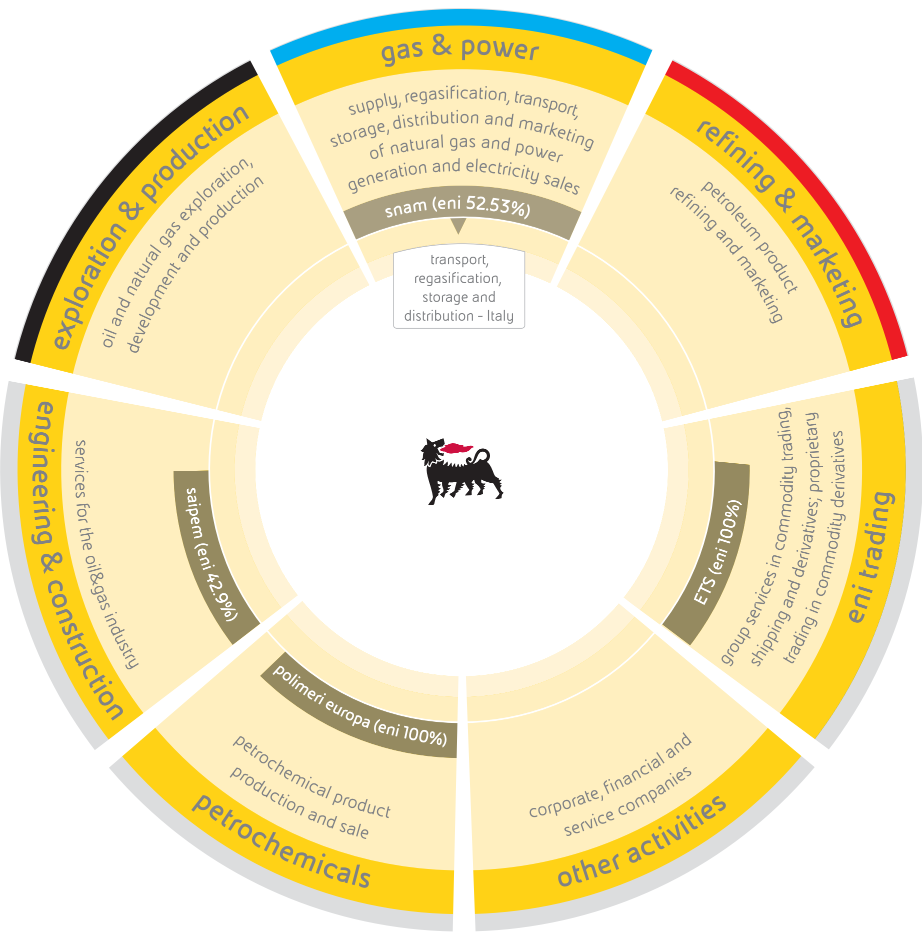
Eni in 2011

Eni Group

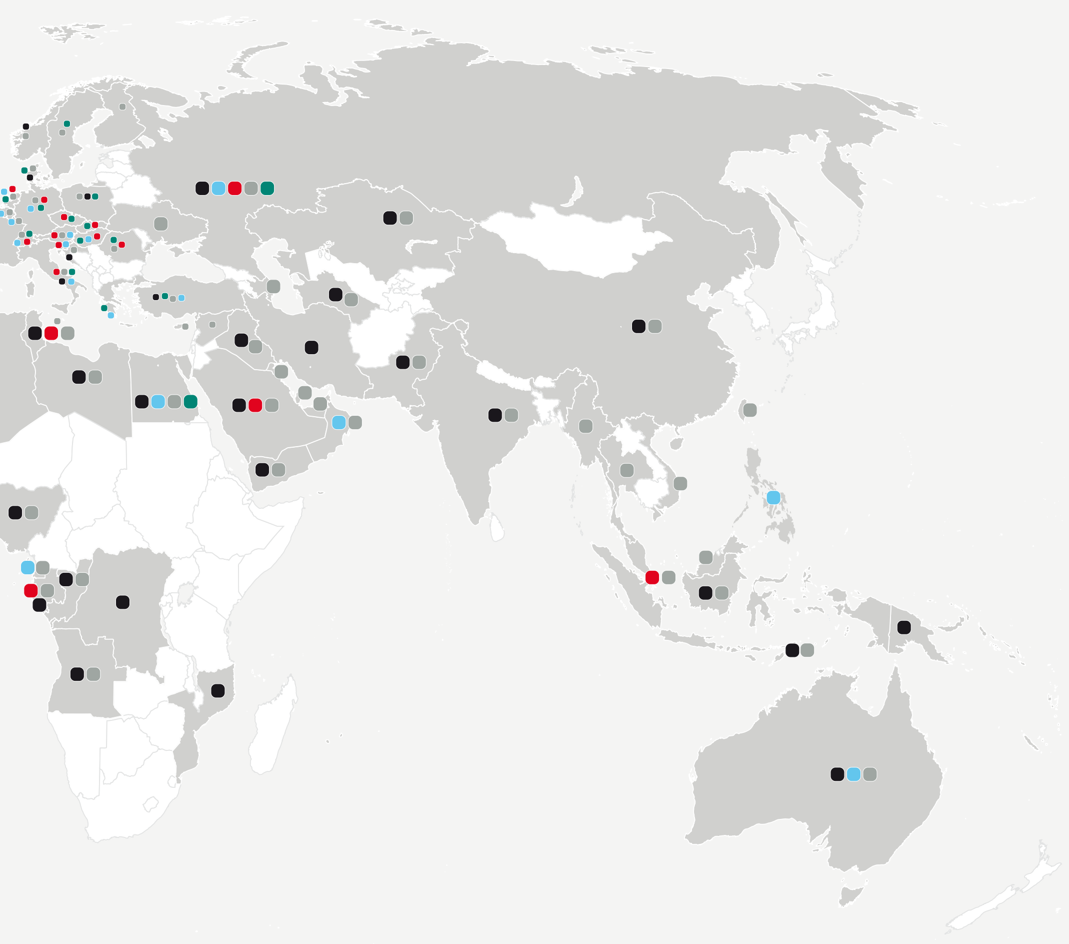
EUROPE
Austria, Belgium, Croatia, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom, Ukraine

AFRICA
Algeria, Angola, Congo, Côte d'Ivoire, Democratic Republic of Congo, Egypt, Equatorial Guinea, Gabon, Ghana, Libya, Mali, Mauritania, Morocco, Mozambique, Nigeria, Togo, Tunisia

Eni Group structure



Eni is an integrated energy company, active in 85 countries in the world with a staff of approximately 79,000 employees. Eni boasts a strong position in the oil&gas value chain, from the hydrocarbon exploration phase to the product marketing. Our strong presence in the gas market and in the liquefaction of natural gas, our skills in the power generation and refinery activities, strengthened by world class skills in engineering and project management, allow us to catch opportunities in the market and to realize integrated projects.



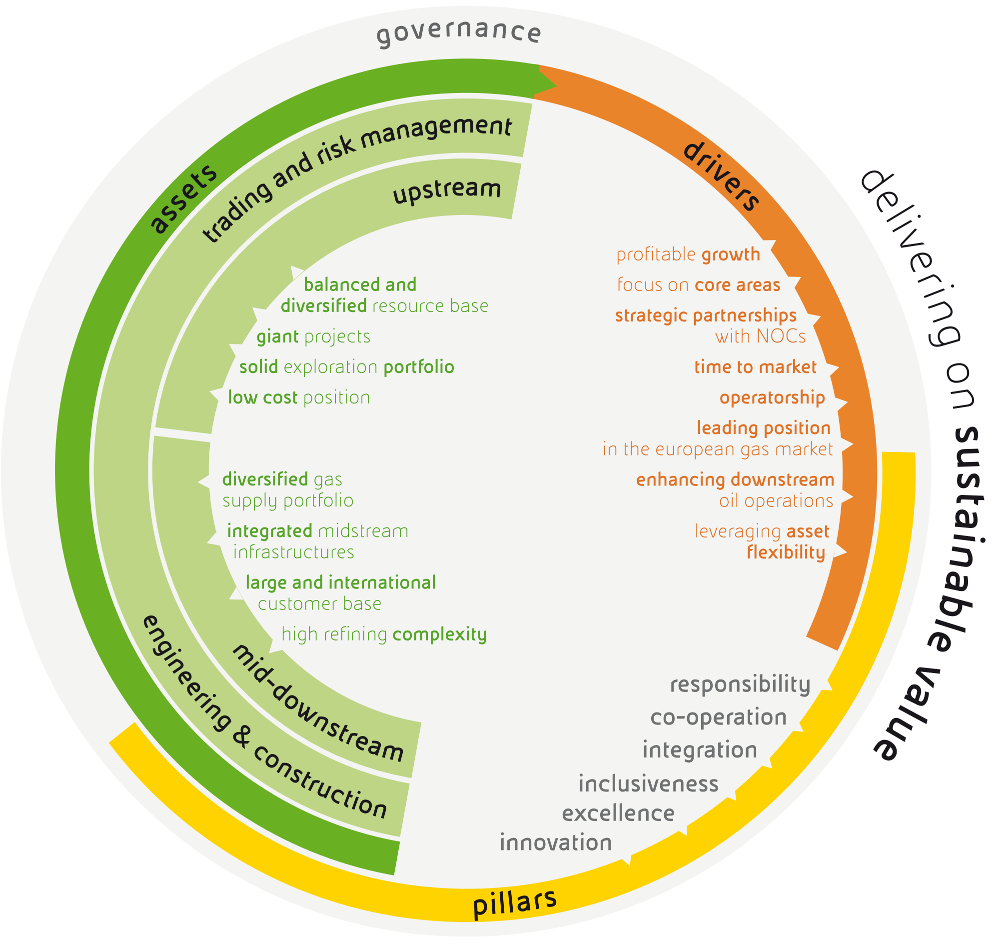
ASIA AND OCEANIA

Australia, Azerbaijan, China, India, Indonesia, Iran, Iraq, Kazakhstan, Kuwait, Malaysia, Myanmar, Oman, Pakistan, Papua-New Guinea, Philippines, Qatar, Russia, Saudi Arabia, Singapore, Sirya, Taiwan, Thailand, Timor Leste, Turkmenistan, the United Arab Emirates, Vietnam, Yemen

AMERICAS

Argentina, Bolivia, Brazil, Canada, Colombia, Dominican Republic, Ecuador, Mexico, Peru, Suriname, Trinidad & Tobago, the United States, Venezuela

Eni's business model



Our excellent strategic positioning and competitive advantages leverage on a sustainable business model founded on distinctive assets, strategic guidelines (drivers) in line with our long-term business, the continuous interaction with our stakeholders, the pillars of innovation, excellence, inclusiveness, integration, cooperation and responsibility, in a framework of straightforward rules of corporate governance.

Mission

We are a major integrated energy company, committed to growth in the activities of finding, producing, transporting, transforming and marketing oil and gas. Eni men and women have a passion for challenges, continuous improvement, excellence and particularly value people, the environment and integrity.

Contents

Performance review

Financial review

"Eni in 2011" report comprises an extract of the description of the business, the management's discussion and analysis of financial condition and results of operations and certain other Company information from Eni's Annual Report for the year ended December 31, 2011. It does not contain sufficient information to allow as full an understanding of financial results, operating performance and business developments of Eni as "Eni 2011 Annual Report". It is not deemed to be filed or submitted with any Italian or US market or other regulatory authorities.
You may obtain a copy of "Eni in 2011" and "Eni 2011 Annual Report" on request, free of charge (see the request form on Eni's web site – **eni.com** – under the section "Publications").
"Eni in 2011" and "Eni 2011 Annual Report" may be downloaded from Eni's web site under the section "Publications".

All financial data presented in this report is based on consolidated financial statements prepared in accordance with IFRS.
For definitions of certain financial and operating terms see "Frequently used terms" section, on page 46.

This report contains certain forward-looking statements particularly those regarding capital expenditures, development and management of oil and gas resources, dividends, allocation of future cash flow from operations, future operating performance, gearing, targets of production and sale growth, new markets and the progress and timing of projects. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future.

Actual results may differ from those expressed in such statements, depending on a variety of factors, including the timing of bringing new fields on stream; management's ability in carrying out industrial plans and in succeeding in commercial transactions; future levels of industry product supply; demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and regulations; development and use of new technologies; changes in public expectations and other changes in business conditions; the actions of competitors and other factors discussed elsewhere in this document.

As Eni shares, in the form of ADRs, are listed on the New York Stock Exchange (NYSE), an Annual Report on Form 20-F has been filed with the US Securities and Exchange Commission in accordance with the US Securities Exchange Act of 1934.
Hard copies may be obtained free of charge (see the request form on Eni's web site – **eni.com** – under the section "Publications"). Eni discloses on its Annual Report on Form 20-F significant ways in which its corporate governance practices differ from those mandated for US companies under NYSE listing standards.
The term "shareholder'" in this report means, unless the context otherwise requires, investors in the equity capital of Eni SpA, both direct and/or indirect.

Eni shares are traded on the Italian Stock Exchange (Mercato Telematico Azionario) and on the New York Stock Exchange (NYSE) under the ticker symbol "E".

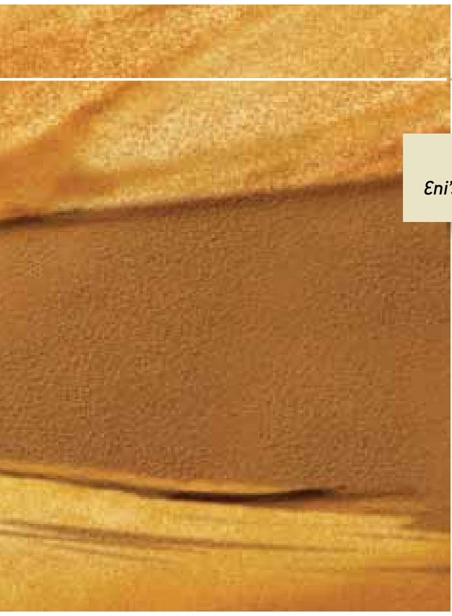
Performance review

2011 has been a brilliant year for the Exploration & Production Division. We have laid down foundations for our future growth and maintained continued focus on operational excellence and risk prevention. We have taken steps to strengthen our competitive position in each of our businesses, in spite of the economic downturn.

