significant transactions concern:

- lendings and guarantees to Albacom SpA and Serfactoring SpA;
- bank debt guarantees to Blue Stream Pipeline Co BV, EnBW - Eni Verwaltungsgesellschaft mbH, Planta de Regasifica ScpA and Spanish Egyptian Gas Co SAE;
- the financing of the Austrian section of the gasline from the Russian Federation to Italy and the construction of natural services with Trans Austria Gasleitung GmbH and Transmediterranean Pipeline Co Ltd.

During the year, business transactions have occured between Eni and unconsolidated subsidiaries and affiliates for non sig

2003 Trade and other transactions

(million euro)	Dec. 31, 2003			
Name	**Receivables**	**Payables**	**Guarantees**	**Commi**
Affiliated companies				
Agip Oil Co Ltd	19	47		
Albacom SpA	11	31		
Azienda Energia e Servizi SpA	3	30		
Bayernoil Raffineriegesellschaft mbH		36		
Bernhard Rosa Inh. Ingeborg Plochinger GmbH	9			
Blue Stream Pipeline Co BV	51			
Bronberger & Kessler Handelsgesellschaft U. Gilg & Schweiger GmbH & Co Kg	13			
Erg Raffinerie Mediterranee Srl	14	28		
Gruppo Distribuzione Petroli Srl	14			
Karachaganak Petroleum Operating BV	46	50		
Petrobel Belayim Petroleum Co		78		
Promgas SpA	21	22		
Raffineria di Milazzo ScpA	3	3		
Serfactoring SpA		128		
Supermetanol CA		12		
Superoctanos CA	2	20		
Trans Austria Gasleitung GmbH		5		
Trans Europa Naturgas Pipeline GmbH	3	10		
Transitgas AG		6		
Unión Fenosa Gas SA			104	
Other (*)	36	44	117	
	245	**550**	**221**	
Non consolidated subsidiaries				
Eni BTC Ltd			120	
Eni Gas BV	91	191	160	
Transmediterranean Pipeline Co Ltd				
Other (*)	37	48	22	
	128	**239**	**302**	
	373	**789**	**523**	
Entities owned or controlled by the Government				
Enel	261	2		
	634	**791**	**523**	

(*) Each individual amount included herein does not exceed euro 50 million.

Engineering, construction and maintenance services were acquired from the Cosmi Holding Group, related to Eni through
euro 18 million and 29 million in 2002 and 2003, respectively.

Most significant transactions concern:

- specialized services in upstream activities to Petrobel Belayim Petroleum Co, Karachaganak Petroleum Operating BV, invoiced on the basis of incurred costs; exclusively with Karachaganak Petroleum Operating BV, the providing of serv and with Eni Gas BV, the unsecured guarantees in relation to the construction of a hydrocarbon treatment plant in Liby activities;
- communication services, data transmission and concessions of optical fibers with Albacom SpA;
- transportation and distribution activities with Azienda Energia e Servizi SpA;
- sale of petrochemical products, supply of crude oil, refining activities and fuel additive purchase from Bronberger & K Schweiger GmbH Co Kg, Bernhard Rosa Inh. Ingeborg Plochinger GmbH, Gruppo Distribuzione Petroli Srl, Bayernoi Superoctanos CA;
- acquisition of natural gas transport services outside Italy from Blue Stream Pipeline Co BV and services for the compl Russian Federation;
- acquisition of refining services from Raffineria di Milazzo ScpA and Erg Raffinerie Mediterranee Srl on the basis of in and general conditions applied to third parties for Erg Raffinerie Mediterranee Srl; the concession to Erg SpA of an op Raffinerie Mediterranee Srl;
- sale and purchase of natural gas outside Italy with Promgas SpA;
- factoring activities with Serfactoring SpA;
- acquisition of natural gas transport services outside Italy from Trans Austria Gasleitung GmbH, Transitgas AG and Tr transactions are regulated on general conditions applied to third parties;
- performance guarantees given on behalf of Unión Fenosa Gas SA in relation to contractual commitments related to the
- guarantees given in relation to the construction of an oil pipeline on behalf of Eni BTC Ltd;
- acquisition of natural gas transport services outside Italy from Transmediterranean Pipeline Co Ltd; transactions are re the recovery of operating expenses and capital employed.

Transactions with Enel concern the sale and transportation of natural gas, sale of fuel oil and sale and purchase of electrici

2003 Financing transactions

(million euro)	Dec.
Name	**Receivables**
Affiliated companies	
Albacom SpA	54
Blue Stream Pipeline Co BV	
EnBW - Eni Verwaltungsgesellschaft mbH	
Raffineria di Milazzo ScpA	
Serfactoring SpA	50
Trans Austria Gasleitung GmbH	399
Other (*)	50
	553
Non consolidated subsidiaries	
Transmediterranean Pipeline Co Ltd	241
Other (*)	90
	331
	884

(*) Each individual amount included herein does not exceed euro 50 million.

Most significant transactions concern:

- lendings and guarantees to Albacom SpA and Serfactoring SpA;
- bank debt guarantees to Blue Stream Pipeline Co BV, EnBW - Eni Verwaltungsgesellschaft mbH and Raffineria di Mi
- the financing of the Austrian section of the gasline from the Russian Federation to Italy and the construction of natural services with Trans Austria Gasleitung GmbH and Transmediterranean Pipeline Co Ltd.

During the year, business transactions have occured between Eni and unconsolidated subsidiaries and affiliates for non sig

2002 Trade and other transactions

(million euro)	Dec. 31, 2002		
Name	**Receivables**	**Payables**	**Guar**
Affiliated companies			
Bayernoil Raffineriegesellschaft mbH		28	
Promgas SpA	23	25	
Erg Raffinerie Mediterranee Srl	27	30	
Petrobel Belayim Petroleum Co		86	
Raffineria di Milazzo ScpA	6	6	
Superoctanos CA	4	18	
Trans Austria Gasleitung GmbH		12	
Bronberger & Kessler Handelsgesellschaft U. Gilg & Schweiger GmbH & Co Kg	10		
Albacom SpA	22	12	
Serfactoring SpA	2	94	
Bernhard Rosa Inh. Ingeborg Plochinger GmbH	8		
Azienda Energia e Servizi SpA	2	22	
Gruppo Distribuzione Petroli Srl	16		
Karachaganak Petroleum Operating BV	40	13	
Transitgas AG		7	
Trans Europa Naturgas Pipeline GmbH		9	
Blue Stream Pipeline Company BV	50		
Agip Oil Co Ltd	27	12	
Other (*)	32	67	
	269	**441**	
Non consolidated subsidiaries			
AgipGas BV	13	94	
Agip (Btc)			
Transmediterranean Pipeline Co Ltd	6	1	
Other (*)	26	18	
	45	**113**	
	314	**554**	
Entities owned or controlled by the Government			
Enel	42	5	
	356	**559**	

(*) Each individual amount included herein does not exceed euro 50 million.

Engineering, construction and maintenance services were acquired from the Cosmi Holding Group, related to Eni through
euro 18 million in 2002.

The most significant transactions related to:

- acquisition of natural gas transport services outside Italy from Trans Austria Gasleitung GmbH, Transitgas AG, Trans
  Transmediterranean Pipeline Co Ltd, transactions are regulated on the basis of tariffs, which permit the recovery of op
- sale of natural gas outside Italy with Promgas SpA;
- specialized services in upstream activities to Petrobel Belayim Petroleum Co, Karachaganak Petroleum Operating BV,
  are invoiced on the basis of incurred costs; and exclusively with Karachaganak Petroleum Operating BV, services are
- acquisition of refining services from Raffineria di Milazzo ScpA and Erg Raffinerie Mediterranee Srl on the basis of in
  and general conditions applied to third parties for Erg Raffinerie Mediterranee Srl;
- sale of petrochemical products, supplying of crude oil refining activities and fuel additive purchases from Bronberger &
  Schweiger GmbH Co Kg, Bernhard Rosa Inh. Ingeborg Plochinger GmbH, Gruppo Distribuzione Petroli Srl, Bayernoi
  Superoctanos CA;
- communication services, data transmission and concessions of optical fibers with Albacom SpA;
- the construction of a pipeline between Turkey and the Russian Federation for Blue Stream Pipeline Co BV;
- factoring activities with Serfactoring SpA;
- transportation and distribution activities with Azienda Energia e Servizi SpA;
- guarantees given in relation to the construction of an oil pipeline by Agip (Btc).

Transactions with Enel concern the sale and transportation of natural gas, sale of fuel oil and sale and purchase of electrici

2002 Financing transactions

(million euro)	**Dec.**
Name	**Receivables**
Affiliated companies	
Blue Stream Pipeline Co BV	
Transitgas AG	655
Trans Austria Gasleitung GmbH	448
EnBW - Eni Verwaltungsgesellschaft mbH	264
Serfactoring SpA	46
Superoctanos CA	2
Bayernoil Raffineriegesellschaft mbH	24
Other (*)	72
	1,511
Non consolidated subsidiaries	
Transmediterranean Pipeline Co Ltd	326
Agip (Btc)	27
Other (*)	47
	400
	1,911

(*) Each individual amount included herein does not exceed euro 50 million.

The most significant transactions related to:

- guarantees provided to banks and related fees to Turkey, the financing of the doubling of the Italy/the Netherlands pipe
  the Austrian section of the gasline from the Russian Federation to Italy and the construction of natural gas transmissio
  Stream Pipeline Co BV, Transitgas AG, Trans Austria Gasleitung GmbH and Transmediterranean Pipeline Co Ltd;
- concessions of loans to EnBW - Eni Verwaltungsgesellschaft mbH for the acquisition of Gasversorgung Süddeutschla
- concessions and guarantees provided to banks in relation to lendings to Serfactoring SpA, Bayernoil Raffineriegesellsc

27 Summary of significant differences between Italian accounting principles and U.S. GAAP

Eni s financial statements have been prepared in accordance with Italian GAAP, which differs in certain respects from U.S
effects on net income and shareholders equity is set forth in the following notes. Those differences described below that a
equity (see Note 28), either had no effect, or their effect was not significant. See also Note 2, Summary of significant accou
accounting principles that Eni follows.

A) Consolidation policy

Eni s consolidation policy is described under "Principles of consolidation" of the Notes to the Consolidated Financial Stat
financial statements include also companies in which Eni holds less than 50% of the voting rights, but over which it exerci

Under U.S. GAAP, investments of less than 50% are accounted for by applying the equity method. Saipem SpA (43.0%), a
majority of voting rights, have been consolidated under the equity method for U.S. GAAP purposes.

In addition, U.S. GAAP also requires an entity who absorbs the majority of a variable interests entity s ("VIE") expected l
residual returns (such an entity being the "Primary Beneficiary") to consolidate the VIE. A VIE is an entity that meets any
that is not sufficient to finance its activities without additional subordinated financial support from other parties; (ii) the eq
about the entity s activities through voting or similar rights; (iii) the equity owners do not have an obligation to absorb the
right to receive the entity s expected residual returns. This difference in consolidation policies, as it was applied to entities
differences between U.S. GAAP and Italian GAAP.

B) Exploration & Production activities

Exploration

Under Italian GAAP, exploration costs, including successful exploratory wells, are recorded as intangible assets and are am
financial reporting purposes). Costs for the acquisition of exploration permits are capitalized and amortized over the expec

Under U.S. GAAP, costs relating to exploratory wells are initially capitalized as "incomplete wells and other" until it is det
("successful efforts method"). That determination is made after completion of drilling the well, and the capitalized costs ar
mineral interests. Costs of exploratory wells that have found commercially producible quantities of reserves that cannot be
sufficient quantities of reserves to justify their completion if the required capital expenditure is made, and the Company ha
the existence of proved reserves or is awaiting regulatory approvals. Otherwise, exploratory well costs are generally expen
been found, or within one year of completing drilling. Capitalized well costs related to proved properties are amortized ove
Other exploration costs, including geological and geophysical surveys, are expensed when incurred. See the paragraph "Su
Information" for a discussion of FASB Staff Position on Statement 19 (FSP FAS 19-1) of April 4, 2005.

Development

Development costs are those costs incurred to obtain access to proved reserves and to provide facilities for extracting, treat
maintain wells and field equipment are expensed as incurred.

Under Italian GAAP, costs of unsuccessful development wells are expensed immediately. Costs of successful developmen
production.

Under U.S. GAAP, costs of productive wells and development dry holes, both tangible and intangible, are capitalized and

C) Valuation of assets and subsequent revaluation

Both Italian and U.S. GAAP require that assets which are impaired be written down to their fair value. However, under Ita
the book value of an asset in question is compared to the sum of the discounted cash flows expected to be generated by suc
carrying value of the asset, an impairment exists.

Under U.S. GAAP, SFAS 144 requires the performance of the same analysis using undiscounted cash flows.

In addition, under Italian GAAP impairment charges are reversed when the situation giving rise to an impairment ceases to
permitted.

D) Monetary revaluation of assets

Under Italian GAAP, certain assets have been revalued at various times in accordance with various Italian laws.

Under U.S. GAAP, such revaluations are not permitted.

E) Deferred tax assets and liabilities

Under Italian GAAP deferred taxes are recorded if recoverable with reasonable certainty. Taxes payable relating to certain liquidation of a company are accrued only to the extent such distributions are planned. Any timing difference between purc the recording of an adjustment to the carrying value of such asset.

Under U.S. GAAP, deferred tax assets are recorded if their recovery is more likely than not. The potential taxes on equity r accordingly. Deferred income taxes have not been provided on undistributed earnings of foreign subsidiaries as such earnin U.S. GAAP, in situations where the purchase price of assets is not equal to the tax basis, deferred taxes must be provided f

The adjustments included in the reconciliations to U.S. GAAP take into account the realizability of deferred tax assets, bas their recovery, deferred taxes on undistributed earnings of subsidiaries and deferred taxes on acquired temporary difference GAAP adjustments.

F) Depreciation of fixed assets

Under Italian GAAP, until 1999, in accordance with Italian practice, depreciation of natural gas pipelines, natural gas distr for by applying rates on a straight-line basis established by Italian tax authorities on the basis of technical studies conducte

Under U.S. GAAP, depreciation expense is recognized based on the estimated economic useful lives of the assets.

The publication of Legislative Decree No. 164 of May 23, 2000, which imposed the separation of transmission and distribu for the determination of transport and distribution tariffs by the Authority for Electricity and Gas led companies operating useful lives calculated by Eni (40 years for pipelines and 50 for distribution networks) were confirmed by an independent a Electricity and Gas. Therefore, from 2000 assets related to transmission and distribution activities are amortized, both unde

G) Intangible assets

Under Italian GAAP, goodwill is amortized on a straight-line basis in the utilization period, over a maximum period of twe relation to their residual useful life.

Under U.S. GAAP goodwill and intangible assets with an indefinite useful life are not amortized; these assets are subject to needed.

Identifiable intangible assets acquired as part of a business combination with finite useful lives are amortized by the straigh

Under Italian GAAP, such intangible assets are not recorded separately from goodwill.

H) Capitalized interest expense

Under Italian GAAP, Eni capitalizes interest expense only if certain conditions are met in the self-construction of assets.

Under U.S. GAAP, interest is capitalized to the extent a company has fixed assets under construction during the reporting y

I) Derivatives

Under Italian GAAP, derivative contracts are evaluated differently if they are used as hedging or as speculative instrument that are not designated against specific transactions, according to the nature of the hedged assets. In particular, interest diff discounts on exchange rate risk hedging contracts are recorded in the income statement over the term of the contracts. The the income statement in the year in which the hedged asset/liability is first recorded. Profits on derivative contracts on pric depreciation of the hedged asset. Losses are recorded when incurred. Derivative contracts used as speculative instruments a income statement.