Profile of the year

Financial and operating highlights

		2009	2010	2011
	(€ million)			
Net sales from operations		83,227	98,523	109,589
Operating profit		12,055	16,111	17,435
Adjusted operating profit		13,122	17,304	17,974
Net profit attributable to Eni		4,367	6,318	6,860
Adjusted net profit attributable to Eni		5,207	6,869	6,969
Net cash provided by operating activities		11,136	14,694	14,382
Capital expenditures		13,695	13,870	13,438
Investments		2,323	410	360
Cash dividends to Eni shareholders		4,166	3,622	3,695
Total assets at year end		117,529	131,860	142,945
Shareholders' equity including non-controlling interests at year end		50,051	55,728	60,393
Net borrowings at year end		23,055	26,119	28,032
Net capital employed at year end		73,106	81,847	88,425
Adjusted Return On Average Capital Employed (ROACE)	(%)	9.2	10.7	9.9
Leverage		0.46	0.47	0.46
Return On Average Equity (ROAE)		9.6	13.0	12.9
Coverage		17.9	22.2	15.4
Current ratio		1.0	1.0	1.1
Debt coverage		48.3	56.3	51.3
Employees at period end	(number)	77,718	79,941	78,686
Female managers	(%)	17.0	17.7	18.2
Employee injury frequency rate	(number of injuries/million of worked hours)	1.00	0.91	0.71
Contractor injury frequency rate		1.18	0.88	0.74
Oil spills	(barrels)	6,259	4,269	7,295
Oil spills due to sabotage and terrorism		15,288	18,695	6,127
GHG emission	(million ton CO_2 eq)	57.69	60.64	51.10
R&D expenditures	(€ million)	207	221	191
Estimated net proved reserves of hydrocarbons (at year end)	(mmboe)	6,571	6,843	7,086
Average reserve life index	(years)	10.2	10.3	12.3
Production of hydrocarbons	(kboe/d)	1,769	1,815	1,581
Worldwide gas sales	(bcm)	103.72	97.06	96.76
Customers in Italy	(million)	6.88	6.88	7.10
Gas volumes transported in Italy	(bcm)	76.90	83.32	78.30
Electricity sold	(TWh)	33.96	39.54	40.28
Refining throughputs on own account	(mmtonnes)	34.55	34.80	31.96
Retail sales of petroleum products in Europe	(mmtonnes)	12.02	11.73	11.37
Service stations in Europe at period end	(units)	5,986	6,167	6,287
Average throughput of service stations in Europe	(kliters)	2,477	2,353	2,206
Sales of petrochemical products	(ktonnes)	4,265	4,731	4,040
Average petrochemical plant utilization rate	(%)	65.4	72.9	65.3
Orders acquired	(€ million)	9,917	12,935	12,505
Order backlog at period end		18,730	20,505	20,417



Eni's sand campaign

Eni's three distinguishing values: innovation, that is the ability to imagine the future; cooperation, representing Eni's will to contribute to the development and well being of the communities it works with; and culture, which is the respect for different situations Eni faces in 85 Countries in the world.

Ilana Yahav has interpreted the Company's themes.

	2011	2012-2015
E&P	- Libya restart - Strengthened resource base	- Confirmed growth profile - Start-up of giants with long plateau - Increased investment in exploration
G&P	- Improved supply - Growth in key markets	- Recover profitability in a difficult market - Consolidate competitiveness of supply - Focus on key segments and markets
R&M Petrochemicals	- Streamlined operations	- Continued efficiency - Integration of refinery system, consolidation of marketing - Refocusing chemicals portfolio on added-value products

Eni's strategy

The oil&gas industry is copying with a complex scenario featured by the global economic slowdown, particularly in the Euro-zone, and volatile market conditions for energy commodities. In the medium to long-term the main challenges will be driven by rising competitive pressures in accessing reserves by new players, stricter regulation addressing environmental preservation and mitigation of the climate risk, growing importance of renewable sources as well as the role of unconventional resources in satisfying energy needs.

Against this backdrop, Eni reaffirms its growth strategy and the adoption of a sustainable business model founded on the pillars of innovation, excellence, inclusiveness, integration, responsibility and cooperation in a framework of straightforward rules of corporate governance.

Eni believes that a sustainable business conduct contributes to both the achievement of industrial performance, and the mitigation of political, financial and operational risks. This strengthens Eni's role as a trustworthy and reliable partner, who is ready to capture new opportunities in the marketplace and able to manage the complexities of the environment.

Eni believes that those drivers will help the Company to create value to its shareholders and stakeholders. Eni has designed its industrial plan for the four-year period 2012-2015 along the following strategic guidelines: growing profitably oil and gas production in the upstream, strengthening market leadership in the European gas market, improving downstream oil efficiency, refocusing petrochemical operations and retaining top spots among the best-in-class engineering and construction players in the most technologically-advanced segments.

In the medium term, Eni intends to preserve a solid capital structure while continuing to invest to fuel growth and returns. Management is committed to lower the company's net debt to equity ratio to less than 0.4 by the end of the plan period at our long-term Brent price scenario of $85 a barrel. This target takes into account a capital expenditures plan of €59.6 billion, of which 75% dedicated to upstream activities, and our progressive dividend policy whereby we have committed to remunerate our shareholders by growing the dividend in line with OECD expected inflation. Eni's ability to generate strong operating cash flows, investment selection and capital efficiency will underpin the Company's financial structure.

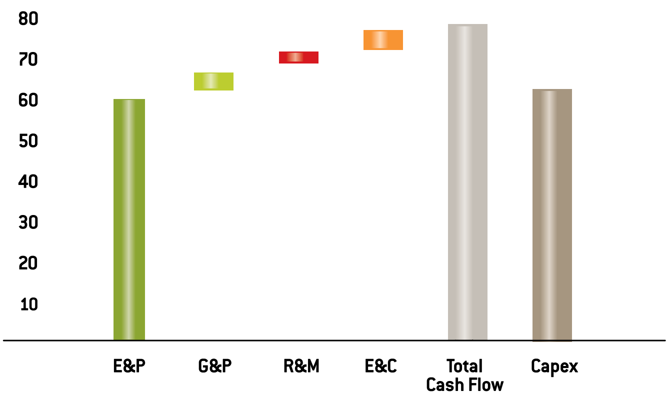
Management will retain a strong focus on pursuing operational excellence, synergies from integration and developing integrated risk management capabilities in order to sustain Eni's industrial targets and expected returns.

Operational excellence thanks to Eni's know-how and distinctive competences envisage preventive business conduct when managing the environmental footprint of Eni's operations and risks to employees and communities' health and safety. Continuing improvement in efficiency through innovation of business processes will enable the Company to reduce the energy intensity of its productions, optimize plants activities and achieve economies of scale in centralized services.

Integration will enable Eni to capture joint opportunities in the marketplace, reaping the benefits of synergies and maximizing asset returns. Particularly, the new trading unit will develop integrated risk management activities with a view of better coping with the increasingly volatile commodity markets.

2012-2015 cash flow *

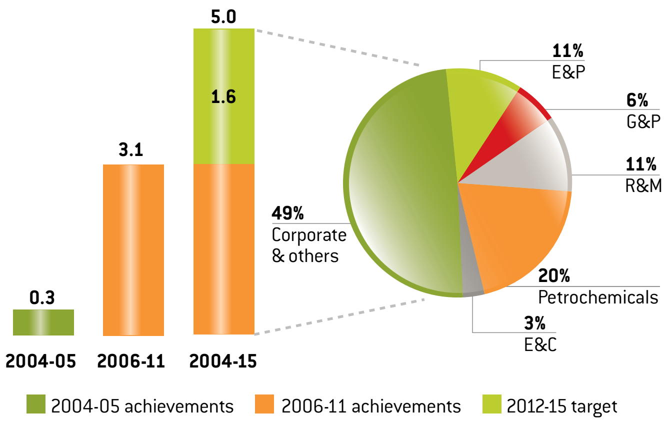
(€ billion)



* @ 90$/bl in 2012-13; 85$/bl in 2014-15

Efficiency programme

(€ billion)



Key performance indicators

		2009	2010	2011
Employees injury frequency rate	(No. of accidents per million hours worked)	0.49	0.72	0.41
Contractors injury frequency rate		0.59	0.48	0.41
Fatality index	(No. of fatalities per 100 million hours worked)	1.77	7.90	1.83
Net sales from operations [a]	(€ million)	23,801	29,497	29,121
Operating profit		9,120	13,866	15,887
Adjusted operating profit		9,484	13,884	16,077
Adjusted net profit		3,878	5,600	6,866
Capital expenditures		9,486	9,690	9,435
Adjusted capital employed, net at year end		32,455	37,646	42,024
Adjusted ROACE	(%)	12.3	16.0	17.2
Profit per boe [b]	($/boe)	8.14	11.91	16.98
Opex per boe [b]		5.77	6.14	7.28
Cash Flow per boe		23.70	25.52	31.65
Finding & Development cost [c]		28.90	19.32	18.82
Average hydrocarbons realizations [d]		46.90	55.60	72.26
Production of hydrocarbons [d]	(kboe/d)	1,769	1,815	1,581
Estimated net proved reserves of hydrocarbons [d]	(mmboe)	6,571	6,843	7,086
Reserves life index [d]	(years)	10.2	10.3	12.3
All sources reserves replacement ratio [d]	(%)	96	125	142
Employees at year end	(units)	10,271	10,276	10,425
of which: *outside Italy*		*6,388*	*6,370*	*6,628*
Oil spills	(bbl)	6,259	3,820	2,930
Oil spills from sabotage and terrorism		15,288	18,695	6,127
Produced water re-injected	(%)	39	44	43
Direct GHG emissions	(mmtonnes CO_2eq)	29.73	31.20	23.59
of which: *from flaring*		*13.84*	*13.83*	*9.55*
Community investment	(€ million)	67	72	62

(a) Before elimination of intragroup sales.
(b) Consolidated subsidiaries.
(c) Three-year average.
(d) Includes Eni's share of equity-accounted entities.

2011 Highlights

Performance of the year

In 2011, employee and contractor injury frequency rates declined by 43.1% and 14.6% from 2010, respectively.

Greenhouse gas emissions (total and from flared) reported a steep decline, reflecting the completion of certain gas recovery projects in Nigeria and the reduction in associated gas to feed the ramp-up of two turbo-generators in a power plant in Congo. Performance for the year was also impacted by lowered Libyan activities.

In 2011, the E&P Division reported an excellent performance amounting to €6,866 million of adjusted net profit (up 22.6% from 2010), reflecting higher oil prices and the rapid recovery of Libyan output.

Return on average capital employed calculated on an adjusted basis was 17.2% in 2011 (16% in 2010).

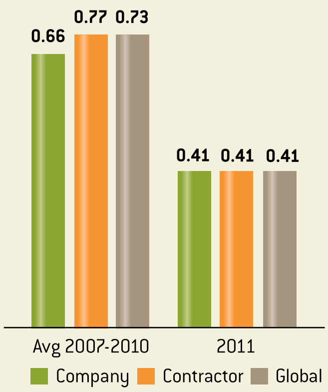
In 2011, Eni reported liquids and gas production of 1,581 kboe/d, down by 12.9% from 2010, mainly due to a lowered output in Libya. Performance was also negatively impacted by lower entitlements in the Company's Production Sharing Agreements due to higher oil prices with an overall effect of approximately 30 kboe/d from 2010. Net of this effect and the above mentioned loss of Libyan output, production for the year was in line with 2010.

In the year oil spills from accidents declined by 23% from 2010, due to significant prevention activities undertaken.

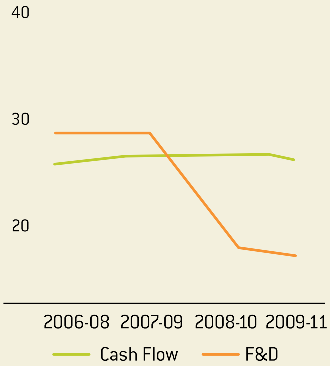
Kazakhstan-Kashagan field

The development plan of the Kashagan field provides for the construction of production plants on artificial islands that will collect oil and natural gas from other satellites islands.
Oil production will undergo a further treatment stage onshore and then be marketed. Natural gas will mostly be re-injected into the reservoir. The Consortium continues to target the achievement of first commercial oil production by the end of 2012 or in the early 2013.

Injury frequency rate
(No. of accidents per million hours worked)



($/boe)



Estimated net proved reserves at December 31, 2011, were 7.09 bboe (up 3.6% from 2010) based on a 12-month average Brent price of $111 per barrel. All sources reserves replacement ratio was 142%. Excluding the price effect, the replacement ratio would be 159%. The reserves life index is 12.3 years (10.3 years in 2010).

In 2011, capital expenditures amounted to €9,435 million to enhance assets in well established areas of Africa, the Gulf of Mexico and Central Asia. Exploration expenditure amounted to €1,210 million (up 19.6% from 2010) to execute a selective campaign with the completion of 56 new exploratory wells (28 net to Eni) and an overall commercial success rate of 42% (38.6% net to Eni). In addition 17 exploratory wells drilled are in progress at year end (9.9 net to Eni).

Development expenditure was €7,357 million to fuel the growth of major projects in Norway, Kazakhstan, Algeria, the United States, Italy, Congo and Egypt.

In 2011, overall R&D expenditure of Exploration & Production Division amounted to approximately €90 million (€98 million in 2010).

Restarted Libyan operations
The rapid restart of Eni's Libyan operations reduced the impact of the Revolution on 2011 results. Production at Eni's Libyan sites is currently flowing at approximately 240 kboe/d and management is targeting to achieve the pre-crisis production plateau of 280 kboe/d and full ramp-up by the second half of 2012.

Giant discovery in Mozambique
The giant Mamba discovery in Mozambique opens up extraordinary development opportunities and is ideally placed to serve the fast-growing Asian gas markets. The three exploration wells drilled in Area 4 in the Rovuma basin - Mamba South, Mamba North and Mamba North East - have found volumes of gas in place up to 40 Tcf. This is the largest operated discovery in the Company's history.

Agreement with Rosneft
On April 25, 2012, Eni and Rosneft signed a strategic cooperation agreement to jointly develop exploration licenses in the Russian offshore of the Barents Sea and the Black Sea. Under the agreement, joint ventures (Eni 33.33%) will explore for and develop the Fedynsky and Tsentralno-Barentsvesky licenses offshore the Barents Sea and the Zapadno-Cernomorsky license offshore the Black Sea. These licenses are estimated to hold recoverable resources of 36 bboe.

Portfolio
Signed a Gas Sales Agreement for developing the giant Perla gas discovery, containing over 17 Tcf of gas in place with the Venezuelan national oil company PDVSA.