Under U.S. GAAP, SFAS 133 "Accounting for Derivative Instruments and Hedging Activities" establishes accounting and
general SFAS 133 requires that companies recognize all derivatives as either assets or liabilities on the balance sheet and m
U.S. reporting purposes on January 1, 2001. Eni uses derivative instruments to manage the risk of fluctuations in commodi
133 requires that derivative instruments that hedge the variability of expected cash flow, the fair value of an underlying, or
as a cash flow hedge, fair value hedge, or foreign currency hedge, respectively. Changes in the fair value of derivative inst
recognized through earnings and changes in the fair value of cash flow hedges are recognized through equity as a compone

For U.S. GAAP purposes, upon adoption of SFAS 133, the current U.S. GAAP hedging relationships for Eni s existing de
value of derivative instruments have been recorded as adjustments to U.S. GAAP net income as reflected in Note 28.

J) Stock compensation

Under Italian GAAP, stock grant and option plans issued and offered to employees for no consideration beginning in 2003
expense on the basis of the fair value and are recognized under a pro rata mechanism during their vesting period.

The accounting method adopted under Italian GAAP is consistent with the requirements of SFAS 123 with the exception t
as contra accounts within the equity accounts and the treasury shares remain recorded at cost.

Both under U.S. GAAP and Italian GAAP, the new criteria have been applied prospectively in compliance with Statement
Compensation Transition and disclosure" (SFAS 148). Eni has applied the fair value method of grants made, modified o

Prior to January 1, 2003, under Italian GAAP, stock grant and option plans offered to employees for no consideration were
grants made for no cash consideration were recorded at nominal value as a debit against the specific equity reserve; shares
increase for the nominal value and as an increase in the special reserve for the difference between amounts paid for exercis
requires a capital increase; (ii) as a decrease in treasury shares charging to income statement the difference between the str
utilization of treasury shares.

Prior to January 1, 2003, under U.S. GAAP, stock grant and option plans offered to employees were recorded as compensa
price of the stock on the measurement date. Such compensation expense was recorded over the period of benefit.

Costs related to stock grant and option plans offered to employees for no consideration until December 31, 2002 have been
Note 28).

Eni does not give stock compensation in exchange of goods and services from non-employees.

K) Stock issuance costs

Under Italian GAAP, direct costs for issuances of equity are capitalized by Eni in the account "Intangible assets - organiza
useful lives, not to exceed 5 years.

Under U.S. GAAP, costs associated with obtaining new capital by issuing common or preferred stock are considered as a r
equity.

L) Marketable securities

Under Italian GAAP, marketable securities are carried at the lower of purchase cost or market value.

Under U.S. GAAP, the accounting for investments in marketable securities uses a fair market value methodology. Eni s m
changes in market value recorded as comprehensive income which is a component of shareholders equity.

M) Costs related to site restoration and abandonment

Under Italian GAAP, costs related to site restoration and abandonment are evaluated annually on the basis of costs expecte
obligations.

Under Italian GAAP, Eni accrues its abandonment and restoration costs, estimated on an undiscounted basis, rateably over
method.

Under U.S. GAAP, SFAS 143 requires entities to record the fair value of a liability for an asset retirement obligations (AR
is installed at the productions location). When the liability is initially recorded, the capitalized costs of the related fixed ass
time, the liabilities are increased for the change in their present value each period, and the initial capitalized costs are depre

The recognized asset retirement obligations liability amounts are based upon future retirement cost estimates and incorpor
crude oil and natural gas, time to abandonment, future inflation rates and the risk-free rate of interest adjusted for the Com

No significant legal obligations to retire refining, transportation, marketing (downstream) and chemical long-lived assets w
asset retirements prevented estimation of the fair value of the associated asset retirement obligations. The company perfor
assets for any changes in facts and circumstances that might require recognition of a retirement obligation, either under U.S

N) Treasury shares

Under Italian GAAP, treasury shares, acquired as long-term investments, are recorded at cost adjusted for impairment. Wh
are revalued. From 2003 treasury shares purchased in relation to group incentive plans are carried at the lower of purchase
or strike price for stock options. Treasury shares purchased in relation to incentive plans to be issued are carried at the low

Under U.S. GAAP, all treasury shares are recorded at cost. Such difference did not generate differences between U.S. GA
significant differences between U.S. GAAP and Italian GAAP in 2003.

O) Extraordinary income and expense

All items recorded by Eni as extraordinary under Italian GAAP in the periods presented herein would not qualify as extrao
the appropriate income statement captions as determined by U.S. GAAP, certain of which have been included in the deter
GAAP, extraordinary items are presented net of tax.

P) Sales of government bonds

Eni accounted for government bonds transferred primarily to employees at par value, with the repurchasing commitment a gains in current income. For U.S. GAAP purposes, the terms of these transactions would result in their treatment as financ prepared under U.S. GAAP, these cash flows would be included in financing activities. Under this method, the bonds woul treated as financing obligations. Gains and losses from such sales are not significant.

Q) Reclassification of inventory

Compulsory stock relates primarily to the Italian operations. Under Italian law Eni is required to retain certain strategic qu stock") in its storage facilities at all times. Eni values natural gas and petroleum products held as compulsory stock as inve annually.

Under U.S. GAAP, current assets, such as inventories, are reasonably expected to be realized in cash or sold or consumed twelve months. As Eni s compulsory stock is not expected to be sold or consumed within the next twelve months, compul non-current assets under the caption Non-current Inventories (Compulsory Stock).

R) Comprehensive Income

Under Italian GAAP disclosure of Comprehensive Income and its component is not required.

U.S. GAAP requires the reporting and display of comprehensive income and its components in accordance with Statement Income" ("SFAS 130"). Components of other comprehensive income include variations in equity accounts not attributable shareholders. The required information pursuant to SFAS 130 is presented in the reconciliation that follows. Deferred tax e currency financial statements have not been recorded as provided for by SFAS 109, which permits the exclusion of the cal the reserves are not expected to be released.

S) Earnings per share

Under Italian GAAP prior year earnings per share is recalculated each year to include in the weighted-average number of s 2004, related to stock grant plans approved by Eni as of December 31, 2002.

Under U.S. GAAP prior year earnings per share is not adjusted for the exercise of stock grants in 2004.

This difference did not generate a significant difference between U.S. GAAP and Italian GAAP.

Beginning in 2003 stock grant and option plans approved by Eni have been recorded with equivalent criteria both under It differences in the calculation of earnings per share between U.S. GAAP and Italian GAAP.

T) Guarantees

Under Italian GAAP guarantees are recorded in other memorandum accounts; when it is probable or certain that a guarant specific reserve as a component of equity.

U.S. GAAP requires a company to recognize a liability for the obligations it has undertaken in issuing guarantees. This lia measured at fair value.

This difference did not generate a significant difference between U.S. GAAP and Italian GAAP.

U) Liabilities for redundancies

Under Italian GAAP, expected liabilities for redundancy incentives are accrued in "Reserves for contingencies - Other", w issued or, if necessary, agreements of negotiated contracts with trade unions are made and the liability can be reasonably e the liability is probable and it can be reasonably estimated.

Under U.S. GAAP, expected liabilities for involuntary redundancy incentives are expensed when the liability has been inc U.S. GAAP represents redundancy costs recognized under Italian GAAP, which did not meet the U.S. GAAP criteria for a

28 Reconciliations between net income and shareholders equity determined under Italian GA

The following is a summary of the significant adjustments to net income for the years ended December 31, 2002, 2003 anc 2004 that would be required if U.S. GAAP had been applied instead of Italian GAAP in the consolidated financial stateme

Reconciliation of net income

(million euro)

Net income according to the financial statements prepared under Italian GAAP
Items increasing (decreasing) reported net income:
A. effect of the differences related to companies consolidated under Italian GAAP but carried at equity method under U.S. GAAP (a)
A. effect of the differences related to companies carried on the equity method
B. successful-efforts accounting
C. asset impairments and revaluations
D. effect of the elimination of monetary revaluations
E. deferred income taxes
F. use of different depreciation rates
G. adjustment for the amortization of goodwill
G. differences in fair value assigned to assets acquired in the purchase of a business
H. capitalized interest expense
I. derivative contracts
J. stock grants and options awarded to employees
K. effect of the elimination of stock issuance costs
M. differences in the accrual for site restoration and abandonment liabilities
U. differences in reserves for contingencies
Other adjustments
Adjustments of gains on the sale of an interest in a consolidated subsidiary(b)
Effect of U.S. GAAP adjustments on minority interest (c)
Net adjustment
Net income in accordance with U.S. GAAP before cumulative effect of change in accounting principles
Effect of the initial application of SFAS 143 (d)
Net income in accordance with U.S. GAAP
Net income per share before cumulative effect of change in accounting principles (e)
Net income per share resulting from the cumulative effect of the initial application of SFAS 143 (e)
Net income per share including the cumulative effect of the initial application of SFAS 143 (e)
Net income per ADS (based on five shares per ADS) (e)

(a) Adjustment includes the aggregate effect of all differences between Italian GAAP and U.S. GAAP related to companies fully consc the equity method under U.S. GAAP; specifically this refers to Saipem SpA and its subsidiaries for the years 2004 and 2003 and to for the year 2002.

(b) This item refers to a downward adjustment of the gain on the sale of a 9.054% interest in the subsidiary Snam Rete Gas due to an ir use of different rates of depreciation for natural gas pipelines and other adjustment under U.S. GAAP.

(c) Adjustment to account for minority interest portion of differences B through U, which include 100% of the differences between Ital wholly-owned subsidiaries.

(d) Total effect for the years before January 1, 2003 net of income taxes for euro 207 million.

(e) Amounts in euro.

Discontinued operations

(million euro)

Analysis of net income between:	
- continuing operations	
- discontinuing operations	
Net income (U.S. GAAP)	

Amounts per share/ADS

(euro)

Net income per share:	
- continued operations	
- discontinued operations	
Net income per ADS:	
- continued operations	
- discontinued operations	

Within the rationalization strategy of its mineral asset portfolio, aimed at increasing its value by focusing on strategic areas
Eni sold the following assets which have been classified as discontinued operations: (i) Eni s interests in Blocks T (Eni op
70.2% interest) located in the British section of the North Sea off the Scottish coast; (ii) its interest in the Markham and JC
proved and unproved property in Gabon: an 80% interest in the offshore producing Limande field and three offshore explo

Within its strategy of concentrating in downstream oil in Europe, in August 2004 Eni sold to the Brazilian company, Petro
distribution of refined products.

Within its strategy of reducing capital employed in Petrochemicals, Eni concluded in January 2004 the sale of its plant for

In October 2004, Eni sold a waste disposal unit in Ravenna.

Earnings or losses of these businesses, as well as any impairment determined as a result of the expected sales proceeds, are
reconciliation of net income determined under Italian GAAP to U.S. GAAP.

Reconciliation of shareholders equity

(million euro)

Shareholders equity according to the financial statements prepared under Italian GAAP
Items increasing (decreasing) reported shareholders equity:[a]
A. effect of the differences between Italian GAAP and U.S. GAAP related to companies carried at equity method under U.S. GAAP [b]
A. effect of the differences related to companies carried at equity method
B. successful-efforts accounting
C. asset impairments and revaluations
D. elimination of monetary revaluations
E. deferred income taxes
F. use of different depreciation rates
G. goodwill
G. assets associated with the acquisition of a company (portfolio of clients)
H. capitalized interest expense
I. derivative contracts
K. stock issuance costs
L. fair value of marketable securities
M. site restoration and abandonment liabilities (SFAS 143)
U. reserves for contingencies
Other adjustments
Effect of U.S. GAAP adjustments on minority interest [c]
Net adjustment
Shareholders equity in accordance with U.S. GAAP

(a) Items increasing (decreasing) reported shareholders equity of foreign companies are translated into euro at exchange rate prevailir

(b) Adjustment includes the aggregate effect of all differences between Italian GAAP and U.S. GAAP related to companies fully conso the equity method under U.S. GAAP; specifically this refers to Saipem SpA and its subsidiaries.

(c) Adjustment to account for minority interest portion of differences B through U, which include 100% of the differences between Ital wholly-owned subsidiaries.

Shareholders equity under U.S. GAAP includes other comprehensive income, with a negative balance of euro 2,748 milli
respectively. Such other comprehensive income primarily relates to exchange rate differences resulting from the translatio
are gross of deferred income taxes. The decrease in the other comprehensive income of euro 783 million regards essentiall
statements prepared in currencies other than the euro (euro 783 million; of which euro 550 million related to companies wh

The consolidated balance sheets, if determined under U.S. GAAP would have been as follows:

(million euro)

ASSETS
Current assets
Cash
Marketable securities
Accounts receivable trade, financing and other
Inventories
Accrued interest and other
Total current assets
Non-current assets
Fixed assets, net
Non-current inventories (compulsory stock)
Receivables
Investments
Intangible assets
Other
Total non-current assets
TOTAL ASSETS
LIABILITIES AND SHAREHOLDERS EQUITY
Current liabilities
Short-term debt
Current portion of long-term debt
Trade accounts payable
Advances
Taxes payable
Accrued expenses and other
Total current liabilities
Non-current liabilities
Long-term debt
Reserve for employee termination indemnities
Reserves for contingencies
Deferred and other non-current income tax liabilities
Accrued expenses and other
Total non-current liabilities
TOTAL LIABILITIES
Minority interests
Shareholders equity
Capital stock 4,004,424,476 fully paid shares nominal value 1 euro each (4,002,922,176 fully paid shares at December 31, 2003)
Reserves
Treasury shares
Net income for the year

Total shareholders equity	
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	

The fixed assets, if determined under U.S. GAAP would have been as follows:

(million euro)
Fixed asset, gross:
- Exploration & Production
- Gas & Power
- Refining & Marketing
- Petrochemicals
- Oilfield Services Construction and Engineering
- Other activities
- Corporate and financial companies
Less accumulated depreciation, amortization and writedowns:
- Exploration & Production
- Gas & Power
- Refining & Marketing
- Petrochemicals
- Oilfield Services Construction and Engineering
- Other activities
- Corporate and financial companies
Fixed assets, net:
- Exploration & Production
- Gas & Power
- Refining & Marketing
- Petrochemicals
- Oilfield Services Construction and Engineering
- Other activities
- Corporate and financial companies

With regard to the statements of income, operating income (loss) by industry segment and income before income taxes, as

(million euro)

Operating income (loss) by industry segment
Exploration & Production
Gas & Power
Refining & Marketing
Petrochemicals
Oilfield Services Construction and Engineering
Other activities
Corporate and financial companies
Income before income taxes and the initial application of SFAS 143
Effect of the initial application of SFAS 143
Net income before income taxes

Operating income (loss) by segment relating to 2002 was reclassified on the basis of the new subdivision of activities. In p
subsidiaries, previously included in the "Petrochemicals" segment. The information relating to the new segment "Corporat
addition, following the merger of EniData SpA into Eni SpA, operating income related this company for 2002 and 2003 w
companies".

29 Additional financial statement disclosures required by U.S. GAAP and the SEC

Charges related to asset retirement obligations

Changes in asset retirement obligations during the year were:

(million euro)

Asset retirement obligations as of January 1
New obligations incurred during the year
Accretion of discount
Revisions of previous estimates
Spending on existing obligations
Property dispositions
Foreign currency translation
Other adjustments
Asset retirement obligations as of December 31

Stock compensation

With the aim of improving motivation and loyalty of its managers, Eni approved plans for the granting of Eni shares and st
adopted APB 25 and related interpretations in accounting for shares and options issued to employees in its reconciliation to
"Accounting for Stock-Based Compensation" ("SFAS 123") and a description of Eni s stock grant and stock option plans
U.S. GAAP purposes (Note No. 27). Costs of plans for 2003 have been determined according to Italian GAAP with criteri

Stock grants

With the aim of improving motivation and loyalty of Eni managers through the linking of compensation to the attainment o
participate in corporate risk and motivating them towards the creation of shareholder value and increasing at the same time
2000 Eni created stock grant plans offering shares for no consideration to those managers of Eni SpA and its subsidiaries a
corporate and individual objectives. Shares vest within 45 days after the end of the third year from the date of the offer or,
employment; (ii) loss of control by Eni of the company of which the assignee is employee; (iii) sale to a company not cont
(iv) death of the assignee. Stock rights may not be transferred by the assignee to other persons or entities, and their assignm
the assignee decides to terminate employment at Eni within three years from the date the share rights were granted.

In application of the 2000-2001 Incentive Plan, Eni s Shareholders Meeting of June 6, 2000 delegated to the Board of Di
to increase capital stock up to a maximum of euro 3.5 million (or about 0.0875% of current capital stock) by issuing 3.5 m
before July 31, 2001 by withdrawing from the "Reserve for the issue of shares in accordance with Article 2349 of the Civi
resolved to increase Eni s share capital by issuing up to a maximum of 2 and 1.5 million ordinary shares, respectively, to b
preset individual and corporate targets in 1999 and 2000.

In application of the 2002 Incentive Plan, Eni s Shareholders Meeting of May 30, 2002 delegated to the Board of Direct
increase the capital stock up to a maximum of euro 1.5 million for no consideration (or about 0.037% of current capital sto
ordinary shares nominal value euro 1 per share, by withdrawing from the "Reserve for the issue of shares in accordance wi
Directors resolved to increase Eni s share capital by issuing up to a maximum of 1.5 million ordinary shares to be offered
individual and corporate targets in 2001.

Eni s Shareholders Meeting of May 30, 2003 authorized the Board of Directors to make available a maximum of 6.5 mil
capital) to assign for no consideration in the 2003-2005 three year period to managers of the Group who have achieved pre
power to prepare the annual assignment plans. On June 19, 2003 the Board of Directors approved the Stock Grant Plan for
million treasury shares (corresponding to about 0.037% of Eni s share capital) to those managers of the Group who have a

On July 6, 2004 the Board of Directors approved the Stock Grant Plan for 2004 that entails the assignment for no consider
0.035% of Eni s share capital) to those managers of the Group who have achieved in 2003 the individual preset targets.

Eni granted 5,353,100 shares of stock (equal to 0.108% of current capital stock) subdivided as follows: (i) in 2000 a total o
1,851,750 shares (fair value of euro 13.71); (iii) in 2002 a total of 1,037,200 shares (fair value of euro 15.96); (iv) in 2003
1,035,600 (fair value 14.57).

(2) Does not include listed subsidiaries, which have their own stock grant plans.

Stock Option Plans

2000-2001

The 2000-2001 Stock Option Plan provided for the exercise of options for the underwriting of Eni shares to be issued by m
Meeting of August 2, 2000, provided that the arithmetic average of Eni share price recorded in July 2002 is equal to or hig
options offered for the subscription of 14,369,500 Eni shares to 180 Eni Group managers at the price of euro 12.992 (the a
Telematico Azionario in the month preceding the date of the Board s resolution to increase capital of September 26, 2000

2002

Eni s Shareholders Meeting of May 30, 2002 delegated to the Board of Directors the power to increase the capital stock
capital stock) for Eni s 2002-2004 Stock Option Plan to be sold at an exercise price corresponding to the arithmetic averag
in the month preceding the date of their granting to those managers of Eni SpA and its subsidiaries, as defined in Article 2
to the Group s performance and are of strategic interest to the Group (314 persons).

On July 2, 2002 the Board of Directors approved the Stock Option Plan for 2002 which provides for the granting of option
Grantees are provided the option to purchase Eni shares at the above mentioned exercise price after three years from the da
employment or retirement or death, the grantee maintains the right to exercise vested options within six months from termi
The sole exception is Eni SpA s Managing Director who maintains the right to exercise options assigned to him until July
company within three years from grant, all options expire. Option rights not exercised before July 31, 2010 expire.

At December 31, 2002, a total of 3,518,500 options were granted for the purchase of 3,518,500 shares at the price of euro

2003

On June 19, 2003, exercising the power conferred upon it by the Shareholders Meeting of May 30, 2002, the Board of Di
for the granting of a maximum of 6 million options for the purchase of treasury share (corresponding to 0.1499% of Eni s
managers that are to participate in the Plan; (iii) regulations for the Plan, and delegated to the Managing Director the select
31, 2003. Options provide to grantees the right to purchase Eni shares after three years from the date of grant at a price cor
recorded on the Mercato Telematico Azionario in the month preceding the option grant and the average prices of treasury s
the agreed termination of employment; (ii) the loss of control on the part of Eni of the company where the grantee is emplo
grantee is employed to a company not controlled by Eni; (iv) the death of grantee, the grantee, or his successors, maintain
event.

2004

On July 6, 2004 exercising the power conferred upon it by the Shareholders Meeting of May 30, 2002, the Board of Dire
for the granting of a maximum of 5 million options for the purchase of treasury shares (corresponding to 0.125% of Eni s
of the arithmetic average of official prices recorded on the Mercato Telematico Azionario in the month preceding the date
by Eni as of the day prior to the assignment; (ii) the criteria for the selection of managers that are to participate in the Plan;
Director the selection of the grantees on the basis of such criteria, before December 31, 2004. Grantees are provided the op
after three years from the date of grant until July 29, 2012 (for the Managing Director options expire on July 31, 2004).

The weighted-average remaining contractual life of options outstanding at December 31, 2002 and 2003 is 5.6 and 6.6 yea

The following is a summary of stock option activity for the years 2002, 2003 and 2004:

	2002		
(euro)	**Number of shares**	**Weighted average exercise price** [a]	**Number of sh**

Options as of January 1	**12,032,000**	**12.992**	**3,518,500**
New options granted	3,518,500	15.216	4,703,000
Options exercised in the period			
Options cancelled in the period	(12,032,000)	12.992	(59,500
Options outstanding as of December 31	**3,518,500**	**15.216**	**8,162,000**
of which exercisable at December 31	**42,000**	**15.216**	**73,000**

(a) Below quoted market price.

The fair value of stock options granted during the years ended December 31, 2002, 2003 and 2004 of euro 5.39, 1.50 and 2
method and using the following assumptions:

Risk-free interest rate	
Expected life	
Expected volatility	
Expected dividends	

The following is a summary of the effect of stock compensation, as required under SFAS 123:

(million euro except per share data)

Net income as reported	
Pro-forma fair value expense, net of APB 25 expense of euro 0, 0 and (9) million in 2002, 2003 and 2004, respectively	
Pro-forma net income	
Pro-forma earnings per share	

Comprehensive income

U.S. GAAP requires the reporting and display of comprehensive income and its components in accordance with Statement
Comprehensive Income" ("SFAS 130"). Components of other comprehensive income include variations in equity accounts
transactions with shareholders. Deferred tax effects of exchange differences from the translation of functional currency fin
109, which permits the exclusion of the calculation of taxes on equity reserves of foreign subsidiaries when the reserves ar

(million euro)

Net income in accordance with U.S. GAAP	
Other comprehensive income (loss) for the period gross of income taxes	
Fair value of marketable securities	
Exchange differences from translation of financial statements denominated in currency other than euro	
Exchange differences from translation in the period and other changes	
Net comprehensive income for the period according to U.S. GAAP	

Income taxes

The following information is presented according to Statement of Financial Accounting Standards No. 109 "Accounting fo

Domestic and foreign components of pre-tax income are as follows:

(million euro)
Domestic
Foreign

The provisions for income taxes are as follows:

(million euro)
Current
Deferred

The reconciliation of the income tax provision calculated under Italian tax regulation by applying a 33% rate (Ires - nationa regional income tax) to net value of production, to the provision for income taxes recorded on a U.S. GAAP basis in the co

(million euro)
Income before income tax in accordance with U.S. GAAP
Italian statutory tax rate (state and local)
Expected income tax provision in accordance with U.S. GAAP at Italian statutory tax rate
Effect of items increasing (decreasing) the Italian statutory tax rate:
- taxation of foreign operations at rates different from Italian statutory tax rate
- taxes on distributable reserves
- effects of tax credits
- permanent differences
- devaluation/revaluation of deferred tax assets
- net tax effects due to the revaluation of assets (Financial Law 2004)
- net tax effects due to the applications of Law 448/2001
- other
Income taxes in accordance with U.S. GAAP

Net deferred tax liabilities

Net deferred tax liabilities under U.S. GAAP, represented by net deferred taxes recorded under "Reserve for taxes" (euro 6 assets" (euro 1,159 million) amounted to euro 5,208 million at December 31, 2004 (euro 3,997 million as of December 31, The tax effects of significant temporary differences causing the tax liabilities are as follows:

(million euro)

Deferred tax liabilities:
- accelerated depreciation
- distributable reserves subject to taxes in case of distribution
- excess cost paid for the acquisition of consolidated investments
- successful-efforts accounting
- capitalization of interest expense
- reserves for uncollectible receivables
- release of excess contingency reserves
- gains taxable in the future
- other
Deferred tax assets:
- accruals for doubtful accounts and contingencies
- revaluation of assets in accordance with Law 342/2000
- tax loss carryforwards
- investment revaluation in accordance with Law 292/1993 and the allocation of the merger difference arising from the merger of Agip SpA into Eni SpA
- revaluation of fixed assets under Law 448/2001
- losses on investments and subsidiaries in excess of currently allowable tax deductions
- future deductible amortization
- writeoffs of assets deductible in the future
- other
Less:
- valuation allowance
Net deferred tax liabilities

The valuation allowance of euro 2,839 million (euro 3,143 million at December 31, 2003) against net deferred tax assets is fiscal profits are not considered sufficient to utilize respective net deferred tax assets.

Tax loss carryforwards

The difference in gross tax loss carryforwards between Italian GAAP and U.S. GAAP relates to the companies which are c according to U.S. GAAP.

Acquisition of Italgas SpA

Eni s acquisition of an additional interest in Italgas during 2003 was a significant element in Eni s strategy of expanding expectation for the natural gas segment in Italy and Europe. In addition, is correlated with the Italian regulation following l significant estimates - Gas & Power"). Eni s strategy in the natural gas segment expects: (i) an increasing focalization on p progressive reduction in the regulated activities; (ii) the valorization of Italian sales by the optimization of the portfolio of c Legislative Decree No. 164/2000; (iii) development in the European markets with an interesting prospective for the possib Germany) by taking advantage of the integrated knowledge owned by Eni in the natural gas activities.

In January 2003, Eni completed the acquisition of an additional 56.04% of Italgas SpA (Italgas) for cash consideration of e
Italgas, which was consolidated on a line-by-line basis under Italian GAAP, while it was accounted for under the equity m
GAAP purposes in 2003 as a result of Eni s acquisition of the additional interest.

Under U.S. GAAP the acquisition of Italgas has been accounted for in accordance with SFAS 141. The cost of the acquisit
based on estimates of their respective fair values at the date of acquisition. Fair values were determined based on third part

U.S. GAAP goodwill in the amount of euro 941 million resulted from the purchase price allocation. The following table su
liabilities assumed at the date of the Italgas SpA acquisition:

(million euro)
Cash paid for shares purchased
Allocation of purchase price for assets acquired
Fixed assets
Goodwill
Investments
Portfolio of clients
Deferred tax
Other assets and liabilities
Total allocation of purchase price

Investments

At December 31, 2003 and 2004, investments of euro 4,010 million and euro 4,331 million, respectively, include shares of
Exchange.

The following information includes its fair value:

	Eni s number of shares	Equity r (%)
December 31, 2003		
Saipem SpA	189,423,307	
December 31, 2004		
Saipem SpA	189,423,307	

In 2003, and 2004, Saipem SpA is included in the consolidation under Italian GAAP, while, under U.S. GAAP, it is valued

Information about Saipem SpA and its subsidiaries, representing a 100% share of the companies, is as follows:

(million euro)
Total assets
Total liabilities

(million euro)
Net sales from operations
Operating income

Net income

Concentrations and certain significant estimates

The following information is presented according to Statement of Position 94-6 "Disclosures of Certain Significant Risks a

Nature of operations

Eni is an integrated energy company operating in the oil and gas, electricity generation, petrochemicals and oilfield service

Exploration & Production: through its Exploration & Production Division and subsidiaries, Eni engages in hydrocarbon Libya and Tunisia), West Africa (Angola, Congo and Nigeria), the North Sea (Norway and the United Kingdom), Latin A countries (mainly Kazakhstan), the United States (mainly in the Gulf of Mexico) and Far East (Iran, Indonesia, Pakistan, C sold was supplied to Eni s Refining & Marketing segment and approximately 40% of natural gas production sold was sup

Eni owns a storage system made up by a number of depleted fields used for the modulation of supply in accordance with s used in the winter), as strategic reserve to ensure supply and to support domestic production through mineral storage. Stor company constituted in accordance with Law Decree No. 164 of May 23, 2000 that introduced laws for the liberalization c

Gas & Power: Eni is engaged in the supply, transmission and sale of natural gas in Italy and outside Italy through its Gas Snam SpA into Eni SpA in 2002, and through certain subsidiaries. Approximately 85% of total purchases are purchased fr Norway) under long-term contracts, which contain take-or-pay provisions, and transported to Italy through a network of o transmission rights. The remaining purchases in Italy are obtained principally from domestic gas produced by Eni s Explo 30,000-kilometer long network (corresponding to 96% of the Italian domestic natural gas network), Eni supplies natural g users and the thermoelectric segment. Snam Rete Gas (Eni 50.06%), that was constituted in accordance with Law Decree I Gas, a company listed on the Italian stock exchange, engages in natural gas transportation activities also for other operator attributed to Eni the interests owned by Italgas in Italian companies selling natural gas (among which a 100% interest in It natural gas (among which a 40% interest in Tigaz), Eni now manages directly about 5 million customers of the residential is engaged in local distribution outside Italy, in Argentina through Distribuidora de Gas Guyana, in Hungary through Tiga

Legislative Decree No. 164 of May 23, 2000 introduced laws for the liberalization of the Italian natural gas market with gr phases of the natural gas chain. The most important aspects of the decree are the following:

- total free market after 2003;
- until December 31, 2010 the imposition of thresholds to operators in relation to a percentage share of domestic consum imported or domestically produced natural gas volumes introduced in the domestic transmission network in order to se percentage points per year until it reaches 61% in 2009; (ii) 50% from January 1, 2003 for sales to final customers. Th consumption and, in case of sales, also net of losses;
- tariffs for transport, dispatching, storage, use of LNG terminals and local network distribution are set by Authority for
- third parties are to access the transmission system on a regulated basis.

Eni through EniPower SpA (Eni 100%) and subsidiaries is engaged in the electricity business at the power plants located i Brindisi industrial sites with installed capacity of 3.3 gigawatts and a production sold of 13.85 terawatthours. The demand

Refining & Marketing: Eni, through its Refining & Marketing Division, which was constituted by the incorporation of A engages in petroleum refining and marketing activities primarily in Italy and Europe. Eni is the largest refiner of petroleum Approximately 50% of crude oil supplies is purchased from Eni s Exploration & Production segment, the rest is purchase and in international spot markets (20%). Over 50% of the purchased crude oil is processed. Over 30% of oil processed der segment.

Petrochemicals: through Polimeri Europa SpA and its subsidiaries (Eni 100%), Eni engages in manufacturing of olefins, petrochemicals production is concentrated in Italy, the other operations being primarily in Western Europe. Approximatel petrochemical plants are supplied by Eni s Refining & Marketing segment.

Oilfield Services construction and Engineering: through Saipem SpA (Eni 43%), a company listed on the Italian stock e drilling services to customers in the oil and gas industries. Through Snamprogetti SpA (Eni 100%) and its subsidiaries, En services to customers in the oil and gas and petrochemical industries. At December 31, 2004 approximately 8% of the orde segment related to orders from Eni Group companies.

Certain significant estimates

The preparation of the financial statements in conformity with Italian GAAP, along with the reconciliation to U.S. GAAP, affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial state the reporting period. Actual results could differ from those estimates.