On December 14, 2011, the Republic of Kazakhstan and the contracting companies in the Final Production Sharing Agreement (FPSA) of the giant Karachaganak gas-condensate field reached an agreement to settle all pending claims. The agreement, effective from June 30, 2012 on satisfaction of conditions precedent, involves Kazakhstan's KazMunaiGas (KMG) acquiring a 10% interest in the project. This will be done by each of the contracting companies transferring 10% of their rights and interest in the Karachaganak FPSA to KMG.

Signed with Chinese oil companies framework agreements to promote joint projects in conventional and unconventional hydrocarbon plays in China and outside China.

Achieved a cooperation agreement with Sonatrach to explore for and develop unconventional hydrocarbons, particularly shale gas plays in Algeria.

Signed a Memorandum of Understanding with South Africa's State-owned oil company PetroSA to promote joint opportunities in conventional and unconventional hydrocarbons in South Africa and in Africa. Eni will also ensure long-term LNG supplies as well as flows of refined products to support the Country's economic development.

Acquired from Cadogan Petroleum plc an interest in two licenses for exploration and development in areas included in the Dniepr-Donetz basin in Ukraine.

Reached an agreement with MEO Australia to farm-in the Heron and Blackwood gas discoveries in the NT/P-68 permit, located in the Timor Sea. In addition, Eni acquired a 32.5% stake in the Evans Shoal gas discovery in the Timor Sea with approximately 7 Tcf of volumes of gas in place.

Awarded the Arguni I and the North Ganal operated gas exploration contracts located onshore and offshore Indonesia, respectively. The planned activities provide for the development of natural gas resources to feed existing LNG production plants nearby in both acquired areas.

Awarded the operatorship of the PL657 license (Eni's interest 80%) located in the Barents Sea nearby the Goliat operated field (Eni's interest 65%). Any exploratory success will be supported by the existing facilities significantly reducing time-to-market.

Signed with the Angolan authorities the Production Sharing Contract to explore Block 35 (Eni operator with a 30% interest) located in an offshore high potential mineral basin.

Strategies

Eni's Exploration & Production business boasts a strong competitive position in a number of strategic oil and gas basins in the world, namely the Caspian Region, North and Sub-Saharan Africa, Venezuela and Iraq. Eni's strategy is to deliver organic production growth with increasing returns and reserve replacement. Growth will be fuelled by increasing flows from Eni's core areas leveraging Eni's vast knowledge of reservoirs and geological basins, as well as technical and producing synergies. We intend to drive higher returns and manage the operational risk in our upstream operations by reducing time to market, increasing total volumes of operated production, as operatorship is seen to be the safest way to control risks, as well as selectively picking partners in non-operated joint-projects. Our growth trajectory will be supported by our ongoing commitment in establishing and consolidating our partnerships with key host Countries, leveraging the Eni co-operation model. We expect that continuing technological innovation and competence build-up will drive production growth and increasing rates of reserve recovery, developing drilling techniques to be applied in complex environment, marginal fields and deep/ultra deep offshore areas. Consistent with the long-term nature of the business, strategic guidelines for our Exploration & Production Division have remained basically unchanged in the years, as follows:

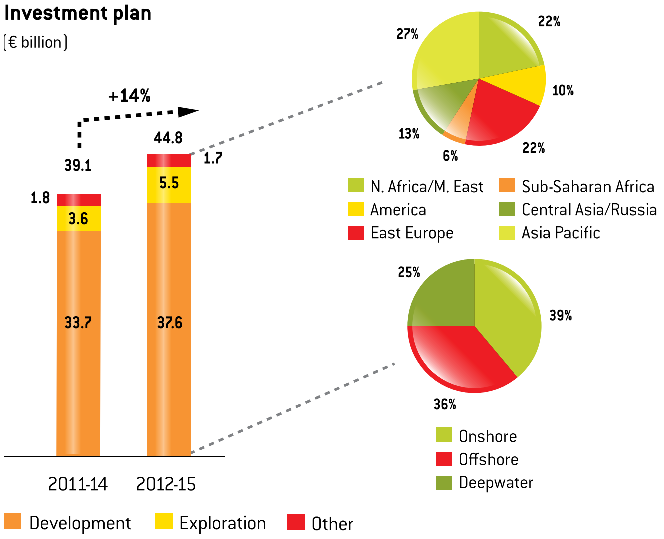
- **Maintain strong profitable production growth**
- **Invest in exploration to enhance growth prospects over the long-term and ensure reserve replacement**
- **Develop new projects to fuel future growth**
- **Consolidate our industry-leading cost position**

To execute these strategies, we plan to spend approximately €37.6 billion to explore for and develop new reserves over the next four years. Exploration projects will account for approximately €5.5 billion. Approximately €1.7 billion will be spent to build transportation infrastructures and LNG projects through equity-accounted entities.

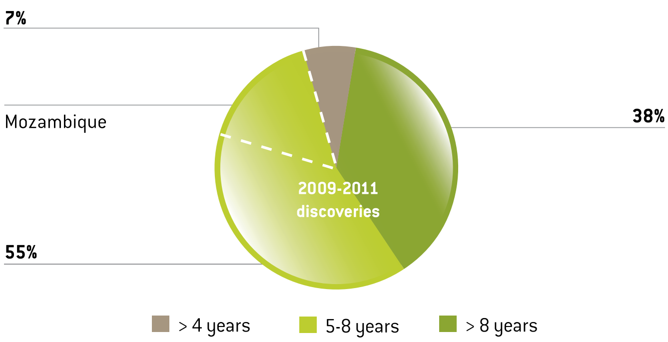
Maintain Strong Production Growth

Our global oil and gas operations are conducted in 41 Countries, including Italy, Libya, Egypt, Norway, the United Kingdom, Angola, Congo, Mozambique, Nigeria, the United States, Kazakhstan, Russia, Algeria, Australia, Venezuela and Iraq. Eni's strategy is to deliver strong profitable production growth via organic developments, leveraging on the planned start-ups of over 60 major projects over the next four years and material expenditures to support the current plateau at our producing fields. Our plans also contemplate certain development projects which will support the Company's long-term production plateau, particularly we plan to start developing the recent gas discovery offshore Mozambique and to progress large and complex projects in the Barents Sea, Nigeria and Indonesia.
We project that new field start-ups will add approximately 700 kboe/d to the Company's production level in 2015 at our long-term Brent price of $85 a barrel. The most important production start-ups are planned in Nigeria, Angola, Norway, Venezuela, Russia and Kazakhstan and will be mainly focused on key hubs where we plan to benefit from technical and producing synergies. We have a good level of visibility on those new projects as most of them have been already sanctioned and where we serve as operator. Most of these new projects are giant fields characterized by steady and long-lasting production plateaus. These giant fields include three of our fields in the Yamal Peninsula in Russia, Goliat in Norway, Perla and Junin 5 in Venezuela, Block 15/06 in Angola and Kashagan.
A second leg of our growth strategy is to sustain the current plateau at producing fields by counteracting natural field depletion and production optimization. We plan to dedicate strong efforts to this area by executing a huge infilling and work-over campaign. We expect that continuing technological innovation and competence build-up will drive increasing rates of reserve recovery.
We intend to implement a number of initiatives to support profitability by exercising tight cost control and reducing the time span which is necessary to develop and market reserves. We are making strong progress in reducing the time to developing and marketing our exploration resources. We have fine-tuned our process and organization to consistently monitor the status and value of resources in the different phases of conversion. Through these actions, we will be able to develop more than 90% of the exploration successes of the last three years within 8 years of their discovery.
Eni will pursue further growth options by developing unconventional plays, gas-to-LNG projects and integrated gas projects. Finally, we intend to optimize our portfolio of development properties by focusing on areas where our presence is well established, and divesting non-strategic or marginal assets.

Investment plan
(€ billion)



Fast time-to-market of exploration discoveries



90% with first oil in production in <8 years

Production and reserves: 2011 and outlook

In 2011, Eni reported liquids and gas production of 1,581 kboe/d, down by 12.9% from 2010. This reduction was driven by a lowered flow from Eni's activities in Libya, which was affected by the shut down of almost all the Company plants and facilities including the GreenStream pipeline throughout the peak of the Country's internal crisis. In the last part of the year the efforts made to restart the GreenStream pipeline and recover production enabled the Company to bring back online an average Libyan output of 112 kboe/d in the year, partly offsetting the impact of force majeure (down approximately 200 kboe/d). Performance was also negatively impacted by lower entitlements in the Company's PSAs due to higher oil prices with an overall effect of approximately 30 kboe/d compared to the previous year. Net of these effects, production for 2011 was in line with 2010. Ramp-ups and start-ups were offset by lower-than-anticipated growth in Iraq and planned facility downtime.

In the year we achieved eleven start-ups which are expected to add approximately 80 kboe/d at plateau to Eni's medium-term production. Main start-ups were: (i) the Guendalina (Eni's interest 80%) and Capparuccia (Eni's interest 95%) fields, in Italy, with an overall production start-up at approximately 7 kboe/d; (ii) the Denise B field in the El Temsah concession (Eni operator with a 50% interest), in Egypt. Production peak is expected at 14 kboe/d in 2012; (iii) the Appaloosa field (Eni's interest 100%), in the Gulf of Mexico, with a production of 7 kbbl/d through linkage to the Corral operated platform with a treatment capacity of 33 kbbl/d net to Eni; (iv) the Nikaitchuq operated field (Eni's interest 100%), located in North Slope basins offshore Alaska, with resources of 220 million barrels. Development plan completion is expected in 2014 with an average production plateau at approximately 21 kbbl/d net to Eni in 2016; (v) the Kitan oil field (Eni operator with a 40% interest) located between Timor Leste and Australia. Peak production of over 40 kbbl/d is expected in 2012; (vi) the Libondo offshore field (Eni's interest 35%), in Congo with production of approximately 3 kboe/d net to Eni.

Our production outlook remains strong as we plan to achieve a compound average growth rate of over 3% in the next 2012-2015 four-year period, targeting a production plateau of 2.03 mmboe/d in 2015. The growth rate has been calculated excluding the impact of disruptions in Libya on the 2011 baseline production. To achieve that target, we intend:

- to leverage our robust pipeline of projects start-ups, particularly in Nigeria, Angola, Norway, Venezuela, the Yamal Peninsula in Russia and Kazakhstan, most of which is Eni operated and leveraging our vast knowledge of reservoirs and geological basins, as well as technical and producing synergies;

Oil and natural gas production [a] [b]

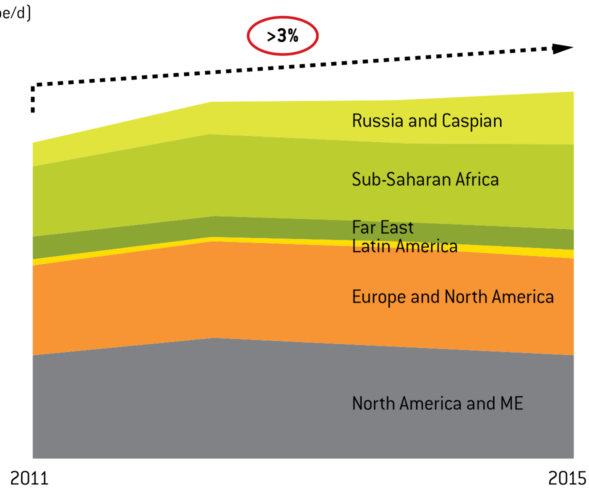
	Liquids (kbbl/d)	Natural gas (mmcf/d)	Hydrocarbons (kboe/d)	Liquids (kbbl/d)	Natural gas (mmcf/d)	Hydrocarbons (kboe/d)	Liquids (kbbl/d)	Natural gas (mmcf/d)	Hydrocarbons (kboe/d)
	2009			2010			2011		
Italy	**56**	**652.6**	**169**	**61**	**673.2**	**183**	**64**	**674.3**	**186**
Rest of Europe	**133**	**655.5**	**247**	**121**	**559.2**	**222**	**120**	**537.9**	**216**
Croatia		95.5	17		45.3	8		29.9	5
Norway	78	273.7	126	74	271.6	123	80	284.0	131
United Kingdom	55	286.3	104	47	242.3	91	40	224.0	80
North Africa	**292**	**1,614.2**	**573**	**301**	**1,673.2**	**602**	**209**	**1,271.5**	**438**
Algeria	80	19.7	83	74	20.2	77	69	19.0	72
Egypt	91	793.7	230	96	755.1	232	91	800.7	236
Libya	108	780.4	244	116	871.1	273	36	423.2	112
Tunisia	13	20.4	16	15	26.8	20	13	28.6	18
Sub-Saharan Africa	**312**	**274.3**	**360**	**321**	**441.5**	**400**	**278**	**508.0**	**370**
Angola	125	29.3	130	113	31.9	118	95	34.7	102
Congo	97	27.3	102	98	67.9	110	87	119.1	108
Nigeria	90	217.7	128	110	341.7	172	96	354.2	160
Kazakhstan	**70**	**259.0**	**115**	**65**	**237.0**	**108**	**64**	**231.0**	**106**
Rest of Asia	**57**	**444.8**	**135**	**48**	**463.9**	**131**	**34**	**430.1**	**112**
China	7	8.2	8	6	6.7	7	7	5.0	8
India		3.7	1	1	36.6	8		19.6	4
Indonesia	2	104.8	21	2	94.4	19	2	84.3	18
Iran	35		35	21		21	6		6
Iraq				5		5	7		7
Pakistan	1	328.1	58	1	326.2	59	1	321.2	58
Turkmenistan	12		12	12		12	11		11
America	**79**	**424.7**	**153**	**71**	**396.0**	**143**	**65**	**334.0**	**125**
Brazil							1		1
Ecuador	14		14	11		11	7		7
Trinidad & Tobago		67.0	12		63.6	12		56.7	10
United States	57	357.7	119	49	332.4	109	48	277.3	98
Venezuela	8		8	11		11	9		9
Australia and Oceania	**8**	**48.6**	**17**	**9**	**95.7**	**26**	**11**	**97.8**	**28**
Australia	8	48.6	17	9	95.7	26	11	97.8	28
	1,007	**4,373.7**	**1,769**	**997**	**4,539.7**	**1,815**	**845**	**4,084.6**	**1,581**
of which equity-accounted entities:	***17***	***38.3***	***23***	***19***	***35.6***	***25***	***19***	***34.0***	***26***
Angola	*3*	*0.7*	*3*	*3*	*0.8*	*3*	*3*	*1.9*	*4*
Brazil							*1*		*1*
Indonesia	*1*	*32.1*	*6*	*1*	*28.9*	*6*	*1*	*25.7*	*6*
Tunisia	*5*	*5.5*	*6*	*4*	*5.9*	*5*	*5*	*6.4*	*6*
Venezuela	*8*		*8*	*11*		*11*	*9*		*9*

(a) From April 1, 2010, Eni has updated the natural gas conversion factor from 5,742 to 5,550 standard cubic feet of gas per barrel of oil equivalent.
(b) Includes volumes of gas consumed in operations (321, 318 and 300 mmcf/d in 2011, 2010 and 2009, respectively).