Accounting for Suspended Well Costs

Refer to Note 27 "Summary of significant differences between Italian accounting principles and U.S. GAAP on page F-64
discussion of the company s accounting policy for the cost of exploratory wells.

In April 2005, the FASB issued FSP FAS 19-1 to amend FAS 19, "Financial Accounting and Reporting by Oil and Gas Pr
companies in the oil and gas industry are allowed to continue capitalization of an exploratory well after the completion of
reserves to justify completion as a producing well and (b) the enterprise is making sufficient progress assessing the reserve
condition is not met or if an enterprise obtains information that raises substantial doubt about the economic or operational
be impaired, and its costs, net of any salvage value, would be charged to expense. FSP FAS 19-1 provided a number of ind
was being made in assessing the reserves and economic viability of the project. Among these indicators are: (i) costs are be
development; (ii) existence (or active negotiations) of sales contracts with customers for oil and natural gas; and (iii) existe
commitments, which may include seismic testing and drilling of additional exploratory wells.

The disclosures and discussion below address those suggested in FSP FAS 19-1.

The following table reflects the net changes in capitalized exploratory well costs during 2004, 2003 and 2002, and does no
in the same period. Capitalized exploratory well costs for fiscal years ending December 31, 2004, 2003 and 2002, are prese

The adoption of this FSP does not result in the write-off of any capitalized exploration drilling costs for the period 2002-20

(million euro)

Beginning balance at January 1
Additions pending the determination of proved reserves
Amount previously capitalized charged to expense during the year
Reclassification to wells, facilities and equipment based on the determination of proved reserves
Other reductions (*)
Foreign exchange effects
Ending Balance at December 31

(*) Represents sales of properties.

The following table provides an aging of capitalized exploratory well costs, based on the date the drilling was completed, a
capitalized for the period:

	2002		2003	
	million euro	Net wells (*)	million euro	Net
< 1 year	200	17.76	264	

1 to 3 years	299	20.4	241	
3 to 8 years	91	13.96	65	
Total at year end	591	52.12	570	

(*) A net well is the sum of the fractional working interest owned in gross wells.

The following table provides, based on the date the drilling was completed, the capitalized costs and the related net well nu
projects of exploratory activity.

	2002	
	mm euro	Net w
Project with wells drilled in the past 12 months	**200**	
Project with recent or planned exploratory activitiy	**163**	
Project with exploration activities already underway or firmly planned:		
future exploration drilling	87	
other exploratory activities	76	
Project with completed exploratory activity	**227**	
Project progressing towards commercialization/sanction	221	
Projects awaiting finalization of development facilities	7	
Total at the year end	**591**	

(*) A net well is the sum of the fractional working interest owned in gross wells.

At the end of 2004 of the euro 513 million of exploratory suspended costs, approximately euro 156 million related to the 1
less. Of the remaining euro 357 million, related to the 31.35 net wells suspended for more than one year since the completi
exploration activity is still ongoing.

Recent accounting pronouncements

In November 2004, the Financial Accounting Standards Board issued the statement No. 151, "Inventory Costs - An Amen
2004 the statement No. 153, "Exchanges of Nonmonetary Assets - An Amendment of APB Opinion No. 29" (SFAS 153).

SFAS 151 amends the guidance in ARB No. 43 and clarifies that items such as idle facility expense, excessive spoilage, d
recognized as current period charges regardless of whether they meet the criterion of "so abnormal". In addition, with the e
international accounting standards (IFRS), SFAS 151 provides that allocation of fixed production overheads to the costs o
facilities, also considering the losses of production capacity following the closure of plants for planned maintenances. The

Eni presently is analyzing the statement and, at the moment, believes that the application will not have a significant effect

SFAS 153 amends APB Opinion 29, that provides that exchanges of nonmonetary assets should be measured based on the
nonmonetary exchanges of similar productive assets should be measured on a carryover basis. With the effort of the FASB
standards (IFRS), SFAS 153 eliminates the exception for exchanges of nonmonetary exchanges of similar productive asse
nonmonetary assets that do not have commercial substance. A nonmonetary exchange has a commercial substance if the fu
as a result of the exchange. The first application of SFAS 153 is provided beginning from July 1, 2005. Eni presently is an
not the application will have a material impact on Eni s financial position or operating results.

Subsequent events

The main subsequent events occurred are as follows:

- on February 18, 2005, the Council of Ministers, on proposal of the Ministry of Economy and Finance, presented a Draf
Ministers which defined criteria and modes for the divestment of the interest held by Eni in Snam Rete Gas SpA (50.06
Economy and Finance provided for by the regulations on the divestment of interests held by the Italian Government wi
After the publication of the relevant Decree, Eni will continue the procedure for the sale of Snam Rete Gas SpA shares
2007;
- within the North Caspian Sea PSA for the development of the Kashagan field, on March 31, 2005 Eni and the other pa
purchased proportionally to their respective working interest the 16.67% share of British Gas that left the project, follo
May 2003. All partners then sold 50% of this interest to the Kazakh national company Kazmunaygaz, new partner in th
in the operated project increased from 16.67% to 18.52% after the purchase that entailed an expenditure of US dollar 2
- in April 2005 Eni concluded the sale procedure of a 90% interest in Italiana Petroli (IP) with a call-and-put option for t
second half of 2010. The transaction that has been submitted for approval to the Italian Antitrust Authority will entail c
the shares when finalized. In 2004, IP sold 2.6 billion liters of fuels with an average throughput of 896,000 liters; at yea
stations, of these approximately 2,700 were leased;
- Eni Shareholders Meeting of May 27, 2005 resolved to extend Eni s share buy-back program for an 18-month perioc
program started in 2000 and provides for the purchase of a maximum of 400 million Eni shares for an amount not high
treasury shares held by Eni as of May 26, 2005 (245.16 million shares for a total purchase cost of euro 3,440 million).

Supplemental oil and gas information (unaudited)

The following information is presented in accordance with Statement of Financial Accounting Standards No. 69, "Disclosu
minority interests are not significant.

Capitalized costs

Capitalized costs represent the total expenditures for proved and unproved mineral interests and related support equipment
activities, together with related accumulated depreciation, depletion and amortization.

(million euro)	Italy	North Africa
At December 31, 2003		
Proved mineral interests [(a)]	8,766	6,103
Unproved mineral interests		329
Support equipment and facilities	262	594
Incomplete wells and other	826	1,254
Gross capitalized costs	**9,854**	**8,280**
Accumulated depreciation, depletion and amortization	(6,186)	(3,799)
Net capitalized costs	**3,668**	**4,481**
At December 31, 2004		
Proved mineral interests [(a)]	9,056	7,192
Unproved mineral interests		272
Support equipment and facilities	252	1,056
Incomplete wells and other	662	468
Gross capitalized costs	**9,970**	**8,988**
Accumulated depreciation, depletion and amortization	(6,416)	(3,887)
Net capitalized costs	**3,554**	**5,101**

(a) Includes capitalized costs for wells and facilities related to proved reserves.

Cost incurred

Costs incurred represent amounts both capitalized and expensed in connection with oil and gas producing activities.

(million euro)	Italy	North Africa
Year ended December 31, 2002		
Proved property acquisitions		
Unproved property acquisitions		
Exploration	69	116
Development	440	724
Total costs incurred	**509**	**840**
Year ended December 31, 2003		
Proved property acquisitions		
Unproved property acquisitions		
Exploration	67	80
Development [(a)]	449	1,106
Total costs incurred [(b)]	**516**	**1,186**
Year ended December 31, 2004		
Proved property acquisitions		
Unproved property acquisitions		
Exploration	64	104
Development [(a)]	431	965
Total costs incurred	**495**	**1,069**

(a) Includes for assets retirement obligations pursuant to SFAS 143 "Accounting for asset retirement obligations" euro 84 million of cos 2004.

(b) Includes costs for acquisition of Fortum Petroleum AS (now Eni Norge AS) of euro 434 million, net of the related gross-up for defer allocated to the North Sea area as follows: (i) Proved property acquisitions euro 308 million, (ii) Unproved property acquisitions eur

Results of operations from oil and gas producing activities

Results of operations from oil and gas producing activities, including gas storage services used to modulate the seasonal va
directly associated to such activities including operating overheads. These amounts do not include any allocation of interes
necessarily indicative of the contributions to consolidated net earnings of Eni. Related income taxes are computed by apply
producing activities. Eni is a party to certain Production Sharing Agreements (PSAs) whereby a portion of Eni s share of o
partners which are state-owned entities, with proceeds being remitted to the state in satisfaction of Eni s PSA-related tax l
but paid by state-owned entities out of Eni s share of oil and gas production.

(million euro)	Italy	North Africa
Year ended December 31, 2002		
Revenues:		
- sales to affiliates	2,871	1,673
- sales to unaffiliated entities	253	1,226
Total revenues	**3,124**	**2,899**
Operations costs	(218)	(352)
Production taxes	(138)	(110)
Exploration expenses	(80)	(71)
D.D. & A. and Provision for abandonment (a)	(528)	(532)
Other income and (expenses)	(258)	(186)
Pretax income from producing activities	**1,902**	**1,648**
Estimated income taxes	(751)	(852)
Results of operations from E&P activities	**1,151**	**796**
Year ended December 31, 2003		
Revenues:		
- sales to affiliates	2,609	1,469
- sales to unaffiliated entities	153	1,188
Total revenues	**2,762**	**2,657**
Operations costs	(222)	(316)
Production taxes	(136)	(97)
Exploration expenses	(89)	(70)
D.D. & A. and Provision for abandonment (a)	(458)	(420)
Other income and (expenses)	(170)	(264)
Accretion discount (SFAS 143) (b)	(37)	(5)
Pretax income from producing activities	**1,650**	**1,485**
Estimated income taxes	(629)	(788)
Results of operations from E&P activities	**1,021**	**697**
Year ended December 31, 2004		
Revenues:		
- sales to affiliates	2,633	1,868
- sales to unaffiliated entities	148	1,364
Total revenues	**2,781**	**3,232**
Operations costs	(223)	(292)
Production taxes	(118)	(91)
Exploration expenses	(57)	(47)
D.D. & A. and provision for abandonment (a)	(489)	(437)
Other income and (expenses)	(98)	(368)
Accretion discount (SFAS 143) (b)	(37)	(5)
Pretax income from producing activities	**1,759**	**1,992**
Estimated income taxes	(632)	(994)

Results of operations from E&P activities	**1,127**	**998**

(a) Includes assets impairments amounting for euro 227 million for 2002, 210 million for 2003 and 300 million for 2004.
(b) Represents the financial effect of the passage of time relating to Eni s future asset retirement obligations pursuant to SFAS 143 "Acco

Average sales prices and production costs per unit of production

		Italy	North Africa
2002			
Average sales prices:			
Oil and condensates, per BBL	($)	22.39	23.49
Natural gas, per kCF		3.73	2.83
Average production costs, per BOE (1)		2.97	3.44
2003			
Average sales prices:			
Oil and condensates, per BBL	($)	24.24	27.14
Natural gas, per kCF		4.65	2.86
Average production costs, per BOE (1)		3.77	3.70
2004			
Average sales prices:			
Oil and condensates, per BBL	($)	30.98	35.66
Natural gas, per kCF		5.33	2.92
Average production costs, per BOE (1)		4.35	3.53

(1) Calculated net of volumes of natural gas consumed in operations. Starting in 2004, natural gas was converted to oil-equivalent at 5,7
converted to oil-equivalent at 5,800 CF = 1 BBL for natural gas produced outside Italy and at 5,600 CF = 1 BBL for natural gas proc

Oil and natural gas reserves

Proved oil and gas reserves are the estimated quantities of crude oil, natural gas and natural gas liquids which geological a recoverable in future years from known reservoirs under technical, contractual, economic and operating conditions existing prices provided only by contractual arrangements, but not on escalations based upon future conditions. Proved crude oil an price of Brent crude oil as of December 31, of each of the three years presented (40.47, 30.10 and 25.66 US dollar per barr 4-10 of Regulation S-X. Proved reserves exclude royalties and interests owned by others.

Proved developed reserves are proved reserves that can be estimated to be recovered through existing wells with existing e

Proved undeveloped oil and gas reserves are reserves that are expected to be recovered from new wells on undrilled acreag required for completion.

Additional oil and gas reserves expected to be obtained through the application of fluid injection or other improved recove primary recovery are included as proved developed reserves only after testing by a pilot project or after the operation of an increased recovery will be achieved.

The estimates of Eni s reserve quantities have been prepared in accordance with Statement of Financial Accounting Stand undeveloped, at December 31, 2001, 2002, 2003 and 2004 are based on data prepared by Eni.

Eni operates under Production Sharing Agreements (PSAs) in several of the foreign jurisdictions where it has oil and gas e operates under PSAs, proved reserves are shown in accordance with Eni s economic interest (pursuant to PSA contract ter in future years. Such reserves include estimated quantities allocated to Eni for recovery of costs, income taxes owed by En entities) out of Eni s share of production, and Eni s net equity share after cost recovery. Proved oil and gas reserves asso reserves as of year-end 2002, 2003 and 2004, respectively, on an oil-equivalent basis.

Proved reserves include the volume of natural gas used for own consumption and volumes of natural gas held in certain Er
include: (i) the residual natural gas volumes of the reservoirs; (ii) natural gas volumes from other Eni fields input into thes
volumes owned by or acquired from third parties. Gas withdrawn from storage is produced and thereby detracted from pro

Numerous uncertainties are inherent in estimating quantities of proved reserves and in projecting future rates of productio
reserve estimate is a function of the quality of available data and engineering and geological interpretation and judgement.
estimate may require substantial upward and downward revision. In addition, changes in oil and natural gas prices could h
estimates of reserves are based on prices and costs at the date when such estimates are made. Reserve estimates are also su
under certain PSAs.

The following table presents yearly changes in estimated proved reserves, developed and undeveloped, of crude oil (inclu
years 2002, 2003 and 2004.

Crude oil (Including Condensates and Natural Gas Liquids)

(million barrels)

Proved Oil Reserves	Italy	North Africa
Reserves at December 31, 2001	**309**	**1,171**
Purchase of Minerals in Place		
Revisions of Previous Estimates	2	(31)
Improved Recovery		14
Extensions and Discoveries	11	10
Production	(30)	(92)
Sales of Minerals in Place	(37)	
Reserves at December 31, 2002	**255**	**1,072**
Purchase of Minerals in Place		
Revisions of Previous Estimates	21	51
Improved Recovery		15
Extensions and Discoveries	6	32
Production	(30)	(90)
Sales of Minerals in Place		
Reserves at December 31, 2003	**252**	**1,080**
Purchase of Minerals in Place		
Revisions of Previous Estimates	(1)	(22)
Improved Recovery		11
Extensions and Discoveries	4	20
Production	(30)	(94)
Sales of Minerals in Place		(2)
Reserves at December 31, 2004	**225**	**993**

(million barrels)

Proved Developed Oil Reserves	Italy	North Africa
Reserves at December 31, 2001	171	685
Reserves at December 31, 2002	168	610
Reserves at December 31, 2003	173	640
Reserves at December 31, 2004	174	655

Natural gas

(billion cubic feet)

Proved Natural Gas Reserves	**Italy** [(a)]	**North Africa**
Reserves at December 31, 2001	**5,640**	**5,509**
Purchase of Minerals in Place		
Revisions of Previous Estimates	21	257
Improved recovery		
Extensions and Discoveries	105	9
Production	(456)	(212)
Sales	(15)	
Reserves at December 31, 2002	**5,295**	**5,563**
Purchase of Minerals in Place	10	
Revisions of Previous Estimates	(768)	(123)
Improved recovery		
Extensions and Discoveries	84	242
Production	(455)	(215)
Sales		
Reserves at December 31, 2003	**4,166**	**5,467**
Revisions of Previous Estimates	105	814
Improved Recovery		
Extensions and Discoveries	29	420
Production	(409)	(247)
Sales	(73)	(1)
Reserves at December 31, 2004	**3,818**	**6,453**

(billion cubic feet)

Proved Developed Natural Gas Reserves	**Italy** [(a)]	**North Africa**
Reserves at December 31, 2001	3,665	1,103
Reserves at December 31, 2002	3,397	1,084
Reserves at December 31, 2003	2,966	962
Reserves at December 31, 2004	2,850	1,760

(a) Including approximately 728, 779, 747 and 737 billions of cubic feet of natural gas held in storage at December 31, 2001, 2002, 2003

Standardized measure of discounted future net cash flows

Estimated future cash inflows represent the revenues that would be received from production and are determined by applyi
production of proved reserves. Future price changes are considered only to extent provided by contractual arrangements. E
by estimating the expenditures to be incurred in developing and producing the proved reserves at the end of the year. Neith
changes in technology and operating practices have been considered.