- to maximize the production recovery rate at our current fields by counteracting natural field depletion. This will require intense development activities of work-over and infilling. We expect that continuing technological innovation and competence build-up will drive increasing rates of reserve recovery;
- to monetize our reserves of associated gas in particular in Algeria, Angola, Congo, Iraq, Italy, Libya, Nigeria, Norway and Turkmenistan, targeting to cut the level of gas flaring by 80% from 2007 levels over the next four years-plan. Management is ready to invest approximately €4 billion to achieve that target.

Organic growth in the plan period

(kboe/d)



CAGR Adjusting for force majeure in Libya in 2012 (180 kboe/d)
Brent 2011-13: $90 per barrel; 2014-15: $85 per barrel

Actual production volumes will vary from year to year due to the timing of individual project start-ups, operational outages, reservoir performance, regulatory changes, asset sales, severe weather events, price effects under production sharing contracts and other factors.

Estimated net proved reserves at December 31, 2011, were 7.09 bboe (up 3.6% from 2010) based on a 12-month average Brent price of $111 per barrel. Additions to proved reserves booked in 2011 derived from: (i) extensions, discoveries and other factors, with major increases booked in Russia, Venezuela, the United States and Angola; (ii) revisions of previous estimates mainly reported in Norway, Russia, Italy, Egypt, Kazakhstan and Iraq; (iii) improved recovery mainly reported in Norway and Algeria. The reserves life index is 12.3 years (10.3 years in 2010).

Eni intends to pay special attention to reserve replacement in order to ensure the medium to long-term sustainability of the business. In 2011, we achieved a strong reserve replacement ratio of 142% through fast sanctioning and timely start-ups of new projects. We made final investment decisions to develop large projects such as the jointly-operated Samburgskoye and Urengoskoye giant gas fields in Siberia, the Perla project in Venezuela, as well as projects in Norway and the Gulf of Mexico which enabled us to book noticeable amounts of reserves in the year. Eni will continue focusing on well-established areas of presence where we have experience and good knowledge of the geological model. Those areas include Sub-Saharan Africa, Venezuela, Norway, Russia, Kazakhstan and Iraq where availability of production facilities will enable the Company to readily put in production discovered reserves.

Our reserve replacement will be underpinned by our strong focus on exploration and timely conversion of resources into reserves and production, while at the same time fighting depletion and enhancing the recovery factor in existing fields through effective reservoir management.

Exploration

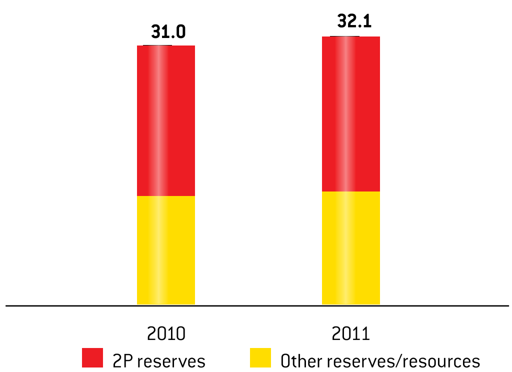
Exploration activities play a major role in our sustainable growth strategy by fuelling new production and securing access to new opportunities. In 2011, Eni exploration expenditures amounted to €1,210 million (up 19.6% from 2010) to execute a selected campaign with the completion of 56 new exploratory wells, of which 80% were successful.

2011 has been an extraordinary year in terms of size and reach of new discoveries. Exploration successes in the year contributed to increase our resource base by 1.1 billion boe. Our exploration success supports our capacity to deliver sustainable returns on new projects under almost any oil-price scenario with a very competitive exploration cost of $1.2 per boe, down from the last three years average of $1.9 per boe. Eni's resource base achieved 32 bboe. We made the large Mamba gas discovery (Eni operator with a 70% interest) off the Mozambique coast, located in Area 4 in the Rovuma Basin. According to field test results and our internal estimates, we believe that the new discovery may contain up to 40 Tcf amounts of high-quality gas in place. In a final completion configuration, production per well is expected to reach over 140 million cubic feet a day, approximately 25 kboe/d. In the next two years up to 8 additional wells are expected to be drilled in the nearby areas in order to fully assess the high potential of the Mamba reservoir, investing €400 million. Further world-class discoveries have been achieved in the Barents Sea with the Skrugard and Havis oil and gas wells with recoverable reserves estimated at approximately 500 million barrels in the PL532 license (Eni's interest 30%). Both fields are planned to be put in production by means of a fast-track synergic development. Following these major successes, we believe we have cracked the geological code in this part of the basin, and are confident in a significant resource upside. In Venezuela appraisal activities were completed at the large Perla gas field in the Gulf of Venezuela. Results exceeded the initial resource estimate to more than 16,000 billion cubic feet. The target production of approximately 300 million cubic feet a day is expected in 2014.

Our consistent performance confirms the effectiveness of our exploration strategy, with its focus on proven basins and a select number of high-potential frontier plays. Building on this success, over the next four years we will increase our exploration efforts to further strengthen the basis of our long-term growth. In the next four years, we are planning to step up expenditures compared to our previous capital budget (an increase of approximately €2 billion).

Enhanced asset base: the foundation of long-term growth

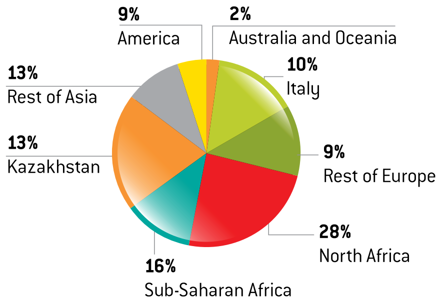
(bln boe)



Brent ($/boe)	2010: **79**	2011: **111**	**Life index** (years)	2010: **47**	2011: **50**

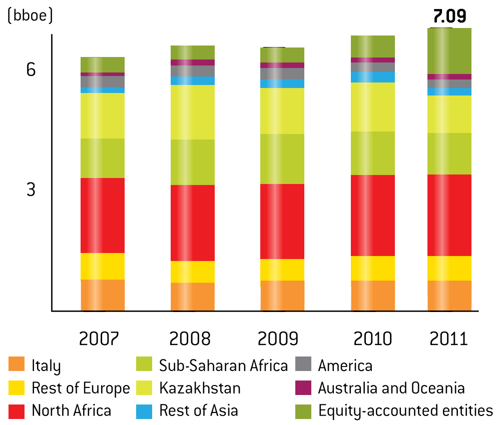
Estimated net proved hydrocarbons reserves (mmboe)	2009	2010	2011
At December 31			
Consolidated subsidiaries			
Italy	703	724	707
Rest of Europe	590	601	630
North Africa	1,922	2,096	2,031
Sub-Saharan Africa	1,141	1,133	1,021
Kazakhstan	1,221	1,126	950
Rest of Asia	236	295	230
America	263	230	238
Australia and Oceania	133	127	133
	6,209	**6,332**	**5,940**
Equity-accounted entities	**362**	**511**	**1,146**
	6,571	**6,843**	**7,086**

2011 Reserves



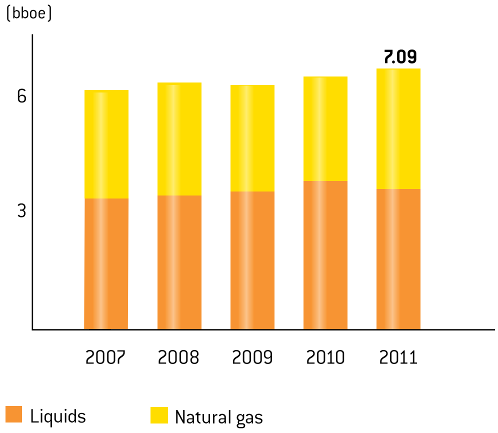
Estimated net proved liquids reserves (mmbbl)	2009	2010	2011
At December 31			
Consolidated subsidiaries			
Italy	233	248	259
Rest of Europe	351	349	372
North Africa	895	978	917
Sub-Saharan Africa	770	750	670
Kazakhstan	849	788	653
Rest of Asia	94	139	106
America	153	134	132
Australia and Oceania	32	29	25
	3,377	**3,415**	**3,134**
Equity-accounted entities	**86**	**208**	**300**
	3,463	**3,623**	**3,434**

Net proved reserves by geographic area

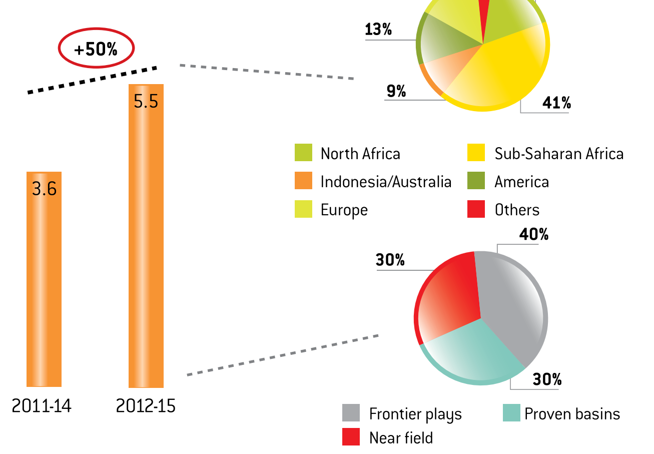


Estimated net proved natural gas reserves (bcf)	2009	2010	2011
At December 31			
Consolidated subsidiaries			
Italy	2,704	2,644	2,491
Rest of Europe	1,380	1,401	1,425
North Africa	5,894	6,207	6,190
Sub-Saharan Africa	2,127	2,127	1,949
Kazakhstan	2,139	1,874	1,648
Rest of Asia	814	871	685
America	629	530	590
Australia and Oceania	575	544	604
	16,262	**16,198**	**15,582**
Equity-accounted entities	**1,588**	**1,684**	**4,700**
	17,850	**17,882**	**20,282**

Liquids vs. Natural Gas Reserves



Exploration expenditure
(€ billion)



Exploration projects will attract some €5.5 billion to appraise the latest discoveries made by the Company and to support continuing reserve replacement over the next four years. The most important amounts of exploration expenses will be incurred in Mozambique, the United States, Egypt, Nigeria, Angola, Norway and Indonesia; important resources will be dedicated to explore new areas in Sub-Saharan Africa (the Republic of Liberia, Ghana) and on unconventional plays. Over the next four years we aim to discover approximately 1 bboe of resources per year, at an average unit exploration cost of $2 per boe. We will continue to focus on assets with high materiality and fast time to market, concentrating on plays where we have experience and good knowledge of the geological model. We are also renewing our portfolio in new basins close to areas with high demand growth.
As of December 31, 2011, Eni's mineral right portfolio consisted of 1,106 exclusive or shared rights for exploration and development in 41 Countries on five continents for a total acreage of 254,421 square kilometers net to Eni of which developed acreage of 41,373 square kilometers and undeveloped acreage of 213,048 square kilometers. Acquisition of new leases in Angola, Australia, Ghana, Indonesia, Nigeria, and Norway and in Ukraine further enhanced our upstream portfolio.

Develop new projects to fuel future growth

Eni has a strong pipeline of development projects that will fuel the medium and long-term growth of its oil and gas production, with a break-even price of $45 per barrel.
The pipeline of projects is geographically diversified, with 20% of new production coming from developments in OECD Countries, and 30% from Russia and the Caspian area. However, while our production is geographically diversified it is also focused on a number of key hubs (Yamal Peninsula in Russia, Barents Sea in Norway, Kazakhstan and Venezuela), with synergies in terms of geological and local expertise, infrastructure and relationships with local communities, and which will give a material contribution to long-term production.

We expect that costs to develop and operate fields will increase in the next years due to sector-specific inflation, and growing complexity of new projects. We plan to counteract those cost increases by leveraging on cost efficiencies associated with: (i) increasing the scale of our operations as we concentrate our resources on larger fields than in the past where we plan to achieve economies of scale; (ii) expanding projects where we serve as operator. We believe operatorship will enable the Company to exercise better cost control, effectively manage reservoir and production operations, and deploy our safety standards and procedures to minimize risks; and (iii) applying our technologies which we believe can reduce drilling and completion costs.
A description of our main development projects is provided below.