The standardized measure is calculated as the excess of future cash inflows from proved reserves less future costs of produ
10% discount factor.

Future cash flows as of December 31, 2002, 2003 and 2004 include annual revenue payments from Eni s Gas & Power se
represent payments for modulation services to support demand delivery capability. Such capability is provided through uti
depleted gas fields as storage.

Future production costs include the estimated expenditures related to the production of proved reserves plus any productio
development costs include the estimated costs of drilling development wells and installation of production facilities, plus t
wells and facilities, under the assumption that year-end costs continue without considering future inflation. Future income
countries in which Eni operates.

The standardized measure of discounted future net cash flows, related to the preceding proved oil and gas reserves, is calcu
Financial Accounting Standard No. 69. The standardized measure does not purport to reflect realizable values or fair mark
also take into account, among other things, the expected recovery of reserves in excess of proved reserves, anticipated cha
of the risks inherent in producing oil and gas.

(million euro)	**Italy**	**North Africa**
At December 31, 2002		
Future cash inflows	32,809	41,797
Future production costs	(4,367)	(10,354)
Future development and abandonment costs	(2,755)	(3,880)
Future net inflow before income tax	**25,687**	**27,563**
Future income tax	(8,885)	(12,164)
Future net cash flows	**16,802**	**15,399**
10% discount factor	(7,471)	(7,411)
Standardized measure of discounted future net cash flows	**9,331**	**7,988**
At December 31, 2003		
Future cash inflows	24,641	36,484
Future production costs	(3,879)	(7,868)
Future development and abandonment costs	(2,080)	(3,762)
Future net inflow before income tax	**18,682**	**24,854**
Future income tax	(6,113)	(10,296)
Future net cash flows	**12,569**	**14,558**
10% discount factor	(5,056)	(6,646)
Standardized measure of discounted future net cash flows	**7,513**	**7,912**
At December 31, 2004		
Future cash inflows	28,582	40,373
Future production costs	(3,635)	(7,237)
Future development and abandonment costs	(2,210)	(4,073)
Future net inflow before income tax	**22,737**	**29,063**
Future income tax	(7,599)	(11,487)
Future net cash flows	**15,138**	**17,576**

10% discount factor	(6,006)	(7,592)
Standardized measure of discounted future net cash flows	**9,132**	**9,984**

Changes in standardized measure of discounted future net cash flows

The following table reflects the changes in standardized measure of discounted future net cash flows for the years 2002, 20

(million euro)

Beginning of year
Increase (Decrease):
- sales, net of production costs
- net changes in sales and transfer prices, net of production costs
- extensions, discoveries and improved recovery, net of future production and development costs
- changes in estimated future development and abandonment costs
- development costs incurred during the period that reduced future development costs
- revisions of quantity estimates
- accretion of discount
- net change in income taxes
- purchase of reserves in-place
- sale of reserves in-place
- changes in production rates (timing) and other
Net increase (decrease)
End of year

Footnotes Item 1-15

(1) For a definition of margin see "Glossary".

(2) From 1991 to 2002 to DeGolyer and MacNaughton, from 2003 also to Ryder Scott.

(3) In PSAs the national oil company awards the execution of exploration and production activities to the internatio the mineral and financial risk of the initiative and, when successful, recovers capital expenditure and costs incu production. This production share varies along with international oil prices. In certain PSAs changes in internat which the contractor is entitled in order to remunerate its expenditure (profit oil).

(4) Of these, 5 are owned through affiliates for initiatives in Saudi Arabia, Russia and Spain.

(5) Of these 27,421 square kilometers are owned through affiliates for initiatives in Saudi Arabia, Russia and Spain

(6) Two of these are not yet operational.

(7) Eni agreed with the Antitrust Authority to sell a total volume of 9.2 billion cubic meters of natural gas (2.3 billi October 1, 2004 to September 30, 2008 at the Tarvisio entry point into the Italian network.

(8) In accordance with Article 19, paragraph 4 of Legislative Decree No. 164/2000, the volumes of natural gas con are excluded from the calculation of ceilings for sales to end customers and from volumes input into the Italian

(9) Article 11 of Legislative Decree No. 79/1999 concerning the opening up of the Italian electricity market oblige renewable sources to input into the national electricity system a share of electricity produced from renewable so from non renewable sources exceeding 100 gigawatts. Calculations are made on total amounts net of co-genera met also by purchasing volumes or rights from other producers employing renewable sources (the so called "gr share. Legislative Decree No. 387/2003 established that from 2004 to 2006 the minimum amount of electricity following year be increased by 0.35% per year. The Minister of Productive Activities, with decrees issued in co define further increases for the 2007-2009 and 2010-2012 periods.

(10) The Refining & Marketing segment purchased approximately 70% of the Exploration & Production segment s market those crudes and condensates that are not suited to processing in its own refineries due to their character

(11) Other floating production units are semi-submersible platforms, tension leg platforms and submersible pipe alig

(12) For a discussion of leverage and a reconciliation with the most directly comparable GAAP financial measure, s conditions" below.

(13) This definition applies to the term margin whenever used in this section.

(14) The ceiling on sales to end customers is 50%; the ceiling on volumes input into the Italian network to be sold in

(15) Difference between the current period cost of products sold and the cost deriving from the application of the we inventories.

(16) Excluding loans directed to specific capital expenditure projects in the Exploration & Production and Gas & Po recognized as an increase of the relevant capital goods.

(17) In fiscal year 2003, Stoccaggi Gas Italia, which in 2001 received a contribution-in-kind of natural gas storage a 448 of December 28, 2001, that allows companies receiving contributions-in-kind of assets to align the taxable paying a 9% special rate tax instead of the 34% statutory tax rate. Therefore in Eni s 2003 consolidated financi (net of the special rate tax of euro 154 million) was recognized on the temporary difference between the taxable Annual Report on Form 20-F - Item 5 Operating and financial review and prospects - Results of operations, und deferred tax asset arising from the temporary difference between the taxable value and the book value of natura not recognized because its recoverability was not considered reasonably certain, given the fact that Law No. 17 of natural gas storage concessions. As a matter of fact Italian GAAP state that no deferred tax asset can be reco certainty about its future recoverability. On the contrary the newly enacted Law No. 239 of August 23, 2004 es concessions; in particular Article 1 paragraph 61 states: "holders of natural gas underground storage concession lasting ten years, on condition that such persons carry out storage programs and all other obligations arising fro deferred tax asset was recognized of euro 259 million.

(18) According to Law No. 448 of December 28, 2001, companies receiving contributions-in-kind of assets are allow higher book value by paying a tax calculated at the 9% special rate provided for by the law instead of the 34% s two values. Stoccaggi Gas Italia SpA, which in 2001 received a contribution-in-kind of natural gas storage asse Therefore in Eni s consolidated financial statements a temporary difference between taxable values and book v recognition of the euro 287 million deferred tax asset (net of the special rate tax of euro 154 million).

(19) Include own consumption and Eni s share of sales of affiliates.

(20) Taking into account the later conferral of assets to Eni s subsidiary Snam Rete Gas SpA, the timing difference cancellation of intra-group profits; under Italian GAAP the adopted 19% rate is equal to taxes paid by the confe receiving entity, Snam Rete Gas SpA.

(21) The term "reversal" means the charging to income statement of the provisions for deferred tax assets made in p difference that determined them due, e.g., to the charging to income statement of technical-economic amortizat by fiscal laws or the fiscal recognition of expense previously recorded under the undeductible reserve for conti

(22) Article 1, paragraph 61 states: "Holders of natural gas underground storage concessions cannot benefit of more
with their storage plans and all the duties included in the said concessions". Formerly Law 170/1970 stated: "co

(23) Given the uncertainties related to their payment date, employee termination indemnities are considered as a def

(24) Actuarial assumptions concern, among other things, the following variables: (i) level of future salaries; (ii) deat
employees; (iv) share of participants with successors entitled to benefits (e.g. spouses and children); (v) for med
reimbursement and future changes in medical costs; and (vi) interest rates.

(25) For a discussion of the usefulness of leverage and its reconciliation with the most directly comparable GAAP m

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Exhibit 1

Eni S.p.A. By-laws

Part I - Establishment - Name - Registered Office and Duration of the Company

ARTICLE 1

1.1 "Eni S.p.A." resulting from the transformation of Ente Nazionale Idrocarburi, a public law
February 10, 1953, is regulated by these by-laws.

ARTICLE 2

2.1 The registered head office of the company is located in Rome, Italy and the company's two
2.2 Main representative offices, affiliates and branches may be established and/or wound up in

ARTICLE 3

3.1 The company is expected to exist until December 31, 2100. Its duration may be extended o
shareholders' meeting.

ARTICLE 4

4.1 The company objects are the direct and/or indirect management, by way of shareholdings i
activities in the field of hydrocarbons and natural vapours, such as exploration and develop
and operation of pipelines for transporting the same, processing, transformation, storage, ut
natural vapours, all in respect of concessions provided by law.
The company also has the object of direct and/or indirect management, by way of sharehold
of activities in the fields of chemicals, nuclear fuels, geothermy and renewable energy sour
construction of industrial plants, in the mining sector, in the metallurgy sector, in the textile
including derivation, drinking water, purification, distribution and reuse of waters; in the se
treatment and disposal of waste, as well as in every other business activity that is instrumen
the aforementioned activities. The company also has the object of managing the technical a
and affiliated companies as well as providing financial assistance on their behalf. The comp
or useful for the achievement of the company objects; by way of example, it may initiate op
goods, trade and commerce, industry, finance and banking asset and liability operations, as
connected with the company objects with the exception of public fund raising and the perfo
by Legislative Decree No. 58 of February 24, 1998.
The company may take shareholdings and interests in other companies or businesses with c
complementary to its own or those of companies in which it has holdings, either in Italy or
personal bonds for its own and others' obligations, especially guarantees.

ARTICLE 5

5.1 The company capital is euro 4,004,425,176.00 (four billion four million four hundred and t
seventy-six) represented by 4,004,425,176 (four billion four million four hundred and twen
seventy-six) shares of ordinary stock with a nominal value of euro 1 (one) each.
5.2 Shares may not be split up and each share is entitled to one vote.
5.3 The fact of being a Shareholder in itself constitutes approval of these by-laws.
5.4 The Board of Directors in execution of the delegation of authority resolved pursuant to Art
Shareholders' Meeting held on June 6, 2000 approved in the Meetings held on June 21, 200
capital up to euro 3,500,000 (three million five hundred thousand). Therefore the Board res
million five hundred thousand) ordinary shares nominal value euro 1 (one) each, bearing re

issue of shares pursuant to Article 2349 of the Civil Code for a corresponding amount. The
Article 2349 of the Civil Code to managers employed by the company and its subsidiaries
S.p.A. pursuant to Article 2359 of the Civil Code who have achieved the pre-set annual co
two-year period concerned by the Plan the total figure of the commitments of share offerin
1,851,750 in the year 2001 for a total amount of 3,280,300 shares. Eni share capital will be
to the shares subscribed until the term of December 31, 2004.

5.5 Pursuant to Article 2443 of the Civil Code, the Board of Directors is delegated to increase
consideration and within December 31, 2002, in one or more times, pursuant to Article 234
(one million five hundred thousand). The Board may therefore issue up to 1,500,000 (one
shares nominal value 1 (one) euro each, bearing regular coupon, by using the Reserve for t
of the Civil Code for a corresponding amount. The shares to be issued will be assigned pur
managers employed by the company and its subsidiaries controlled directly or indirectly by
Civil Code, listed subsidiaries excepted, who have achieved the pre-set 2001 individual tar
subscription for no consideration within a month from the expiration of a three-year term c
communication of the commitment of the offer to the assignee. The company capital will b
to the shares subscribed until the term of June 30, 2006.
The Board of Directors is empowered to adopt any act to define terms and conditions for th
including but not limited to the approval of the "Regulations of the 2002 Plan of Assignatio
to Article 2349 of the Civil Code".

ARTICLE 6

6.1 Pursuant to Article 3 of Law Decree 332 of May 31, 1994, converted with amendments int
capacity, may own company shares that entail a holding of more than 3 per cent of voting s
Such maximum shareholding limit is calculated by taking into account the aggregate share
a physical or legal person or company; its directly or indirectly controlled entities, as well
controlling entity; affiliated entities as well as people related to the second degree by blood
separated spouse. Control exists, with reference also to entities other than companies, in th
paragraphs 1 and 2 of the Civil Code. Affiliation exists in the case set forth in Article 2359
between entities that directly or indirectly, by way of subsidiaries, other than those managi
third parties, in agreements regarding the exercise of voting rights or the transfer of shares
event, in agreements or pacts as per Article 122 of Legislative Decree No. 58 of February 2
said agreements or pacts concern at least 10 per cent of the voting capital, if they are listed
unlisted companies.
The aforementioned shareholding limit (3 per cent) is calculated by taking into account sha
intermediary. Any voting rights attributable to voting capital held or controlled in excess o
foregoing cannot be exercised and the voting rights of each entity to whom such limit on sh
proportion, unless otherwise jointly provided in advance by the parties involved. In the eve
any Shareholders' resolution adopted pursuant to such a vote may be challenged pursuant t
required majority had not been reached without the votes exceeding the aforementioned m
included in the determination of the quorum at shareholders' meetings.

6.2 Pursuant to Article 2, paragraph 1 of Law Decree 332 of May 31, 1994, converted with am
modified by Article 4, Paragraph 227, of Law December 24, 2003 No. 350, the Minister of
special powers to be exercised in agreement with the Minister of Productive Activities and
Decree issued by the President of the Council of Ministers on June 10, 2004:

a) opposition with respect to the acquisition of material shareholdings by entities aff
3 of Law Decree 332 of May 31, 1994, converted with amendments into Law 474
the Minister of Treasury on October 16, 1995 are meant those representing at le
ordinary shareholders' meeting. The opposition is expressed within ten days of th
Directors at the time request is made for registration in the Shareholders' Register
may prejudice the vital interests of the Italian State. Until the ten-day term is not
rights connected with the shares representing a material shareholding may not be

through a duly motivated act in connection with the prejudice that may be caused
State, the transferee may not exercise the voting rights and the other non-asset lin
material shareholding and must sell said shares within one year. Failing to compl
Economy and Finance, will order the sale of the shares representing a material sh
Article 2359-ter of the Civil Code. The act through which the opposition power is
Regional Administrative Court of Latium within sixty days as of its issue;

b) opposition with respect to the subscription of Shareholders' pacts or agreements a
February 24, 1998, involving as per Decree issued by the Minister of Treasury
with the right to vote at ordinary shareholders' meetings. In order to allow the exe
Consob notifies the Minister of Economy and Finance of the relevant pacts or agr
aforementioned Article 122 of Legislative Decree No. 58 of February 24, 1998. T
days as of the date of the notice by Consob. Until the ten-day term is not lapsed, t
connected with the shares held by the shareholders who have subscribed the abov
exercised. If the opposition power is exercised through the issue of an act that sha
that may be caused by said pacts or agreements to the vital interests of the Italian
null and void. If in the shareholders meetings the shareholders who have signed
pacts or agreements disciplined by Article 122 of Legislative Decree No. 58 of Fe
approved with their vote, if determining for the approval, may be sued. The act th
be sued by the shareholders who joined the above mentioned pacts or agreements
within sixty days as of its issue;

c) veto power with respect to resolutions to dissolve the company, to transfer the bu
company's registered office abroad, to change the company objects and to amend
indicated in this Article. The act through which the veto power is exercised shall
the related resolution may cause to the vital interests of the Italian State and may
Regional Administrative Court of Latium within sixty days as of its issue;

d) appointment of one Board member with no voting rights. Should such appointed
in agreement with the Minister of Productive Activities will appoint his substitute

ARTICLE 7

7.1 When shares are fully paid, and if the law so allows, they may be issued to the bearer. Bear
shares and vice-versa. Conversion operations are performed at the Shareholder's expense.