Oil & gas major projects

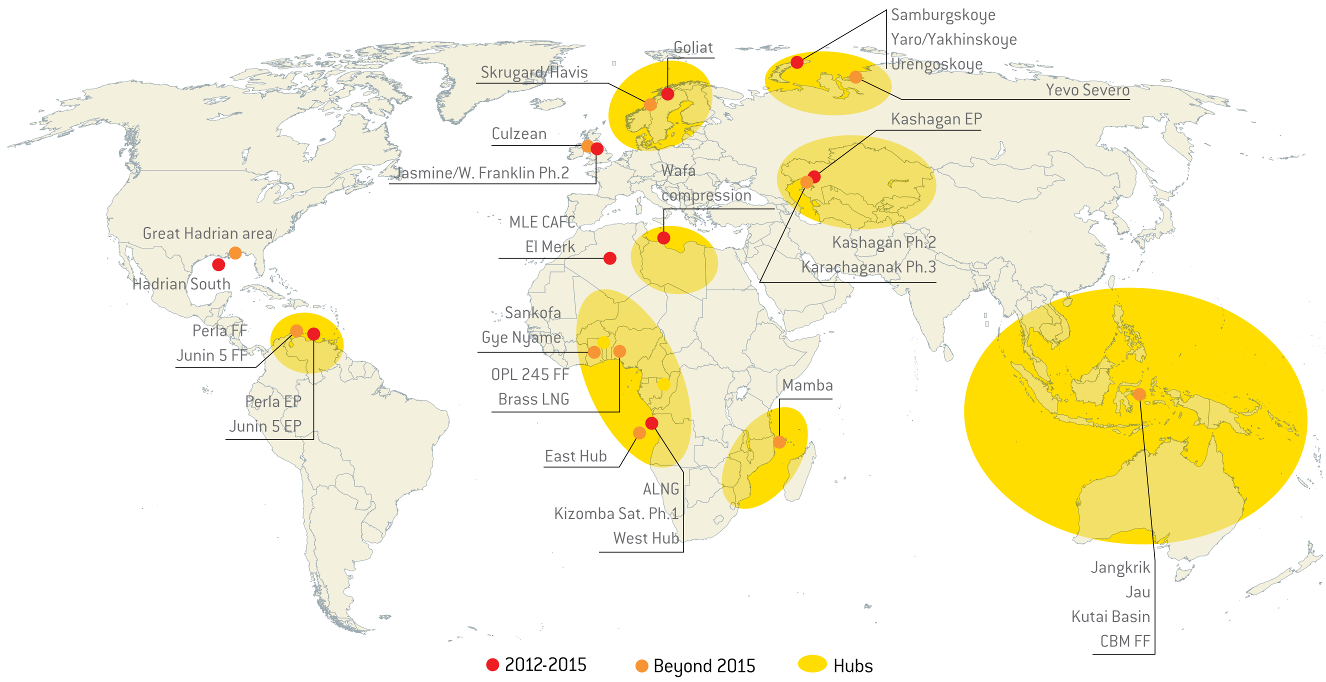
Block 405b – Algeria (Eni 75%, Op.)
Development activity progressed up the MLE and CAFC projects. The MLE project provides for the construction of a natural gas treatment plant with a capacity of 350 mmcf/d and of four export pipelines with linkage to the national grid system. These facilities will also handle gas from the CAFC field. Production start-up is expected in 2012. The CAFC project provides the construction of an oil treatment plant and will also benefit from synergies with MLE production facilities. Gas and oil production start-up of CAFC field are expected in 2012 and 2014, respectively. The overall Block 405b will target a production plateau of approximately 33 kboe/d net to Eni by 2015.

El Merk, Block 208 – Algeria (Eni 12.25%)
The scope of work provides for the construction of a gas treatment plant with a capacity of approximately 600 mmcf/d, two oil trains with a capacity of 65 kbbl/d and three export pipelines with linkage to the national system for a production of approximately 11 kbbl/d net to Eni. Start-up is expected in 2013.

Kizomba satellites, Phase 1, Block 15 – Angola (Eni 20%)
The Kizomba satellites development targets the Clochas and Mavacola oil discoveries. The project provides for the drilling of 18 producing wells to be linked to an FPSO vessel already deployed in this area. Associated gas will be initially re-injected in the reservoirs in the Kizomba area, and later delivered to the A-LNG liquefaction plant. Start-up is expected by mid 2012 and production to peak at 100 kbbl/d (approximately 21 kbbl/d net to Eni) in 2013.

Kashagan, Phase 1 – Kazakhstan (Eni 16.81%, Op.)
Development activities are progressing at the giant Kashagan oil field located off the Kazakh section of the Caspian Sea, where Eni is operator of Phase 1 of the project (the so-called "Experimental Program"). Phase 1 targets an initial production capacity of 150 kbbl/d. In 2014, the second train of treatment and compression facilities for gas re-injection will be completed and come online enabling to increase production capacity up to 370 kbbl/d. The partners are planning to further increase available production capacity up to 450 kbbl/d by installing additional gas compression capacity for re-injection in the reservoir. The partners intend to submit the scheme of this additional gas compression activity to the relevant Kazakh Authorities in the course of 2012 in order to obtain approval to start the engineering design. The partners are currently assessing the Phase 2 of the development of the Kashagan field with a view of optimizing the development lay-out. The review is expected to be completed by 2012.
The Consortium continues to target the achievement of first commercial oil production by the end of 2012 or in the early 2013.

Rapid and efficient development of project pipeline



4-year plan start-ups: ~ 700 kboe/d in 2015

Goliat, Prospecting License 229 – Norway (Eni 65%, Op.)
Goliat represents the first oil development in the Barents Sea. We have already obtained governmental approval. The project is progressing according to schedule. Development provides for the use of a cylindrical FPSO unit linked to an underwater production system. Gas produced will be injected in the field. Start-up is expected at the end of 2013 with production expected at 100 kbbl/d.

Yamal Peninsula – Russia (Eni 29.4%)
We have 5 giant gas and condensates fields to develop in Russia. In 2011 we finalized our gas sales agreements and took the final investment decision on the Samburgskoye field. Start-up was achieved in April 2012 with an expected peak production of approximately 43 kboe/d (14 kboe/d, net to Eni). In addition, the Final Investment Decision of the onshore gas and condensate Urengoskoye field was sanctioned. Start-up is expected in 2014. Activities are progressing also on the Yaro-Yakhinskoye field. Oil production start-up is expected by the end of 2012, while first gas production in 2014. Lastly the Severo field will be in production by the end of 2015 and the definition of the field development plan is progressing. The Yamal hub will be provide over 120 kboe/d by 2015 and we confirm our expectation of long-term plateau of approximately 200 kboe/d.

Junin 5 – Venezuela (Eni 40%)
We established a joint-venture with the Venezuelan National Oil Company PDVSA for the development of the giant Junin 5 oil field, located in the Orinoco Oil Belt with certified volumes of oil in place of 35 billion barrels. First oil is expected in 2012 at an initial rate of 75 kbbl/d, targeting a long-term production plateau of 240 kbbl/d by 2018.

Perla – Venezuela (Eni 50%)
Perla is a giant gas field which was discovered by an Eni-participated joint venture in 2009 off the Venezuelan coast in the Gulf of Venezuela. The final investment decision for the first development phase was sanctioned in the year and a Gas Sale Agreement was signed. EPC contracts for the project are being awarded. The early production phase includes the utilization of the already successfully drilled wells and the installation of production platforms linked by pipelines to the onshore treatment plant. The target production of approximately 300 mmcf/d is expected in 2014. The investment plan for the first development phase is estimated at $1.4 billion. The development of Perla is currently planned to continue with two more phases by means of the drilling of additional wells and the upgrading of treatment facilities to reach a plateau production of 1,200 mmcf/d.

Key performance indicators

		2009	2010	2011
Employee injury frequency rate	(No. of accidents per million hours worked)	3.85	3.74	2.33
Contractors injury frequency rate		9.48	8.24	8.38
Net sales from operations [a]	(€ million)	30,447	29,576	34,731
Operating profit		3,687	2,896	1,758
Adjusted operating profit		3,901	3,119	1,946
Marketing		*1,721*	*733*	*(550)*
Regulated businesses in Italy		*1,796*	*2,043*	*2,112*
International transport		*384*	*343*	*384*
Adjusted net profit		2,916	2,558	1,541
EBITDA pro-forma adjusted		4,403	3,853	2,565
Marketing		*2,392*	*1,670*	*364*
Regulated businesses in Italy		*1,345*	*1,486*	*1,535*
International transport		*666*	*697*	*666*
Capital expenditures		1,686	1,685	1,721
Adjusted capital employed, net at year end		25,024	27,270	27,660
Adjusted ROACE	(%)	12.3	9.8	5.6
Worldwide gas sales [b]	(bcm)	103.72	97.06	96.76
LNG sales [c]		12.9	15.0	15.7
Customers in Italy	(million)	6.88	6.88	7.10
Gas volumes transported in Italy	(bcm)	76.90	83.31	78.30
Electricity sold	(TWh)	33.96	39.54	40.28
Employees at year end	(units)	11,404	11,245	10,907
Direct GHG emissions	(mmtonnes CO_2eq)	14.60	15.79	14.75
Customer satisfaction index (PSC)	(%)	83.7	87.4	91.0
Water consumption/withdrawals per kWheq produced (EniPower)	(cm/kWeq)	0.015	0.013	0.014

(a) Before elimination of intragroup sales.
(b) Include volumes marketed by the E&P Division of 2.86 bcm (6.17 and 5.65 bcm in 2009 and 2010, respectively).
(c) Refer to LNG sales of the G&P Division (included in worldwide gas sales) and the E&P Division.

2011 Highlights

Agreement with Gazprom

In March 2012, as part of their strategic partnership, Eni and Gazprom signed agreements to revise gas supply contracts with retroactive effects from the beginning of 2011. The parties also agreed on a roadmap to commence construction of the South Stream gas pipeline with the Final Investment Decision (FID) expected by the end of 2012.

Divestment of international pipelines

In 2011, Eni divested its interests in the international pipelines importing natural gas from Northern Europe (TENP and Transitgas) and Russia (TAG) to Italy as part of the agreements made with the European Commission in 2010. Total consideration amounted to approximately €1.5 billion.

Belgium

In January 2012, Eni finalized the acquisition of Nuon Belgium NV and Nuon Power Generation Wallon NV for an outlay of €214 million. The acquired entities engage in marketing gas and electricity mainly to residential customers and small enterprises in Belgium.

2011 performance

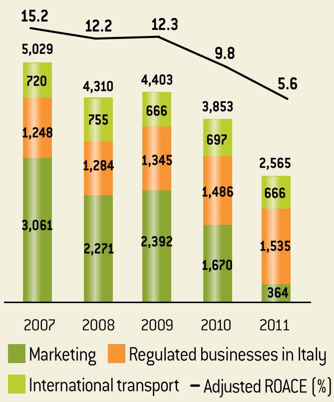
The G&P segment posted a 39.8% drop in adjusted net profit to €1,541 million, due to sharply lower results of the Marketing business. This was negatively impacted by weak demand and continuing competitive pressures fuelled by oversupply which pressured selling margins and reduced volumes opportunities. The performance was also affected by the disruption in Libyan gas. Furthermore, the results reflected only a part of the benefits associated with the renegotiations of gas supply contracts, certain of which have been finalized after 2011 year-end. These lower results were partly offset by the positive operating performance delivered by the International transport and Regulated businesses in Italy.

Worldwide gas sales were basically stable at 96.76 bcm supported by commercial initiatives, despite lower consumption and competitive pressures. We grew in many European Countries and in international LNG

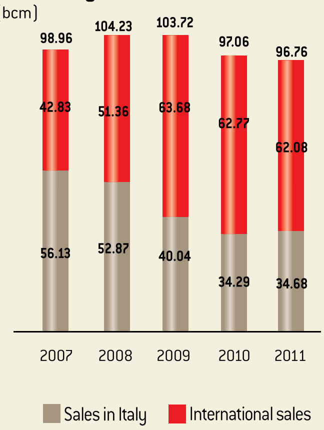
Russia
The Blue Stream gas pipeline

Blue Stream undoubtedly represents one of the most challenging project of its type ever attempted because of the difficulties in terms of design, construction, organization and logistics. Its two offshore pipelines, which provide gas transport from Southern Russia to Turkey through the Black Sea, have been laid at a record depth of 2,150 meters.

EBITDA pro-forma adjusted
(€ million)



Worldwide gas sales
(bcm)



sales, while off-takes from importers to Italy of Libyan gas fell sharply. Return On Average Capital Employed (ROACE) was 5.6% (9.8% in 2010).

Capital expenditures amounted to €1,721 million for developing and upgrading transport and distribution networks in Italy, increasing storage capacity and improving efficiency standards in power generation. Electricity sales of 40.28 TWh increased by 0.74 TWh from 2010, up 1.9%.

Gas volumes transported in Italy were 78.30 bcm, down by 6% from 2010 due to a steep decline in gas demand in Italy.

Strategies

Eni's Gas & Power segment engages in all phases of the gas value chain: supply, trading and marketing of gas and electricity, gas infrastructures, and LNG supply and marketing. This segment also includes power generation activity, which is ancillary to the marketing of electricity.
Eni's leading position in the European gas market is underpinned by a set of competitive advantages, including our multi-Country approach, long-term gas availability, access to infrastructures, market knowledge, and a strong customer base. Furthermore, integration with our upstream operations provides valuable growth options whereby the Company targets to monetize its large gas reserves.
The outlook in the European gas sector is challenging due to ongoing competitive pressures, while perspectives of a recovery in gas demand are muted due to macroeconomic uncertainties. Against this backdrop, we expect weak and volatile gas margins over the short and medium term.
We have been implementing a number of initiatives to cope with this unfavorable environment targeting to gradually recover profitability of our marketing operations over the plan period. Firstly, we are committed to renegotiate better economic terms for the Company's gas purchase contracts, so as to restore the competitiveness of the Company's cost position. Secondly, we intend to strengthen our market position in the most valuable segments by upgrading our commercial efforts, improving service quality and retaining our large customer base particularly in retail. Finally, we will seek to boost margins by pursuing opportunities in the LNG market and deploying our trading capabilities aiming at capturing possible favorable trends in market prices and extracting value from our assets.

Over the next four years, our strategy is to strengthen our leadership in the European gas markets, while managing through the downturn. We believe that this strategy will put us in a strong position to benefit once a market recovery begins. The strategic guidelines are:

- **To consolidate competitiveness of supply**
- **To focus on key segments and markets**
- **To recover profitability**

Our regulated businesses in gas transport, distribution and storage in Italy will continue focusing on network upgrading and efficient operations. However, we expect to exit these businesses due to a changed Italian regulatory environment in the near future. Finally our International transport business was downsized in 2011 following the divestment of our interests in the pipelines and carrier companies which transport gas from Northern Europe and Russia to core European consumer markets, including Italy. We expect that our residual activities in this business will continue to provide steady returns across the plan period.
In the next four-year period, we plan to invest €7.2 billion in the business.
Planned expenditures will be largely focused on regulated businesses with guaranteed returns, aiming at improving the system's flexibility and also at expanding gas storage capacity in Italy. In the Marketing business, we will invest about €1 billion, mainly in the power generation sector to increase flexibility and plant efficiency.

Gas market trends

In 2011, gas demand in Europe fell by 10% (down by 6% in Italy) due to the economic downturn which reduced industrial output and power requirements. Other factors behind demand weakness were the growing adoption of renewable sources, a shift to coal in power generation due to cost advantages, as well as unusual weather conditions.
The profitability of the gas sector in 2011 was severely hit by a combination of lower demand, oversupply and a high rate of liquidity at continental hubs. Reduced sales opportunities forced operators to aggressively compete on pricing, particularly those operators which were exposed to take-or-pay supply contracts. On their part, large clients adopted opportunistic supply patterns, in order to take advantage of the large availability of spot gas on the marketplace. Those drivers led to a squeeze in marketing margins due to decoupling trends between, on one hand, the rising cost of gas supplies that are indexed to the price of oil and its derivatives, as provided by pricing formulas in long-term supply contracts, and, on the other hand, weak selling prices at continental hubs which have become the prevailing benchmark

in selling contracts. Management forecasts that weak gas demand trends owing to decelerating economic growth, the persistence of oversupplies on the marketplace and strong competition will represent risk factors to the profitability outlook of the Company gas Marketing business over the next two to three years.