ARTICLE 8

8.1 In the event, and for whatever reason, a share belongs to more than one person, the rights r
by other than one person or by a proxy for all co-owners.

ARTICLE 9

9.1 The shareholders' meeting may resolve to increase the company capital and establish terms

9.2 The shareholders' meeting may resolve to increase the company capital by issuing shares, i
assigned for no consideration pursuant to Article 2349 of the Civil Code.

ARTICLE 10

10.1 Payments on shares are requested by the Board of Directors in one or more times.

10.2 Shareholders who are late in payment are charged an interest calculated at the official disc
besides the provisions envisaged in Article 2344 of the Civil Code.

ARTICLE 11

11.1 The company may issue bonds, including convertibles and warrant bonds in compliance wi

ARTICLE 12

12.1

Ordinary and extraordinary shareholders' meetings are usually held at the company register
Board of Directors, provided however they are held in Italy.

12.2 Ordinary shareholders meetings must be called at least once a year to approve the financi
the business year, as the Company approves the Group tFinancial Statements.

ARTICLE 13

13.1 Shareholders meetings are convened through a notice to be published on the Italian Offici
legislation and in compliance with the rules in force regulating the exercise of the vote by m

13.2 Admission to the shareholders meeting is subject to the delivery, also for registered share
intermediaries at least two days before the date of the shareholders meeting on first call.

ARTICLE 14

14.1 Each Shareholder entitled to attend the Meeting may also be represented in compliance wit
proxy. Incorporated entities and companies may attend the Meeting by way of a person app
simplify collection of proxies issued by Shareholders who are employees of the company o
Shareholders associations incorporated under and managed pursuant to current legislation m
for communications and rooms to allow proxies collection are made available to said assoc
agreed from time to time by the company with the associations representatives.

14.2 The Chairman of the Meeting has to assure the regularity of written proxies and, in general

14.3 The right to vote may also be exercised by mail according to the laws and regulations in for

14.4 Eni S.p.A. shareholders' meetings are disciplined by Eni S.p.A.'s shareholders' meeting Reg
shareholders' meeting.

ARTICLE 15

15.1 The Meeting is chaired by the Chairman of the Board of Directors, or in the event of absen
Director; in absence of both, by another person, duly delegated by the Board of Directors, f
Chairman.

15.2 The Chairman of the Meeting is assisted by a Secretary, who need not be a Shareholder, to
and may appoint one or more scrutineers.

ARTICLE 16

16.1 The ordinary shareholders' meeting decides on all the matters for which it is legally entitled

16.2 Resolutions either at ordinary or extraordinary meetings, either on first, second or third call
by the law in each case.

16.3 Resolutions of the Meeting taken in compliance with the law and these by-laws are binding
dissenting.

16.4 The minutes of ordinary meetings must be signed by the Chairman and the Secretary.

16.5 The minutes of extraordinary meetings must be drawn up by a notary public.

ARTICLE 17

17.1 The company is managed by a Board of Directors consisting of no fewer than three and no
meeting determines the number within these limits. The Minister of Economy and Finance
Productive Activities may appoint another member, with no voting rights, pursuant to Artic
by-laws.

17.2 The Board of Directors is appointed for a period of up to three financial years; this term lap
convened to approve the financial statements of the last year of their office. They may be re

17.3 The Board members, except for the one appointed pursuant to Article 6.2, letter d) of these
meeting on the basis of lists presented by Shareholders and by the Board of Directors, in su
numerical order. Should the retiring Board of Directors present its own candidate list, it mu
office and published in at least three Italian newspapers of general circulation, two of them
the date set for the first call of the shareholders' meeting. Candidate lists presented by Share

registered office and published as indicated in the foregoing at least ten days before the dat
meeting.
Each Shareholder may present or take part in the presenting of only one candidate list and e
or he will be ineligible.
Companies that are controlling entities or are under common control, as defined by Article
the same entity of the company presenting a list shall not present nor take part in the preser
candidate may appear in one list only or he will be ineligible.
Only those Shareholders who, alone or together with other Shareholders, represent at least
ordinary shareholders' meeting may present candidate lists. In order to demonstrate the title
present candidate lists, the Shareholders must present and/or deliver to the company registe
by the authorised financial intermediaries that are depositaries of their shares at least five d
the shareholders' meeting.
Together with each list, within the aforementioned time limits, statements must be presente
nomination and attests, in his own responsibility, that he possesses the requisites required b
appointments and that causes for his ineligibility and incompatibility are non existing.
Each person entitled to vote may vote for a candidate list only.
Board members will be elected in the following manner:

a) seven tenths of the members to be elected will be drawn out from the candidate lis
Shareholders in the numerical order in which they appear on the list, rounded off
number;

b) the remaining Board members will be drawn out from the other candidate lists; to
list will be divided by one or two depending on the number of the members to be
progressively to candidates of each said list in the order given in the lists themselv
will be set in one decreasing numerical order. Those who obtain the highest quoti
In the event that more than one candidate obtains the same quotient, the candidate
hitherto had a Board member elected or that has elected the least number of Board
In the event that none of the lists has yet elected a Board member or that all of the
the candidate from all such lists who has obtained the largest number of votes wil
quotient, a new vote will be taken by the entire shareholders' meeting and the cand
majority of the votes;

c) to appoint Board members for any reason not covered by the terms of the aforeme
make a resolution with the majorities prescribed by the law.

17.4 The shareholders' meeting may, even during the Board's term of office, change the number
always within the limits set forth in paragraph 17.1 above, and make the relating appointme
at the same time as the rest of the Board.

17.5 If during the term of office one or more members leave the Board, action will be taken in c
Code with exception of the Board member appointed pursuant to Article 6.2 letter d) of the
the Board, the whole Board will be considered lapsed and the Board must promptly call a s
Board.

ARTICLE 18

18.1 If the shareholders' meeting has not appointed a Chairman, the Board will elect one of its m
Article 6, second Paragraph, letter d) of the by-laws cannot be appointed as Chairman.

18.2 The Board, at the Chairman's proposal, appoints a Secretary, who need not belong to the co

ARTICLE 19

19.1 The Board meets in the place indicated in the notice whenever the Chairman or, in case of a
Director deems necessary, or when written application has been made by the majority of th
convened also pursuant to Article 28.4 of the by-laws.

The Board of Directors' meetings may be held by video or teleconference if each of the par
and if each is allowed to follow the discussion and take part to it in real time. If said condit
held in the place where the Chairman and the Secretary are present.

19.2 Usually notice is given at least five days in advance. In cases of urgency notice may be sen
how to convene its meetings.

19.3 The Board of Directors must likewise be convened when so requested by at least two Boar
consists of three members to decide on a specific matter considered of particular importanc
indicated in the request.

ARTICLE 20

20.1 The Chairman of the Board or, in his absence, the oldest Board member in attendance chai

ARTICLE 21

21.1 A majority of members of the Board having a voting right must be present for a Board mee

21.2 Resolutions are taken with the majority of votes of the Board members having a voting rig
who chairs the Meeting has a casting vote.

ARTICLE 22

22.1 Resolutions of the Board are entered in the minutes, which are recorded in a book kept for
minutes are signed by the Chairman of the Meeting and by the Secretary.

22.2 Copies of the minutes are bona fide if they are signed by the Chairman or the person acting
Secretary.

ARTICLE 23

23.1 The Board of Directors is invested with the fullest powers for ordinary and extraordinary m
particular, the Board has the power to perform all acts it deems advisable for the implemen
objects, except for the acts that the law or these by-laws reserve for the shareholders' meeti

23.2 The Board of Directors is allowed to resolve on the following matters:

- the merger and the demerger of at least 90% directly owned subsidiaries;
- the establishment and winding up of branches;
- the amendment to the by-laws in order to comply with the current legislation.

23.3 The Board of Directors and the Managing Director report timely, at least every three month
meetings, to the Board of Statutory Auditors on the activities and on the most relevant oper
and financial management of the company and its subsidiaries; in particular the Board of D
to the Board of Statutory Auditors on operations entailing an interest on their behalf or on b

ARTICLE 24

24.1 The Board of Directors delegates its powers to one of its members with the exception of th
second Paragraph, letter d) of the by-laws, in compliance with the limits set forth in Article
Board of Directors may delegate powers to the Chairman for researching and promoting in
agreements. The Board of Directors may at any time withdraw the delegations of powers h
powers delegated to the Managing Director, a new Managing Director is simultaneously ap
The Board of Directors, upon proposal of the Chairman and in agreement with the Managi
acts or categories of acts to other members of the Board of Directors with the exception of
second Paragraph, letter d) of the by-laws. The Chairman and the Managing Director, in co
delegations, may delegate and empower company employees or persons not belonging to t
single acts or specific categories of acts.
Further, on proposal of the Managing Director and in agreement with the Chairman, the Bo
more General Managers and determines the powers to be conferred to them.

ARTICLE 25

25.1 Legal representation towards any judicial or administrative authority and towards third part
are vested either onto the Chairman or the Managing Director.

ARTICLE 26

26.1 The Chairman and the members of the Board are remunerated in an amount established by
resolution, once taken, will remain valid for subsequent business years until the shareholde

ARTICLE 27

27.1 The Chairman:

a) represents the company according to the provisions of Article 25.1;
b) chairs the shareholders' meeting pursuant to Article 15.1;
c) convenes and chairs meetings of the Board of Directors pursuant to Articles 19.1
d) ascertains whether Board resolutions have been implemented;
e) exercises the powers delegated to him by the Board of Directors pursuant to Artic

ARTICLE 28

28.1 The Board of Statutory Auditors consists of five effective members and two alternate mem
professional and honour requirements set forth by the Ministerial Decree No. 162, dated M
Justice.
Pursuant to the aforementioned Ministerial Decree, the matters strictly connected to those c
law, business economics and corporate finance.
Pursuant to said Ministerial Decree, the sectors strictly connected with those of interest of t
geological sectors.
Those who are already appointed effective auditor or supervisory board member or audit co
with securities listed on regulated securities markets other than Eni S.p.A. subsidiaries may
elected, they will lapse.

28.2 The effective Auditors and the alternate Auditors are appointed by the shareholders' meetin
Shareholders; in such lists candidates are listed in numerical order. For the presentation, de
procedures set forth in Article 17.3 shall apply.
Lists shall be divided into two sections: the first one for the candidates to be appointed effe
candidates to be appointed alternate Auditors. At least the first candidate of each section sh
exercised audit activities for not less than three years.
Three effective Auditors and one alternate Auditor will be drawn from the list that obtains t
effective Auditors and the other alternate Auditor will be appointed pursuant to Article 17.3
described in this last Article shall be applied to each section of the lists involved separately
The shareholders meeting appoints the Chairman of the Board of Statutory Auditors amon
To appoint effective or alternate Auditors for any reason not elected according to the terms
shareholders' meeting will resolve with the majorities prescribed by the law.
Should an effective Auditor drawn out from the candidate list that receives the majority of
replaced, he will be succeeded by the alternate Auditor drawn out from the same candidate
from the other candidate list be replaced, he will be substituted pursuant to Article 17.3, let

28.3 Retiring Auditors may be reelected.

28.4 Subject to a previous communication to the Chairman of the Board of Directors, the Board
convene the shareholders' meeting and the Board of Directors. At least two effective Audito
shareholders' meeting and the Board of Directors, too.

ARTICLE 29

29.1 The business year ends on December 31 every year.

29.2 At the end of each business year, the Board of Directors sees to the preparation of the comp
the law.

29.3 The Board of Directors may, during the course of the business year, pay interim dividends

ARTICLE 30

30.1 Dividends not collected within five years of the day on which they are payable will be pres allocated to reserves.

ARTICLE 31

31.1 In the event the company is wound up, the shareholders' meeting will decide the manner of and determine their powers and remuneration.

ARTICLE 32

32.1 For matters not expressly regulated by these by-laws, the norms of the Civil Code and spec apply.

32.2 The Ministry of Economy and Finance may retain his shareholding in the company share c Article 6.1 of these by-laws and will not be subject to the provisions of said Article 6.1 for

ARTICLE 33

33.1 The company retains all assets and liabilities held before its transformation by the public la

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Exibit 8

List of Eni's subsidiary for year 2004

Subsidiary	**C**
Exploration & Production	
Agip Caspian Sea BV	(
Agip Energy and Natural Resources (Nigeria) Ltd	(
Agip Karachaganak BV	(
Agip Oil Ecuador BV	(
Eni A E P Ltd	(
Eni Algeria Exploration BV	(
Eni Algeria Ltd Sàrl	(
Eni Algeria Production BV	(
Eni Ambalat Ltd	(
Eni America Ltd	(
Eni Angola Exploration BV	(
Eni Angola Production BV	(
Eni AOG Ltd (in liquidation)	(
Eni AUL Ltd	(
Eni Australia BV	(
Eni Australia Ltd	(
Eni BBI Ltd	(
Eni BB Ltd	(
Eni BB Petroleum Inc	(
Eni BB Pipeline Llc	(
Eni Birch Ltd	(
Eni Bukat Ltd	(
Eni China BV	(
Eni Congo SA	(
Eni Croatia BV	(
Eni Dación BV	(
Eni Deepwater Llc	(
Eni Denmark BV	(
Eni Elgin/Franklin Ltd	(
Eni Energy BV	(
Eni Exploration BV	(
Eni Finance Inc	(
Eni Forties Ltd	(
Eni Ganal Ltd	(
Eni Grand Maghreb BV	(
Eni Guibsen Exploration BV	(
Eni Indonesia Ltd	(
Eni International NA NV Sàrl	(
Eni Investments Plc	(

Eni Iran BV	(
Eni Ireland BV	(
Eni Jpda 03-13 Ltd	(
Eni Krueng Mane Ltd	(
Eni Lasmo Plc	(
Eni Liverpool Bay Ltd	(
Eni LNS Ltd	(
Eni Malagot Ltd	(
Eni Marketing Inc	(
Eni Mediterranea Idrocarburi SpA	(
Eni Mep Ltd	(
Eni Middle East Ltd	(
Eni Morocco BV	(
Eni Muara Bakau BV	(
Eni Norge AS	(
Eni North Africa BV	(
Eni Oil Algeria Ltd	(
Eni Oil do Brasil SA	(
Eni Oil & Gas Inc	(
Eni Oil Holdings BV	(
Eni Oil US Llc	(
Eni Pakistan Ltd	(
Eni Pakistan (M) Ltd Sàrl	(
Eni Papalang Ltd	(
Eni Petroleum BV	(
Eni Petroleum Co Inc	(
Eni Petroleum Exploration Co Inc	(
Eni Popodi Ltd	(
Eni Rapak Ltd	(
Eni Securities Ltd	(
Eni Sesulu Ltd	(
Eni TNS Ltd	(
Eni Trading BV	(
Eni Trinidad and Tobago Exploration BV	(
Eni Trinidad and Tobago Ltd	(
Eni TTO Ltd	(
Eni Tunisia Bek BV	(
Eni Tunisia BV	(
Eni UHL Ltd	(
Eni UKCS Ltd	(
Eni UK Ltd	(
Eni ULT Ltd	(
Eni ULX Ltd	(
Eni USA Inc	(
Eni US Operating Co Inc	(
Eni Venezuela BV	(
Eni Ventures Plc	(
Enstar Petroleum Ltd	(
Ieoc Exploration BV	(
Ieoc Production BV	(
Lasmo Oil Development (Canada) Ltd	(

Lasmo Sanga Sanga Ltd	(
Lasmo (UPET) Inc	(
Nigerian Agip Exploration Ltd	(
Nigerian Agip Oil Co Ltd	(
Pennant Insurance Co Ltd	(
Secab Niugini Ltd	(
Società Petrolifera Italiana SpA	(
Société Italo Tunisienne d Exploitation Pétrolière SA	(
Stoccaggi Gas Italia SpA - Stogit SpA	(
Unimar Llc	(

Gas & Power

Acquedotto di Savona SpA	(
Acquedotto Vesuviano SpA	(
Adriaplin Podjetje za distribucijo zemeljskega plina d.o.o. Ljubljana	(
Compagnia Napoletana di Illuminazione e Scaldamento col Gas SpA	(
Distribuidora de Gas Cuyana SA	(
Eni Acqua Campania SpA	(
Eni Gas & Power CH SA	(
Eni Gas & Power LNG Australia BV	(
Eni G & P Trading BV	(
Eni Gas Trading Europe BV	(
EniPower SpA	(
EniPower Trading SpA	(
EniPower Trasmissione SpA	(
Fiorentina Gas Clienti SpA	(
Fiorentina Gas SpA	(
Gas Brasiliano Distribuidora SA	(
GNL Italia SpA	(
Greenstream BV	(
Inversora de Gas Cuyana SA	(
Italgas Hellas SpA	(
LNG Shipping SpA	(
Napoletana Gas Clienti SpA	(
Partecipazioni Industriali SpA	(
Slim Sicilia - Società Lavori Impianti Metano Sicilia SpA	(
Snam Rete Gas SpA	(
Società Azionaria per la Condotta di Acque Potabili	(
Società EniPower Ferrara Srl	(
Società Italiana per il Gas pA	(
Société de Service du Gazoduc Transtunisien SA - Sergaz SA	(
Société pour la Construction du Gazoduc Transtunisien SA - Scogat SA	(
Tigáz Tiszántúli Gázszolgáltató Részvénytársaság	(
Tigáz 2 Földgáz Elosztó és Közüzemi Szolgáltató Kft	(
Trans Tunisian Pipeline Co Ltd	(

Refining & Marketing

Agip Austria GmbH (
Agip Benelux BV (
Agip Bratislava Sro (
Agip Ceská Republika Sro (
Agip Deutschland GmbH (
Agip Ecuador SA (
Agip España SA (
Agip Française SA (
AgipFuel SpA (
Agip Hungaria Részvénytársaság (
Agip Lubricantes SA (
Agip Lubricants (Pty) Ltd (
Agip Pannónia Kereskedelmi Korlátolt Felelõsségû Társaság (
Agip Portugal - Combustiveis SA (
AgipRete SpA (
Agip Romania SA (
Agip Schmiertechnik GmbH (
Agip Slovenija Doo (
Agip Slovensko Spol. Sro (ex Agip Slovensko Sro) (
Agip Suisse SA (
American Agip Co Inc (
Big Bon Distribuzione SpA (
Costiero Gas Livorno SpA (
Ecofuel SpA (
Eni Portugal Investment SpA (
Esain SA (
Intermode Trasporti Logistica Integrata SpA (
Italiana Petroli SpA (
Petrolig Srl (
Petroven Srl (
Praoil Oleodotti Italiani SpA (
Raffineria di Gela SpA (

Petrochemicals

Dunastyr Polisztirolgyártó Részvénytársaság (
Polimeri Europa Americas Inc (
Polimeri Europa Benelux SA (
Polimeri Europa Distribution France SAS (
Polimeri Europa Distribution SA (
Polimeri Europa Elastomères France SA (
Polimeri Europa France Snc (
Polimeri Europa GmbH (
Polimeri Europa Ibérica SA (
Polimeri Europa SpA (
Polimeri Europa UK Ltd (

Oilfield Services Construction and Engineering

Oilfield Services and Construction

Boscongo SA
Bos Investment Ltd (ex Bouygues Offshore Ltd)
Bos Italia Srl
BOS Shelf Ltd Society
Bos - UIE Ltd (ex Bouygues Offshore - UIE Ltd)
Camom Gesellschaft fur Instandhaltung und Montagen GmbH
Camom SA
Canalisations, Tuyauteries Soudées SA
Consorzio Saipem Energy International - Tecnomare
Dalia Floater Angola Snc
Delong Hersent - Estudos, Construções Maritimas e Participações, Unipessoal Lda
Energy Maintenance Services SpA
Entreprise Nouvelle Marcellin SA
Er Sai Caspian Contractor Llc
ERS - Equipment Rental & Services BV
European Marine Contractors Ltd
European Marine Investments Ltd
European Maritime Commerce BV
FPSO Firenze Produção
FPSO Mystras (Nigeria) Ltd
FPSO Mystras - Produção de Petròleo Lda
Global Petroprojects Services AG
Guangdong Contractor Snc
Hazira Cryogenic Engineering & Construction Management Private Ltd
Hazira Marine Engineering & Construction Management Private Ltd
Intermare Sarda SpA
Katran-K Llc
Lipardiz - Construção de Estruturas Maritimas Lda
Moss Arctic Offshore AS
Moss Maritime AS
Moss Maritime Inc
Moss Offshore AS
Nigerian Services & Supply Co Ltd
Offshore Design Engineering Ltd
Petrex SA
Petromar Lda
PT Saipem Indonesia
PT Sofresid Indonesia Ll
Saibos Akogep Snc
Saibos Construções Maritimas Lda
Saibos Fze
Saibos SAS
Saipar Drilling Co BV
Saipem Aban Drilling Co Private Ltd
Saipem Asia Sdn Bhd
Saipem Contracting Algerie SpA (ex Saipem Algerie SpA)
Saipem Contracting (Nigeria) Ltd
Saipem do Brasil Serviçs de Petroleo Ltda

Saipem Energy International SpA	(
Saipem Holding France SAS	(
Saipem Inc	(
Saipem India Project Services Ltd	(
(ex International Development Process and Engineering Ltd)	
Saipem International BV	(
Saipem Luxembourg SA	(
Saipem (Malaysia) Sdn Bhd	(
Saipem Mediterranean Services Llc	(
Saipem (Nigeria) Ltd	(
Saipem - Perfurações e Construções Petroliferas America do Sul Lda	(
Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda	(
Saipem (Portugal) - Gestão de Participações SGPS Sociedade Unipessoal SA	(
Saipem SA	(
Saipem Services SA	(
Saipem SpA	(
Saipem UK Ltd	(
SAIR Construções Mecanicas de Estruturas Maritimas Lda	(
Sas Port de Tanger	(
Saudi Arabian Saipem Ltd	(
SB Construction and Maritime Services BV	(
Services et Equipements Gaziers et Petroliers SA	(
Servicios de Construçiones Caucedo SA	(
Société de Construction d Oleoducs Snc	(
Société Nouvelle Technigaz SA	(
Société pour la Realisation du Port de Tanger Mediterranée	(
Sofresid Engineering SA	(
Sofresid SA	(
Sonsub A/S	(
Sonsub Inc	(
Sonsub International Pty Ltd	(
Sonsub Ltd	(
Sonsub SpA	(
Star Gulf Free Zone Co	(
Starstroi Llc	(
Stts Snc	(
Tbe Ltd	(
Tss Dalia Snc	(
Upstream Constructors International Fzco	(

Engineering

Andromeda Consultoria Tecnica e Representações Ltda	(
ASG Scarl	(
CEPAV (Consorzio Eni per l Alta Velocità) Uno	(
Consorzio Snamprogetti Abb Lg Chemicals	(
CMS&A Wll	(
Modena Scarl	(
Rodano Consortile Scarl	(
Rpco Enterprises Ltd	(

Snamprogetti France Sàrl	(
Snamprogetti Ltd	(
Snamprogetti Lummus Gas Ltd	(
Snamprogetti Management Services SA	(
Snamprogetti Netherlands BV	(
Snamprogetti Saudi Arabia Ltd	(
Snamprogetti Services SpA	(
Snamprogetti SpA	(
Snamprogetti Sud SpA	(
Snamprogetti USA Inc	(
Spf - Tkp Omifpro Snc	(
Other Activities	
Agenzia Giornalistica Italia SpA	(
Ambiente SpA	(
Eni Corporate University SpA	(
EniTecnologie SpA	(
Ing. Luigi Conti Vecchi SpA	(
Marghera Servizi Industriali Srl	(
Servizi Aerei SpA	(
Sieco SpA	(
Syndial SpA - Attività Diversificate	(
Tecnomare - Società per lo Sviluppo delle Tecnologie Marine SpA (ex Tecnomare SpA)	(
Corporate and financial copanies	
Eni Coordination Center SA	(
Eni International Bank Ltd	(
Eni International BV	(
Società Finanziamenti Idrocarburi - Sofid - SpA	(
Società Finanziaria Eni SpA - Enifin	(
Padana Assicurazioni SpA	(
Serfactoring SpA	(
Serleasing SpA	(
Sofidsim - Società di Intermediazione Mobiliare SpA	(

Exhibit 11

Code of Ethics

Approved by the Board of Directors of Eni SpA on October 21, 1998 and c

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ADDENDUM

In conducting its activities as an international company, Eni refers to the protection of human and la the system of values and principles concerning transparency and integrity, energy efficiency and sus institutions and conventions.

In this respect Eni reaffirms its commitment to operate within the framework of the United Nations Fundamental Conventions of the ILO International Labour Organization and the OECD Guideli reference to the areas concerning the protection of labor rights, freedom of association, the rejection corruption, the safeguarding of dignity, health and safety at the workplace, the respect for natural bio

Moreover, Eni is committed to actively contribute to promoting the quality of life and the socio-econ Group operates and to the development of their human resources and capabilities, while conducting according to standards that are compatible with fair commercial practice.

All of Eni's activities are carried out in the awareness of the Social Responsibility that the Group has shareholders, customers, suppliers, communities, commercial and financial partners, institutions, ind capacity for dialogue and interaction with civil society constitutes an important asset for the compan

Therefore, Eni is committed to spreading an awareness of its values and principles both within and o control procedures.

FOREWORD

Eni[1] is an internationally oriented industrial group which, because of its size and the importance of i and in the economic development and welfare of the communities where it is present.

Eni operates in many institutional, economic, political, social and cultural environments in constant performed in full respect of the law, in fair competition, with honesty, integrity and good faith, with customers, employees, shareholders, commercial and financial partners and the communities where any distinction or exception whatsoever, committed to respecting these principles in performing thei others respect them. The conviction that one is acting in favor or to the advantage of Eni can never, i these principles.

Due to the complexity of the situations in which Eni operates, it is important to define clearly the va
as the responsibilities assumed by Eni inside and outside Eni itself. For this reason the present Code
produced. Respect of the Code by every Eni employee is of paramount importance for the good func
are crucial factors for its success.

Apart from fulfilling their general duties of loyalty, fairness and the performance of their labor contr
acts that compete with Eni and they must respect company rules and comply with the Code; which c

Each employee is expected to have full knowledge of the Code and to contribute actively to its impl
undertakes to facilitate and promote knowledge of the Code among its employees and to accept thei
behavior violating the letter and the spirit of the Code will be punished according to the rules herein

Eni will check compliance with the Code by providing suitable information, prevention and control
operations and conduct by taking corrective measures if and as required.

The Code shall be brought to the attention of every person or body having business relations with E

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(1) In the present Code "Eni" or "Group" mean Eni SpA and its subsidiaries as defined in Article 2359 of the Italian Civil Code as w
Legislative Decree n. 127 of April, 9, 1991.

(2) "Article 2104. Diligence of workers. Workers are expected to render diligently the services expected from them according to the
the higher interests of national production. They must also comply with the rules for work execution and discipline as set down b
report."

1. GENERAL PRINCIPLES

1.1 To whom the code applies

Moral integrity is a constant duty for any person working for Eni and characterizes the conduct of its

The rules of the Code are applicable to each and every Eni employee without exception and to all the

Eni s management has to comply with the rules of the Code in the presentation of projects, and in a
long-term the value of Eni assets, managerial capability, technology, the return on investment for sh
community at large.

Members of the Board of Directors must bear in mind the principles contained in the Code when det

Company managers must be the first to give concrete form to the values and principles contained in
inside and outside the Group, and by instilling trust, cohesion and a sense of team-work.

Eni employees shall not only respect existing applicable laws but they are also expected to adjust the
principles, objectives and commitments contemplated in the Code.

The general conduct and any action, operation and negotiation performed by Eni employees in the p
highest principles of fairness, completeness and transparency of information and legitimacy, both in
truthfulness in all accounting matters, as per existing and applicable laws and internal regulations.

Eni shall actively and fully cooperate with public Authorities, through its employees.

All in-house work shall be performed with the utmost care and professional skill. Each employee mu
assigned and always act in a way that shall protect Eni s reputation.

Relationships between employees, at all levels, must be characterized by fairness, cooperation, loyal

In order to fully comply with the Code, each employee may refer not only to his or her superior but
specifically designated for the purpose.

1.2 Duties of Eni

Through the establishment of specific internal bodies ("Guarantor" and "Committee for the Code of

- ensure the widest dissemination of the Code among its employees and partners;
- provide for further analyses and updating of the Code as required to meet evolving circums
- make available all the tools for understanding and clarifying the interpretation and the impl
- arrange for a careful evaluation to be carried out on any instances where the Code may hav
- in the event of an acknowledged violation of the Code, it shall provide for an evaluation of appropriate sanctions;

ensure that no one may suffer any retaliation whatsoever for having provided information r
related laws.

1.3 Duties of employees

All employees are expected to know the regulations contained in the Code and the relevant rules gov
functions.

Eni employees shall:

refrain from all conduct contrary to such rules and regulations;
consult their superior, or the Guarantor, whenever clarifications concerning the implementa
immediately report to their superiors or to the Guarantor:
any fact that comes to their direct, or indirect, knowledge concerning a possible violation o
any request they receive to violate such rules;
cooperate with the relevant office or department in ascertaining any violations.

If, after notifying a supposed violation, an employee should deem that the issue has not been fully in
retaliation, then the employee shall be entitled to make a complaint to the Committee for the Code o

Employees are not allowed to conduct personal investigations, nor to exchange information, except t
the Code of Practice.

1.4 Additional duties of managers

Each manager shall:

act in a way that shall serve as an example of good conduct to his or her subordinates;
encourage employees to respect the Code and to raise relevant questions and issues relating
act in such a way as to demonstrate to employees that respecting the Code is an essential as
in so far as it is possible, try to select employees and external collaborators in such a way th
persons who cannot be relied upon to implement the Code;
immediately report the discovery of any possible deviations from the Code to a Senior Man
information on possible deviations that is received from subordinates must also be passed o
immediately take corrective measures whenever necessary;
prevent any kind of retaliation.

1.5 Applicability of the code to third parties

In dealing with third parties, Eni employees shall:

properly inform all third parties about the commitments and duties contained in the Code;
require the third parties to respect the obligations in the Code relevant to their activities;
adopt proper internal actions and, if the matter comes within the limits of the employee s c
the event that any third party should fail to comply with the Code.