However, we expect that things will start improving by 2014-2015. Demand will stage a medium term recovery driven by the secular growth trends of economic development and increasing use of gas in the production of electricity, also considering the ongoing commitment to reduce GHG emissions by EU Member States. Management expects EU demand to increase from around 500 bcm in 2011 to around 565 bcm by 2015, and to close to 600 bcm in 2020, corresponding to an average growth rate of approximately 2% across the period. Gas demand in Italy is expected to grow with an average rate of approximately 2% driven by power generation consumption which is expected to increase from approximately 28 bcm in 2011 to over 40 bcm in 2020.

At the same time, we see European supplies tightening mainly due to:

- increasing Far East demand, where we estimate that consumption will increase by 16%, or around 90 bcm within 2015, mainly driven by robust rates of economic development, as well as Japan's shift to gas-fired electricity away from nuclear fuel. This will largely absorb the new LNG production coming on-stream in the region and attract some of the worldwide LNG supplies which are currently being delivered to Europe;
- increasing domestic gas consumption in the Middle East and North Africa;
- declining European domestic production; and
- limited LNG capacity additions for the Atlantic basin.

Domestic gas production in Europe will decline from the current level of 173 bcm by around 3% a year, to 156 bcm by 2015 and 130 bcm by 2020. LNG imports will level off after the peak in 2011, with capacity growth being absorbed by strong demand in the Far East and Latin America. In addition, incumbent European suppliers, in particular in Northern Africa, will struggle to increase exports because of strong domestic demand.

In this context, our diversified long-term supply portfolio, our increased equity gas and our market leadership in key European countries will be significant competitive advantages, leading to growing profitability in our marketing business.

Gas sales: 2011 and outlook

In 2011, sales of natural gas were 96.76 bcm, down 0.30 bcm or 0.3%. Despite a 6% decline in natural gas demand, sales volumes on the Italian market were substantially stable, to 34.68 bcm (up 0.39 bcm, or 1.1%) due to effective market initiatives that led to higher sales to industrial customers, wholesalers and to the power generation segment.

Sales to shippers were down 5.20 bcm, or 61.6%, due to the impact of force majeure on Libyan supplies.

Sales on target markets in Europe of 49.74 bcm showed a positive trend, increasing by 7.9%, except for Benelux where competitive pressure reduced Eni's sale portfolio. The main increases were recorded in Turkey, France also due to the consolidation of Altergaz, UK/Northern Europe, Germany/Austria and the Iberian Peninsula.

The outlook for natural gas sales in 2012 is uncertain due to macroeconomic headwinds, weak demand growth and continuing oversupplies. Against this backdrop, management expects to achieve stable natural gas sales compared to 2011. Management intends to seek to increase sales volumes and market share in Italy and particularly to retain and develop its retail customer base; outside Italy the main drivers of growth will be sales expansion in the key markets of France, Germany/Austria and Benelux and opportunities in the Far East. Those increases will offset lower sales elsewhere.

Over the plan period, we intend to increase our sales to industrial, power generation customers and wholesalers by 13 bcm leveraging on our strong commercial platform in the largest consuming countries of traditional presence (Italy, France, Germany, UK, Spain, Belgium) and in our new, target markets (Netherlands, Austria and Hungary).

Management also plans to increase Eni's penetration in the European retail segment, growing our customer base by almost 30% in the next four years.

Eni's commercial offering

Retail market

- **link**: Fixed energy price for gas and electricity, excluding auxiliary services and taxes, discounted price, multi-rate metering price option, Web services (electronic billing, online management, etc).
- **fixa**: Fixed energy price for gas and electricity, excluding auxiliary services and taxes, multi-rate metering price option and flat consumption option.
- **free**: Discount on gas and electricity prices of regulated tariff for household customers, indexed gas and electricity prices for micro-businesses, Available to non-eni customers only, Multi-rate metering price option.
- **relax superSemplice**: Fixed price for two years, including auxiliary services and excluding taxes, single-rate price, monthly contribution + all-inclusive price charged to consumers, discounted price for average-sized customers.

Business clients

Eni offers to commercial clients (professionals, small and medium-sized companies, large companies, organizations and local authorities) a wide range of customized options depending on their specific requirements.
Among these are:
- **free,** that follows the fluctuations of energy markets, and
- **fixa,** that sets a price independent of the fluctuations of energy markets.

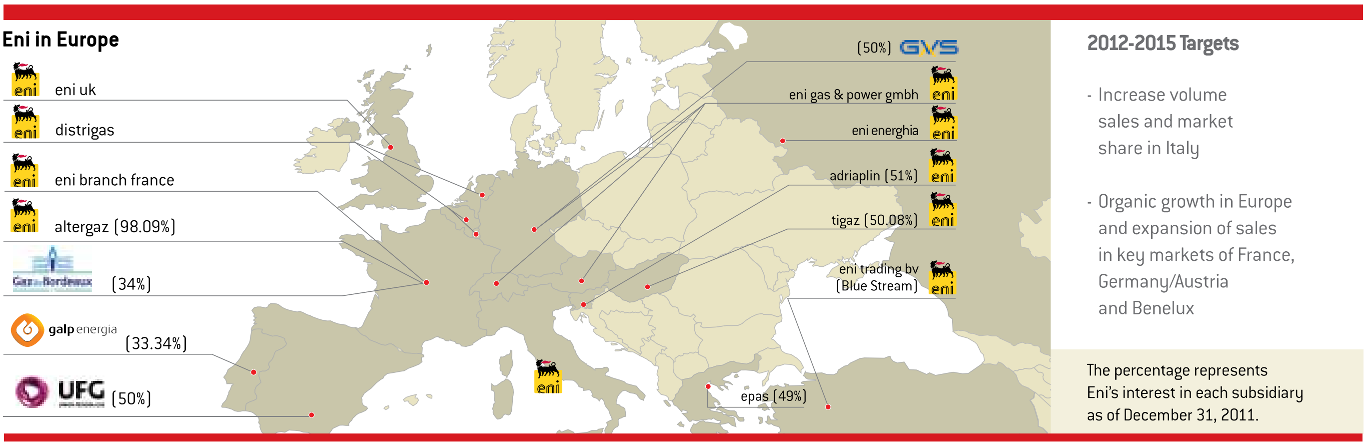
Gas sales by market (bcm)	2009	2010	2011
ITALY	**40.04**	**34.29**	**34.68**
Wholesalers	5.92	4.84	5.16
Gas release	1.30	0.68	
Italian gas exchange and spot markets	2.37	4.65	5.24
Industries	7.58	6.41	7.21
Medium-sized enterprises and services	1.08	1.09	0.88
Power generation	9.68	4.04	4.31
Residential	6.30	6.39	5.67
Own consumption	5.81	6.19	6.21
INTERNATIONAL SALES	**63.68**	**62.77**	**62.08**
Rest of Europe	**55.45**	**54.52**	**52.98**
Importers in Italy	10.48	8.44	3.24
European markets	44.97	46.08	49.74
Iberian Peninsula	*6.81*	*7.11*	*7.48*
Germany/Austria	*5.36*	*5.67*	*6.47*
Belgium	*15.72*	*14.87*	*11.95*
Hungary	*2.58*	*2.36*	*2.24*
UK/Northern Europe	*4.31*	*5.22*	*6.10*
Turkey	*4.79*	*3.95*	*6.86*
France	*4.91*	*6.09*	*7.01*
Other	*0.49*	*0.81*	*1.63*
Extra European markets	**2.06**	**2.60**	**6.24**
E&P in Europe and in the Gulf of Mexico	**6.17**	**5.65**	**2.86**
WORLDWIDE GAS SALES	**103.72**	**97.06**	**96.76**

Marketing strategy: planned actions

In spite of a challenging market environment and rising competitive pressures, over the next four years we intend to strengthen our leading position in the European gas market targeting to gradually recover profitability by leveraging on the following initiatives:

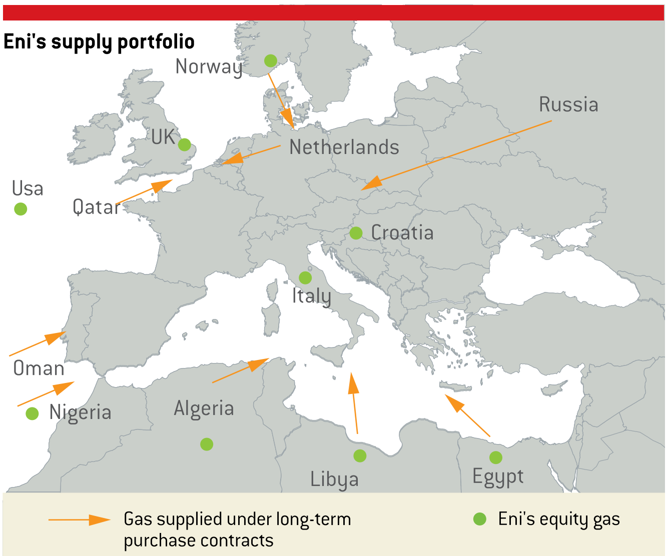
- **on the supply side,** we intend to improve the competitiveness of our supply portfolio which is the key factor to cope with the ongoing market downturn and regain profitability once the European market tightens. We believe that our supply portfolio has:
  - to be competitive with spot prices;
  - to be flexible on take or pay volumes; and
  - to give both suppliers and buyers the option to renegotiate more frequently if required by market conditions. We have already made good progress on this front. In the last two years, we have closed contract renegotiations with the Libyan NOC, Sonatrach and, in recent weeks, with Gazprom, which between them account for almost 70% of our supply portfolio. Looking forwards, we will continue to work on the competitiveness and market reflectivity of our portfolio. We plan to open negotiations with other of our suppliers in the second part of 2012;
- **on the commercial side** of our equation we intend:
  - to consolidate our leading European position in the business gas market, where we have a well balanced portfolio in terms of geographies, customer segments and contract durations. Over the plan period, we will drive sales and market share gains by leveraging on the multiple presence in a number of markets, the development of a pan-European commercial platform, market knowledge, and our capacity to offer clients tailor-made solutions;
  - to increase our penetration in the European retail segment by means of the quality of our offering, service excellence and customer care. We are particularly proud of the results achieved in the Italian market where we have been strengthening our position in retail, adding approximately 500 thousand new contracts last year, through a well-known brand, the commercial growth of the combined offer of gas and electricity and consolidation of innovative marketing channels. At the end of 2011 we boasted a customer portfolio of approximately 7.1 million active contracts. We intend to deploy our valuable Italian experience to other European markets, particularly France and Belgium where we expect to reap the benefits of integrating the recently-acquired subsidiaries Altergaz and Nuon; and
  - to boost our LNG sales.

Finally, we intend to capture margins improvements by means of a new risk management strategy by entering derivatives contracts both in the commodity and the financial trading venues in order to capture possible favorable trends in market prices, within limits set by internal policies and guidelines that define the maximum tolerable level of market risk. Furthermore the Company intends to optimize the value of its assets (gas supply contracts, storage sites, transportation rights, customer base, and market position) by effectively managing the flexibilities associated with these assets. This can be achieved by entering arbitrage contracts to leverage price differentials at various points along the gas value chain or through strategies of dynamic forward trading where the underlying items are represented by the Company's assets. Asset backed trading activities are mitigated by the natural hedge granted by the assets' availability.
A review of Eni's presence in key European markets is presented below.



In Europe, most of the expected growth will be achieved in:

- **Germany/Austria**, where Eni is present through its affiliate GVS (Gasversorgung Süddeutschland GmbH - Eni 50%), and a direct marketing structure. We plan to drive growth in direct sales leveraging on the quality of our commercial offer;
- **Benelux** (Belgium, the Netherlands and Luxembourg), where we will seek to strengthen our leading position granted by the integration with operations of Distrigas and of the recently acquired Nuon, as well as to extract value from our logistics assets and our presence at the continental hubs;
- **France**, where we plans to expand sales by growing volumes supplied to the business segments and increasing retail customers leveraging on the Altergaz integration and our direct commercial presence; and
- **Turkey**, where Eni is supplying gas in joint venture with Gazprom to the local company Botaş through the Blue Stream pipeline. Gas is carried from Russia across the Black Sea.



Supply

In order to secure long-term access to gas availability, particularly with a view of supplying the Italian gas market, Eni has signed a number of long-term gas purchase contracts with key producing Countries that supply the European gas markets. These contracts have been ensuring approximately 80

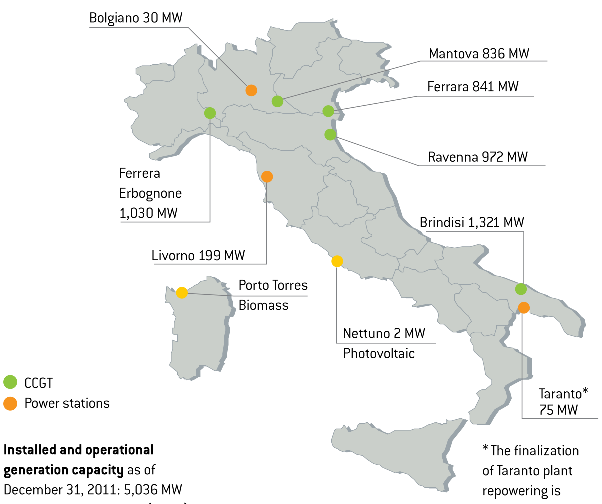
bcm of gas availability from 2010. Our contract portfolio has a residual life of approximately 17 years and a pricing mechanism that indexes the cost of gas to the price of crude oil and its derivatives (gasoil, fuel oil, etc.).
In 2011, Eni's consolidated subsidiaries supplied 83.38 bcm of natural gas, representing an increase of 0.89 bcm, or 1.1% from 2010.