1.6 Reference, implementation and control functions (guarantors)

Eni has established the function of "Guarantor of the Code of Practice" with the following proposes
established, all employees must be made aware of its purpose and of how they themselves can comn
etc.):

- to establish criteria and procedure aimed at reducing the risk of violations of the Code;
- to promote the publication of guidelines and operational procedures in cooperation with of preparation;
- to organize information and training programs for employees aimed at providing a better kr
- to promote and monitor knowledge of the Code inside and outside Eni and its implementati
- to investigate reports of any violation by initiating proper inquiry procedures;
- to inform the Personnel Department about the results of any inquiries for the adoption of ar
- to inform the relevant departments of the results of any inquiries in relation to the taking ar
- to present the Chairman, in conjunction with the Committee for the Code of Practice, with updating of the Code (the Chairman then reports these to the Board of Directors);
- to initiate and then maintain a proper reporting and communication flow with similar depar
- to present the Chairman, in conjunction with the Committee for the Code of Practice, with Code inside Eni SpA and its subsidiaries (the Chairman then reports these to the Board of I

In performing its duties, the Guarantor will be aided by the relevant structures within Eni SpA.

Eni has established the Committee for the Code of Practice to carry out the following assignments:

- to express an evaluation on the Guarantor s proposals for the dissemination and updating c
- to analyze the yearly report on the Code s implementation and suggest to the Chairman, (v appropriate actions to prevent any recurrences of violations;
- to take action at the request of employees in the event of receiving reports that violations o with or in the event of being informed of any retaliation against employees for having repo

Similar structures will be created in all Eni Group companies.

The Eni SpA Guarantor coordinates the activities of the Guarantors in subsidiaries. After review by companies, a copy of the yearly report concerning each sector shall be presented to the Eni SpA Gua copy of the yearly report of directly controlled companies not included in any sector.

1.7 Contractual value of the code

Respect of the Code s rules is an essential part of the contractual obligations of Eni employees as pe

Any violation of the Code s rules may be considered as a violation of primary obligations under lab the consequences provided for by law, including termination of the work contract and reimbursemen

2. BUSINESS CONDUCT

In conducting its business Eni is inspired by the principles of fairness, loyalty, transparency, efficien

Eni employees, and external collaborators whose actions may somehow be referred to Eni, must act
and in their relations with the Public Administration, irrespective of the market conditions and the in

Bribes, illegitimate favors, collusion, pressures, either direct or through third parties, requests of pers

Eni acknowledges and respects the right of employees to take part in investments, businesses and oth
related to the activities that such employees perform in the interests of Eni and provided that such ac
the duties of being employees of Eni.

In any event, Eni employees shall avoid any situation and activity where a conflict of interest may ar
impartial decisions in the best interests of Eni and in full accordance with the Code. Any situation th
shall be immediately reported to one s superiors. In particular, all Eni employees shall avoid conflic
activities and their tasks within their company. By way of example, conflicts of interest are determin

economic and financial interest of employee and/or his family in activities of supplier, cust
use of one s position in the company, or of information acquired during one s work, in su
personal interests and the interests of the company;
performing any type of work for suppliers, customers and competitors;
accepting money, favors or benefits from persons or firms that have, or intend to have, busi
buying or selling of shares in Eni companies or in other corporations on the basis of import
and obtained because of one s position at Eni. In any case, transactions in securities of Eni
the utmost transparency and fairness with respect to the issuing company and its Group, as
such as not to generate any expectations, alarm or errors in judgment in third parties.

It is prohibited to pay or offer, directly or indirectly, money and material benefits of any kind to thir
individuals, in order to influence or remunerate the actions of their office. Courtesy objects, such as
when the value of such objects is small and does not compromise the integrity and reputation of the
observer as aimed at obtaining undue advantages. In any case, these expenses must always be author
and accompanied by appropriate documentation.

Employees receiving presents or special treatment that cannot be directly related to normal courteou

External collaborators (including consultants, representatives, agents, brokers etc.) are required to co
accordance with their responsibilities, employees shall make sure that:

code principles and procedures are followed in the selection of external collaborators and in
only qualified and reputable persons and companies are selected;
all information relevant to the selection of particular external collaborators be taken into pr
such information;
doubts on any supposed violation of the Code by external collaborators are immediately rep
an explicit commitment to respect the principles of the Code of Practice be included in con

In any case, the remuneration to be paid shall be exclusively commensurate with the services to be re
shall be made only to the contract partner and within the country indicated in the contract.

2.1 Relations with customers

Eni pursues its business success on markets by offering quality products and services under competi
fair competition.

Eni knows that the esteem of those requesting products or services is of primary importance for succ

follow internal procedures on relations with customers;
provide, with courtesy and efficiency and within the limits set in the contracts, high quality
customers reasonable expectations and needs;
provide sufficient and accurate information about its products and services so that custome
be truthful in all advertising and communications.

2.2 Relations with suppliers

In the case of tenders and contracts for the supply of goods and services, Eni employees shall:

follow internal procedures concerning selection and relations with suppliers;
abstain from the exclusion of suppliers that have the proper requirements to bid for Eni s c
selection methods, based on established, transparent criteria;
secure the cooperation of suppliers in guaranteeing the continuous satisfaction of Eni s cu
times, to the extent expected by customers;
whenever possible and in accordance with applicable laws, make use of products and servi
at arm s length conditions;
respect all conditions contained in contracts;
maintain a frank and open dialogue with suppliers in line with good commercial practice;
inform Eni SpA s Department for Industrial Planning and Development about any serious
supplier in order to evaluate the possible consequences for Eni.

3. TRANSPARENCY OF ACCOUNTING AND INTERNAL CONTROLS

3.1 Accounting records

Accounting transparency is based on the use of true, accurate and complete information for construi
shall cooperate in order to have events properly and timely registered in the books of accounts.

For each transaction the proper supporting evidence has to be maintained in order to:

facilitate registration of the accounting;
identify the different degrees of responsibilities;
provide an accurate representation of the transaction so as to avoid any errors in interpretat
Each record shall reflect exactly what is shown by the supporting evidence. Each employee shall ma
criteria, that the documentation can be easily traced.

Eni employees who become aware of any omissions, misrepresentations, negligence in the accounti
shall bring the facts to the attention of his or her superior or to the Guarantor.

3.2 Internal controls

It is Eni s policy to disseminate, at every level of its organization, a culture characterized by an awa
oriented mentality. A positive attitude towards control is to be achieved in order to increase its effici

Internal controls are all those necessary or useful tools for addressing, managing and checking activi
corporate laws and procedures, protecting corporate assets, efficiently managing operations and prov

The responsibility for building an efficient internal control system rests on all levels of the organizat
functions, are responsible for the definition and proper functioning of internal controls.

Within their areas of responsibility, managers shall be requested to become involved in the company
thereon. Each employee shall be held responsible for the corporate tangible and intangible assets rel
make, improper use of assets and equipment belonging to Eni.

Internal Auditors and appointed external auditors shall have full access to all data, documents and in

4. PERSONNEL POLICIES

4.1 Human resources

Human resources are basic components in the company s life. The dedication and professionalism o
conditions for reaching Eni s objectives.

Eni is committed to developing the abilities and skills of each employee so that his or her energy and
of their potential.

Eni offers equal opportunities to all its employees, making sure that each of them receives fair treatm
kind. All departments therefore shall:

- adopt criteria of merit, ability and professionalism in all decisions concerning employees;
- select, hire, train, compensate and manage employees without discrimination of any kind;
- create a working environment where personal characteristics do not give rise to discriminat

Eni considers the protection of working conditions and the protection of the mental and physical hea
while always respecting their moral personality and avoiding any undue pressures. To this end, any p
to produce difficulties in relationships within the working environment will be given due considerati

Eni expects all its employees, at every level, to cooperate in maintaining a climate of reciprocal resp
shall do its best to prevent the emergence of attitudes that can be considered offensive.

4.2 Harassment in the workplace

Eni demands that there shall be no harassment in personal relationships either inside or outside the c

- the creation of an intimidating, hostile or isolating environment or atmosphere for one or m
- unjustified interference in the work performed by others;
- the placing of obstacles in the way of the work prospects and expectations of others merely

Eni does not tolerate sexual harassment, by which it means:

- the subordinating of decisions on someone s working life to the acceptance of sexual atten

proposals of private interpersonal relations which are repeated despite the recipient s clear
situation, can put the recipient in a difficult situation because they entail direct consequenc

4.3 Abuse of alcohol or drugs

Eni demands that each employee contribute to maintaining a good work environment in respect of th
individuals who

- work under the effect of alcohol or drug abuse;
- make use of or give to others any drug or similar substance during work;

as being aware of the risk they bring to such environmental conditions, during the performance of th

Chronic addiction to such substances, when it affects work performance, shall be considered similar
contractual consequences.

Eni is committed to favor the social action in this field as provided for by collective work contracts.

4.4 Smoking

Without prejudice to the general prohibition on smoking in workplaces where this is dangerous and
workplaces, will pay particular attention to the condition of those suffering physical discomfort from
from "passive smoke" in their place of work.

5. HEALTH, SAFETY AND THE ENVIRONMENT

In its activities, Eni is committed to contributing to the development and welfare of the communities
ensuring the safety and health of its employees, external collaborators, customers and local commun
reducing the environmental impact of such activities.

Eni actively contributes to the promotion of research and development aimed at protecting the enviro

Eni s industrial activities shall be performed in full accordance with all applicable laws on preventio

Operations shall be carried out according to advanced criteria for the protection of the environment a
working conditions and protecting the health and safety of employees.

Research and technological development must be aimed in particular at promoting the use of produc
possible and characterized by an ever-greater attention being paid to the safety and health of employ

Eni employees, within their areas of responsibility, participate in the process of risk prevention and e
in their own interest and in the interest also of third parties.

6. CONFIDENTIALITY

Eni s activities require the constant acquisition, storage, handling, communication and diffusion of administrative procedures, financial transactions, know-how (contracts, deeds, reports, studies, draw

Eni s data bases may contain, among other things, personal data protected according to privacy law under contractual obligations and some of which cannot be improperly or untimely disclosed on risk

Employees shall guarantee the confidentiality of all information acquired in the performance of thei

Eni is committed to protecting information concerning its employees and third parties, whether gene business and to avoiding improper use of any such information.

Information, know-how and data that are acquired and processed by employees during their work at Eni and cannot be used, communicated to others or disclosed without specific authorization of one

Without prejudice to the prohibition to disclose information concerning the organization and method that could be harmful to Eni, each Eni employee shall:

- obtain and handle only data that are necessary and adequate to the aims of their work and s
- obtain and handle such data only within specified procedures;
- store said data in a way that avoids non-authorized persons having access to it;
- disclose such data only pursuant to specific procedures and/or subject to specific authorizat after having checked that such data are available for disclosure;
- make sure that no relative or absolute constraint exists on the disclosure of information con any kind of relationship and, whenever necessary, ensure that their consent is obtained;
- file said data in such a way that any person authorized to access them may do so with as m possible.

7. EXTERNAL RELATIONS

7.1 Relations with public institutions

Relations with Public Institutions that are aimed at the protection of Eni s interests and related to th maintained only by departments and persons specifically appointed to do so.

Specific departments in the Eni Group companies shall coordinate their work with Eni SpA s Depa European Union, so as to have a prior evaluation of the quality of the actions to be taken for sharing

Small presents and courtesy gifts to representatives of Governments, public officers and civil servan and do not compromise the integrity or good name of either party nor be construed by impartial obse case this kind of expense must be authorized by the person indicated in the procedures and must alw

7.2 Relations with political organizations and trade unions

Eni does not give any direct or indirect contributions in whatever form to political parties, organizati
representatives and candidates, except those specifically contemplated by applicable laws and regula

7.3 Relations with the media

Information provided to outside parties shall be truthful and transparent.

In its communications with the media, Eni shall be presented in an accurate and uniform way. Relati
departments and managers specifically appointed to do so and all communications shall be agreed u
Relations with the Media.

Eni employees may not give information to media representatives nor engage in providing any such
relevant Eni departments.

Eni employees are never entitled to offer payments, gifts or other benefits aimed at influencing the p
could reasonably be construed as an attempt to do so.

7.4 Presentation of Eni objectives, activities, results and points of view

Eni employees who are required to present information to the public concerning the objectives, activ

congresses, meetings and seminars;
essays, articles and publications in general;
participation to public events;

must be authorized by the highest organizational authority within their own department for all that re
they intend to make public; and they must also agree beforehand with Eni SpA s Unit for Relations
presentations.

7.5 "Non profit" initiatives

Eni supports "non profit" activities as evidence of its commitment to help meet the needs of those co

Within the framework their respective responsibilities, Eni employees shall participate in the definiti
policies and programs, and they shall implement them according to criteria of absolute transparency
objectives.

Certifications as separate documents filed as exhibits

Certification

I, Paolo Scaroni, certify that:

1. I have reviewed this annual report on Form 20-F of Eni SpA;

2. Based on my knowledge, this report does not contain any untrue statement of a material
to make the statements made, in light of the circumstances under which such statements
period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information inclu
respects the financial condition, results of operations and cash flows of the company as

4. The company s other certifying officers and I are responsible for establishing and main
defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure c
   supervision, to ensure that material information relating to the company, inclu
   by others within those entities, particularly during the period in which this repo

   (b) Evaluated the effectiveness of the company s disclosure controls and procedu
   the effectiveness of the disclosure controls and procedures, as of the end of the
   evaluation; and

   (c) Disclosed in this report any change in the company s internal control over fin
   by the annual report that has materially affected, or is reasonably likely to mat
   financial reporting; and

5. The company s other certifying officer and I have disclosed, based on our most rece
reporting, to the company s auditors and the audit committee of the company s boa
functions):

   (a) All significant deficiencies and material weaknesses in the design or operation
   reasonably likely to adversely affect the company s ability to record, process,

   (b) Any fraud, whether or not material, that involves management or other employ
   internal control over financial reporting.

Date: June 24, 2005

/s/PAO

Paolo S
Title: M

Certification

I, Roberto Jaquinto, certify that:

1. I have reviewed this annual report on Form 20-F of Eni SpA;

2. Based on my knowledge, this report does not contain any untrue statement of a material
to make the statements made, in light of the circumstances under which such statements
period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information inclu
respects the financial condition, results of operations and cash flows of the company as

4. The company s other certifying officer and I are responsible for establishing and maint
defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure
   supervision, to ensure that material information relating to the company, incl
   us by others within those entities, particularly during the period in which this

   (b) Evaluated the effectiveness of the company s disclosure controls and proced
   the effectiveness of the disclosure controls and procedures, as of the end of th
   evaluation; and

   (c) Disclosed in this report any change in the company s internal control over fin
   by the annual report that has materially affected, or is reasonably likely to mat
   financial reporting; and

5. The company s other certifying officer and I have disclosed, based on our most recent
reporting, to the company s auditors and the audit committee of the company s board
functions):

   (a) All significant deficiencies and material weaknesses in the design or operation
   reasonably likely to adversely affect the company s ability to record, process,

   (b) Any fraud, whether or not material, that involves management or other emplo
   internal control over financial reporting.

Date: June 24, 2005

/s/ROB

Robert
Title: T

Certification Pursuant to 18 U.S.C. Section 13

For purposes of 18 U.S.C. Section 1350, the undersigned officer of Eni SpA, a company incorporate
certifies, to such officer s knowledge, that:

(i) the Annual Report on Form 20-F of the Company for the year ended December 31, 2004
requirements of section 13(a) or 15(d) as applicable, of the Securities Exchange Act of 1934

(ii) the information contained in the Report fairly presents, in all material respects, the finan
Company.

Date: June 24, 2005

/s/PAO

Paolo S
Title: M

The foregoing certification is not deemed filed for purpose of Section 18 of the Exchange Act and no
Securities Act.

Certification Pursuant to 18 U.S.C. Section 13

For purposes of 18 U.S.C. Section 1350, the undersigned officer of Eni SpA, a company incorporate
certifies, to such officer s knowledge, that:

(i) the Annual Report on Form 20-F of the Company for the year ended December 31, 2004
requirements of section 13(a) or 15(d) as applicable, of the Securities Exchange Act of 1934

(ii) the information contained in the Report fairly presents, in all material respects, the finan
Company.

Date: June 24, 2005

/s/ROB

Robert
Title: T

The foregoing certification is not deemed filed for purpose of Section 18 of the Exchange Act and n
Securities Act.