LNG

Eni is present in all phases of the LNG business: liquefaction, shipping, re-gasification and sale through operated activities or interests in joint ventures and associates. Eni's presence in the business is tied to the Company's plans to develop its large gas reserve base in Africa and elsewhere in the world. The LNG business has been deeply impacted by the economic downturn and oversupply affecting the European gas market, as well as by structural modifications in the US market where large availability of gas from unconventional sources has reduced the Country's dependence on gas imports via LNG.
At present, we participate through our affiliates in a number of facilities located in Spain (regasification) and Egypt (liquefaction). The Company has also access to LNG supplies in Algeria and Qatar. Our main ongoing interest in the LNG business is the joint Pascagoula project with our Exploration & Production business which is targeting the US market.
The **Pascagoula** project envisages construction of an LNG plant in Angola designed to produce 5.2 mmtonnes of LNG (approximately 7.3 bcm/y) destined to the North American market in order to monetize part of the Company's gas reserves. As part of the downstream leg of the project, Eni signed a 20 year contract with Gulf LNG to buy 5.8 bcm/y of the re-gasification capacity at the Pascagoula plant in Mississippi. The start-up of the re-gasification facility commenced in the fourth quarter of 2011, while the upstream project in Angola will start operations nextly.

Power generation

EniPower plants and sites in Italy



Installed and operational generation capacity as of December 31, 2011: 5,036 MW
Fully installed capacity (2016): 5.4 GW

* The finalization of Taranto plant repowering is expected in 2013.

Eni's power generation sites are located in the Italian spots of Ferrera Erbognone, Ravenna, Livorno, Taranto, Mantova, Brindisi, Ferrara and Bolgiano where we have implemented a plan of capacity upgrading by installing new plants for the combined production of steam and electricity.

(1) Capacity available after completion of dismantling of obsolete plants.

In addition, we currently operate certain photovoltaic sites in Italy.
We have an installed power capacity equal to 5.3 gigawatts[1], and we plan a further capacity expansion, targeting a fully operational capacity of 5.4 GW by 2016. Supplies of natural gas are expected to amount to approximately 6 bcm/y from Eni's diversified supply portfolio.
In the next four years we plan to complete the capacity upgrading at the Ferrara, Bolgiano and Taranto sites and to improve efficiency and flexibility of our facilities. We are planning to retain an index of GHG emissions below the target level of 415 gCO_2/kWheq. We are also planning to build a biomass power plant in Sardinia, Italy, to complement the conversion of the Porto Torres site into an innovative bio-based chemical complex.

Regulated businesses in Italy

Eni, through Snam SpA (Eni's interest being 52.53%), a company listed on the Italian Stock Exchange, operates most of the Italian natural gas transport network, a re-gasification terminal located in Panigaglia, an extensive grid of local distribution networks and gas underground storage deposits and related facilities. In the next four years, Snam plans to make capital expenditures in the regulated businesses in the amount of approximately €6.7 billion of which 1.4 billion will be spent in 2012. These investments will be aimed at improving the security and flexibility of the gas system, by:
(i) increasing gas transport capacity by adding approximately 1,000 kilometers of new lines to the existing 32,000 kilometers-long network as at end of 2011 and by increasing the installed power of the compression stations by around 4% versus 2011; and (ii) improving the overall flexibility and security of the storage system through an increase in both the modulation and peak capacity and providing storage services to the industrial market.

Mandatory disposal of Snam
On January 24, 2012, the Italian Government enacted Law Decree No. 1, the so called Liberalization Decree, establishing new measures to enhance competition in the Italian natural gas market. The Decree opened up the process of mandatory divestiture of Eni's interest in Snam. The Decree calls for the Italian Prime Minister to promulgate an act to set criteria, terms and conditions of the divestment, including the residual stake that Eni is allowed retain in the divested entity. The Decree is expected by the end of May 2012.

Transport Activity
Snam, through its subsidiary Snam Rete Gas, is the leading Italian natural gas transportation and dispatching operator, and owns almost all the transportation infrastructures in Italy, with over 32,000 kilometres of high and medium pressure gas pipelines (approximately 94% of the entire transportation system), being the major player in Europe in terms of Regulatory Asset Base (RAB).
Snam Rete Gas network comprises: (i) a national transport network extending over 9,080 kilometers, made up of high pressure trunk-lines mainly with a large diameter, which carry natural gas from the entry points to the system – import lines, storage sites and main Italian natural gas fields – to the linking points with regional transport networks. The national network includes also some interregional lines reaching important markets; and (ii) a regional transport network extending over 22,930 kilometers, made up of smaller lines and allowing the transport of natural gas to large industrial complexes, power stations and local distribution companies in the various local areas served.
The Snam Rete Gas system is completed by: (i) eleven compressor stations with a total power of 883.7 MW used to increase gas pressure in pipelines

to the level required for its flow; and (ii) four marine terminals linking underwater pipelines with the on-land network at Mazara del Vallo and Messina in Sicily and Favazzina and Palmi in Calabria. In 2011, volumes of natural gas input in the national grid (78.30 bcm) decreased by 5.01 bcm from 2010 due to declining domestic demand.

Distribution

Snam through Italgas and other subsidiaries operates in the distribution activity in Italy, which involves the delivery of natural gas to residential and commercial customers in urban centers, serving 1,330 municipalities through a low pressure network consisting of approximately 50,300 kilometers of pipelines supplying 5.9 million customers and distributing 7.64 bcm in 2011.

Storage

Snam through Stogit, is the leading Italian operator and one of the major operators in this sector in Europe. Stogit provides storage and modulation services, pursuing technical and economic efficiency, on the basis of the concessions granted by the Italian Ministry of Economic Development. Storage operations are provided through depleted gas fields and proper infrastructures and facilities such as treatment and compression plants, and connections to the national transport network. Access to the gas storage service enables suppliers to configure their supplies in order to effectively manage seasonal patterns in gas consumption. Stogit, with its eight storage fields distributed throughout Italy can provide the market with an integrated system that ensures the flexibility requested by suppliers, in line with available storage capacity. In 2011, 7.78 bcm (down 0.22 bcm from 2010) were input to the Company's storage deposits, while 7.53 bcm of gas were off-taken (slightly lower than one year ago). In 2011, storage capacity amounted to 15 bcm, of which 5 were destined to strategic storage. The share of storage capacity used by third parties was 78% (71% in 2010). Snam is planning to update the flexibility and security of the storage system through an increase in both modulation and peak capacity and providing storage services to the industrial market.

International transport

International Transport

Eni owns capacity entitlements in an extensive network of international high pressure pipelines enabling the Company to import natural gas produced in Russia, Algeria, the North Sea (including the Netherlands and Norway), and Libya to the main consumption areas in Europe. The Company participates both in pipeline owners and carrier entities.

The structure of the Company's interests in those entities has significantly changed in 2011 following the divestment of Eni's interests in pipelines importing gas from Northern Europe (TENP and Transitgas) and Russia (TAG) and related carrier companies. The divestiture was agreed with the European Commission in 2010 to settle an antitrust proceeding related to alleged anti-competitive behavior in the gas market.

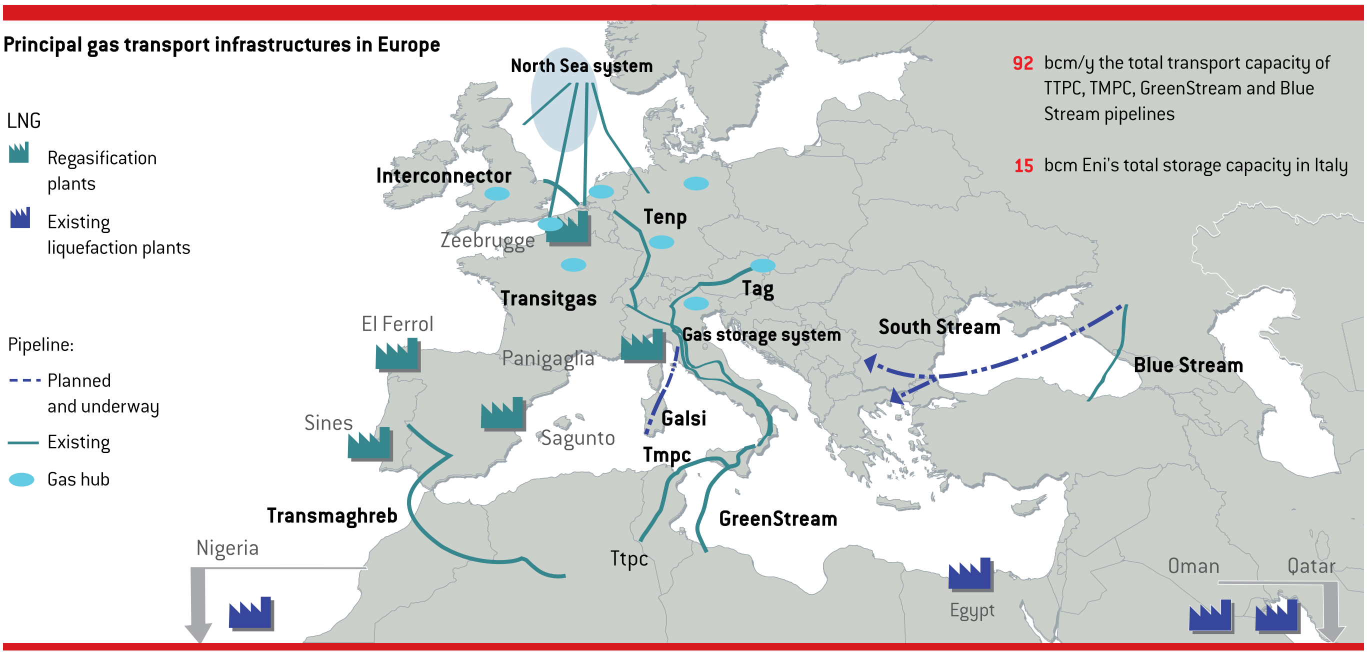
A description of the main international pipelines currently participated or operated by Eni is provided below.

- **TTPC** The pipeline, 740-kilometer long, made up of two lines that are each 370-kilometer long with a transport capacity of 33.2 bcm/y and five compression stations. This pipeline transports natural gas from Algeria across Tunisia from Oued Saf Saf at the Algerian border to Cap Bon on the Mediterranean coast where it links with the TMPC pipeline.
- **TMPC** The pipeline for the import of Algerian gas is 775-kilometer long and consists of five lines that are each 155-kilometer long with a transport capacity of 33.5 bcm/y. It crosses the underwater Sicily Channel from Cap Bon to Mazara del Vallo in Sicily, the point of entry into the Italian natural gas transport system.
- **GreenStream** The pipeline, jointly-owned with the Libyan National Oil Company, started operations in October 2004 for the import of Libyan gas produced at Eni operated fields Bahr Essalam and Wafa. It is 520-kilometer long with a transport capacity of 8 bcm/y (expandable to 11 bcm/y) and crosses underwater in the Mediterranean Sea from Mellitah on the Libyan coast to Gela in Sicily, the point of entry into the Italian natural gas transport system.
- Eni holds a 50% interest in the **Blue Stream** underwater pipeline (water depth greater than 2,150 meters) linking the Russian coast to the Turkish coast of the Black Sea. This pipeline is 774-kilometer long on two lines and has transport capacity of 16 bcm/y. It is part of a joint venture to sell gas produced in Russia on the Turkish market.

South Stream

In September 2011, Eni and Gazprom within their strategic partnership signed a series of agreements in areas of common interest including the development of the offshore section in the Black Sea of the South Stream project through the definition of terms for the participation to the project of gas operators Wintershall and EDF, each with a 15% stake. Gazprom and Eni will hold 50% and 20% interests, respectively. A final investment decision is expected by November 2012.

Principal gas transport infrastructures in Europe



Business review

Refining & Marketing

Key performance indicators

		2009	2010	2011
Employee injury frequency rate	(No. of accidents per million hours worked)	3.18	1.77	2.02
Contractors injury frequency rate		4.35	3.59	3.21
Net sales from operations [a]	(€ million)	31,769	43,190	51,219
Operating profit		(102)	149	(273)
Adjusted operating profit		(357)	(171)	(535)
Adjusted net profit		(197)	(49)	(262)
Capital expenditures		635	711	866
Adjusted capital employed, net at year end		7,560	7,859	8,600
Adjusted ROACE	(%)	(2.6)	(0.6)	(3.1)
Refinery throughputs on own account	(mmtonnes)	34.55	34.80	31.96
Conversion index	(%)	60	61	61
Balanced capacity of refineries	(kbbl/d)	747	757	767
Retail sales of petroleum products in Europe	(mmtonnes)	12.02	11.73	11.37
Service stations in Europe at year end	(units)	5,986	6,167	6,287
Average throughput per service station in Europe	(kliters)	2,477	2,353	2,206
Retail efficiency index	(%)	1.61	1.53	1.50
Employees at year end	(units)	8,166	8,022	7,591
Direct GHG emissions	(mmtonnes CO_2eq)	7.29	7.76	7.23
SO_x (sulphur oxide) emissions	(ktonnes SO_2eq)	21.98	28.05	23.07
NO_x (nitrogen oxide) emissions	(ktonnes NO_2eq)	7.35	7.96	6.74
Water consumption rate/oil and intermediate throughputs	(cm/tonnes)	35.99	28.36	31.07
Customer satisfaction index	(likert scale)	7.93	7.84	7.74

(a) Before elimination of intragroup sales.

2011 Highlights

Financial and operating results

In 2011, our Refining & Marketing Division reported sharply lower adjusted operating losses at minus €262 million. The performance was hit by unprofitable refining margins due to rising costs for oil-based feedstock and energy utilities that could not be transferred to prices at the pump pressured by weak demand and excess capacity in the Mediterranean basin.

We continued upgrading our network of retail stations by rebranding, our outlets to the "eni" logo and improving quality standards and layout. Since the start of the program in 2010, 1,700 stations have been rebranded.

Effective marketing actions helped us preserve our market share at 30.5% of the domestic consumption of fuels.

Capital expenditure of €866 million related mainly to projects designed to improve the conversion capacity and flexibility of refineries, logistics, upgrade of the fuel distribution network in Italy and in the rest of Europe and initiatives in the field of health, safety and the environment.

In spite of a weak outlook for refining margins, management plans to improve results of the Refining & Marketing Division by over €550 million by 2015 through efficiency improvements and plant optimizations.

Strategies

We refine and market fuels and other oil products primarily in Italy and Central-Eastern European countries. We are the largest refiner in Italy and the leading operator in the retail marketing of fuels with a market share of 30.5%. Our refining and marketing operations are fully integrated also through the support of a valuable set of logistic assets so as to maximize cost efficiencies. Supply of crude feedstock to our refineries and trading of product deficits/ surpluses are ensured by our affiliate Eni Trading & Shipping.

Our Refining & Marketing business has delivered poor results in recent years driven by a weak trading environment. High purchase costs for crude feedstock and oil-linked energy expenses have squeezed refining margins as product prices have lagged behind cost increases due to sluggish demand and excess capacity. At the same time our complex processes have been suffering from narrowing spreads between sour and sweet crudes. The outlook for the next four years remains challenging as we expect that refining margins will stage only

Italy - Taranto
The Eni Slurry Technology (EST) demonstration plant

Since 2005, the EST technology has been successfully operated in the demonstration plant of Eni's Taranto refinery, with more than 230,000 bbl of different type of heavy oils processed.

a modest recovery from currently depressed levels. Against this backdrop, we intend to return to profitability and positive free cash flow generation targeting to improve our operating results by around €550 million by 2015 assuming a constant trading environment. The levers to achieve this target are continuing efficiency improvements, plant optimizations and selective capital expenditures to expand margins in our refining operations. In marketing we intend to consolidate the profitability of our operations mainly through network upgrading, expansion of our non-oil activities and growing selectively outside Italy.
Our strategic guidelines are:

- **Improve profitability of our refining business leveraging on efficiency and optimization**
- **Consolidate our leading position in the Italian retail market**
- **Selectively develop our presence outside Italy**
- **Pursue safe and reliable operations**

In the 2012-2015 period, we plan to make capital expenditures amounting to €2.8 billion, in line with the previous plan, carefully selecting capital projects. Management plans to invest approximately €2 billion to upgrade the Company's best refineries mainly by completing and starting-up the EST (Eni Slurry Technology) project at the Sannazzaro unit which will upgrade the conversion capacity of the refinery, as well as improving plant efficiency, flexibility and reliability. Retail activities will attract some 25% of the planned expenditure which will be mainly directed to upgrade and modernize our service stations in Italy and in selected European Countries, and to complete the network rebranding.

Refining

Industry trends

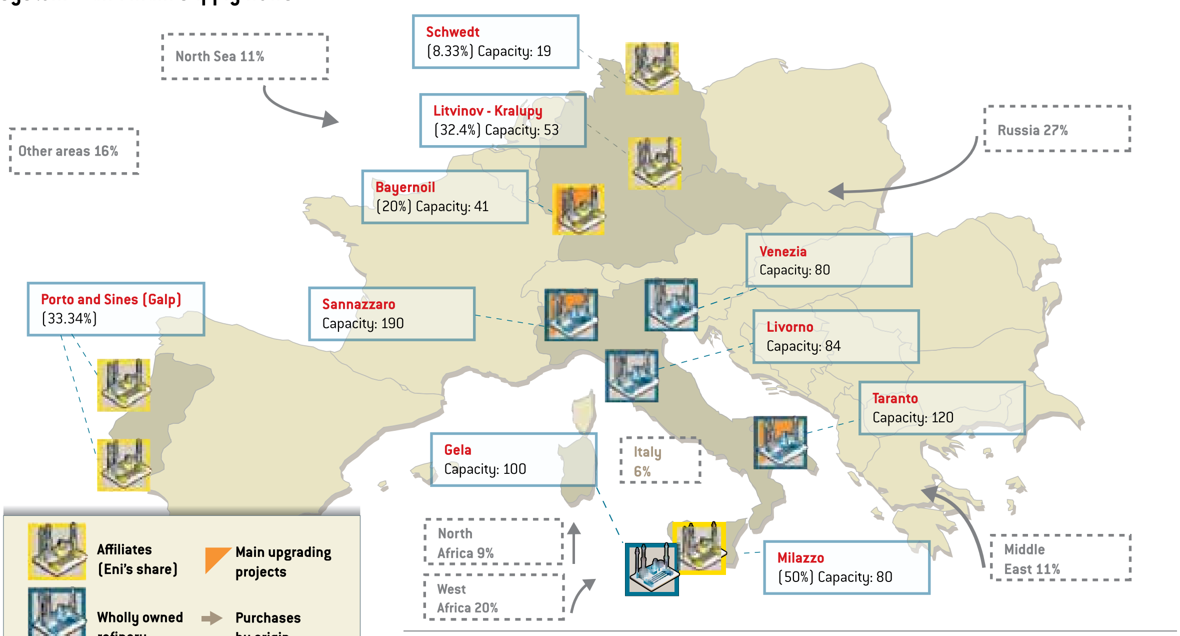
In recent years, our refining activity has suffered from an industry-wide downturn due to surging costs for oil feedstock and energy utilities, poor demand for refined products in the face of an economic slowdown and excess capacity. Furthermore, the profitability of our complex refineries was negatively impacted by narrowing price differentials between sweet and sour crude qualities. As a result of those trends, refining margins have plunged to historical lows.
Looking forward, we anticipate that a sector recovery will not materialize until 2014 or 2015 as macroeconomic uncertainties are expected to weigh on demand for fuels and high costs for oil and energy utilities continue to pressure refining margins. In the meantime, the industry will undergo an unavoidable restructuring process to eliminate marginal and obsolete refineries and rebalance an ongoing surplus of gasoline with a shift vs. higher yields of middle distillates. Over the long-term, we expect that refining margins will stage a gradual recovery across Europe and in the Mediterranean basin due to the reopening of spreads between sweet and sour crudes and a devaluation of fuel oil on the marketplace due to increasingly strict environmental regulations, particularly in the sector of power generation where fuel oil is expected to be progressively replaced by gas as well as in bunker consumption where new rules will mandate the use of middle distillates.

Planned actions

In the face of a weak market outlook and high and volatile oil costs, we intend to implement all the necessary actions and initiatives to restore the profitability of our refining operations by:

- pursuing integration of refinery cycles in order to maximize the value of internally-produced semi-finished products and other feedstock;
- maximizing refinery flexibility and conversion to take advantage of the availability of discounted crudes on the marketplace. The start-up of our Eni Slurry Technology conversion unit at the Sannazzaro refinery will significantly upgrade our system and ability to process heavy and extra-heavy crudes;
- improving energy efficiency and plant safety and reliability;
- reducing fixed costs by rationalizing logistics and pursuing other cost measures in maintenance, fixed industrial expenses and labour;
- strictly selecting capital expenditures; and
- boosting margins leveraging on risk management activities.

Eni's refining system [a] and main supply flows



(a) Data on capacity relate to Eni's share of balanced capacity (kbbl/d).

Our assets

ITALY

Eni's refining system in Italy consists of five wholly-owned refineries and a 50% interest in the Milazzo refinery in Sicily. Each of Eni's refineries in Italy have operating and strategic features that aim at maximizing the value associated to the asset structure, the geographic positioning with respect to end markets and the integration with Eni's other activities.

SANNAZZARO: the refinery has balanced refining capacity of 190 kbbl/d and a conversion index of 59%. Management believes that this unit is among the most efficient refineries in Europe. Located in the Po Valley, it supplies markets in North-Western Italy and Switzerland. The high degree of flexibility and conversion capacity of this refinery enables to process a wide range of feedstock. From a logistical standpoint this refinery is located along the route of the Central Europe Pipeline, which links the Genoa terminal with French speaking Switzerland. This refinery contains two primary distillation plants and relevant facilities, including three desulphurization units. Conversion is obtained through a fluid catalytic cracker (FCC), two hydrocrackers (HdCK), which enable middle distillate conversion and a visbreaking thermal conversion unit with a gasification facility using the heavy residue from visbreaking (tar) to produce syn-gas to feed the nearby EniPower power plant at Ferrera Erbognone. Eni is developing a conversion plant employing the Eni Slurry Technology with a 23 kbbl/d capacity for the processing of extra heavy crude with high sulphur content producing high quality middle distillates, in particular gasoil, and reducing the yield of fuel oil to zero. Start-up of this facility is scheduled by the end of 2012. In addition the Short Contact Time-Catalytic Partial Oxidation project is underway for the production of hydrogen.

TARANTO: the refinery has balanced refining capacity of 120 kbbl/d and a conversion index of 72%. This refinery can process a wide range of crude and other feedstock. It principally produces fuels for automotive use and residential heating purposes for the Southern Italian markets. Besides its primary distillation plants and relevant facilities, including two units for the desulphurization of middle distillates, this refinery contains a two-stage thermal conversion plant (visbreaking/thermal cracking) and an RHU conversion plant for the conversion of high sulphur content residues into valuable products and catalytic cracking feedstocks. It processes most of the oil produced in Eni's Val d'Agri fields carried to Taranto through the Monte Alpi pipeline (in 2011, a total of 2.5 mmtonnes of this oil were processed).

GELA: the refinery has balanced refining capacity of 100 kbbl/d and a conversion index of 142%. This refinery is located on the Southern coast of Sicily and is integrated with upstream operations as it processes heavy crude produced from Eni's nearby offshore and onshore fields in Sicily. Its high conversion level is ensured by an FCC unit with go-finer for feedstocks upgrading and two coking plants enabling conversion of heavy residues topping or vacuum residues. The power plant of this refinery also contains residue and exhaust fume treatment plants (so-called SNOx) which allow full compliance with the tightest environmental standards, removing almost all sulphur and nitrogen composites coming from the coke burning-process. An upgrade of the Gela refinery is underway by means of a refurbishment of its power plant, substantially renewing pet-coke boilers, aimed at increasing profitability maximizing synergies deriving from the integration of refining and power generation.

OUTSIDE ITALY

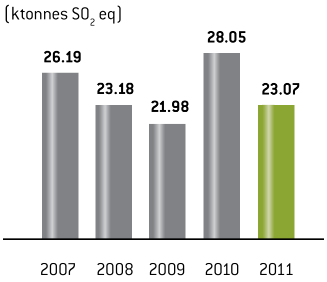
In Germany, Eni holds an 8.33% interest in the **Schwedt** refinery and a 20% interest in **Bayernoil**, an integrated pole that includes the Vohburg and Neustadt refineries. Eni's refining capacity in Germany amounts to approximately 60 kbbl/d mainly used to supply Eni's distribution network in Bavaria and Eastern Germany. In the Czech Republic, Eni holds a 32.4% interest in the Ceska Rafinerska pole, which includes two refineries, **Kralupy** and **Litvinov**. Eni's share of refining capacity amounts approximately to 53 kbbl/d.

Operational efficiency and environmental performance

Eni intends to continue pursuing high levels of operational efficiency and environmental performance at its refineries. Energy saving programs will be strengthened by implementing the Energy Management System in accordance with the ISO 50001 international standard. Eni will also invest €26 million to reduce SO_x and NO_x emissions by 2013 on a comparable production basis. In 2011, NO_x and SO_x emissions significantly declined (down 15% and down 18%, respectively) from 2010, due to the use of gas to replace fuel oil and other energy saving measures.

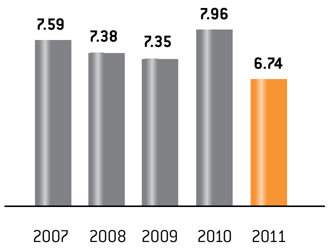
SO_x (sulphur oxide) emissions

(ktonnes SO_2 eq)



NO_x (sulphur oxide) emissions

(ktonnes NO_2 eq)



Logistics

Eni is a primary operator in storage and transport of petroleum products in Italy with its logistical integrated infrastructure consisting of 20 directly managed storage sites and a network of petroleum product pipelines for the sale and storage of refined products, LPG and crude. Eni's logistics model is organized in a hub structure on five main areas. These hubs monitor and centralize the handling of product flows aiming at driving cost savings by efficiently collecting orders and delivering goods.

Marketing

We are the leader in the retail marketing of refined products in Italy with a 30.5% market share. We market a wide range of refined petroleum products, through an extensive network of operated service stations, franchises and other distribution systems.

We intend to consolidate our lead in the Italian retail market by continuing investments in network upgrading and modernization, as well as improving quality standards and layout of our outlets. As part of this strategy, we plan to complete our network rebranding and restyling, to increase the automation of stations and to expand non-oil activities under the "eni" brand.

Outside Italy, we intend to continue growing our share in the markets of interest to the Company while assessing a possible divestment of marginal activities.

Retail - Italy

In 2011, the re-branding of Eni's service stations continued. We plan that by the end of 2012 80% of our proprietary service stations will have been re-branded to the "eni brand". In the context of weak domestic demand for fuels and rising competition, management plans to preserve the market share achieved in 2011 (30.5%). This target factors in a planned reduction of approximately 500 outlets. We expect that effective marketing campaign, the development of the non-oil offering and continuing network upgrading will underpin our market share and client retention. We will continue leveraging

Iperself

In 2011, Eni launched a promotional campaign named "Iperself h24". The initiative has complemented the "Iperself" promotional campaign which provides a discount to customers purchasing fuel at self-service stations during closing hours. The "Iperself h24" provides a discount on the corresponding price at self-service pumps all the day long. Jointly with other marketing activities this initiative supported sales against the backdrop of weak demand and increased price elasticity.

on our successful promotional initiative "you&eni", a fidelity program which rewards the most loyal customers with prizes commensurated to their purchases of fuels and convenience items. The "you&eni" cards that made at least one transaction in the year were approximately 6.5 million at December 31, 2011, while the average number of active cards was approximately 2.6 million on a monthly basis. Volumes sold under the fidelity program represented approximately 39% of total throughputs.

In 2011, retail sales in Italy of 8.36 mmtonnes decreased by approximately 270 ktonnes, down 3.1% driven by lower consumption of gasoil and gasoline, in particular in highway service station related to the decline in freight transportation. At December 31, 2011, Eni's retail network in Italy consisted of 4,701 service stations, 159 more than at December 31, 2010 (4,542 service stations).

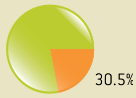
eni station, a world moving with you

With the new promotional campaign "**eni station - a world moving with you**" launched in early 2012, Eni intends to revamp the look of its service stations by emphasizing the deployment of non-oil products and services and fuel quality. We intend to achieve the best European standards at our outlets thanks to our innovative fuels resulting from our intense R&D efforts, advanced levels of automation to facilitate and speed up self-service and payments, and friendly and warm customer care.

Retail in Italy - Eni's competitive position

No. of service stations		4,701
Average throughtput	(kliters/y)	2,173
Retail sales	(mmtonnes)	8.36

2011 MARKET SHARE



Retail - outside Italy

Eni's strategy in the rest of Europe is focused on selectively growing its market share, particularly in Germany and Eastern Countries (e.g. Czech Republic) leveraging on the synergies ensured by the proximity of these markets to Eni's production and logistic facilities. In 2011, retail sales of refined products marketed in the rest of Europe (3.01 mmtonnes) were down 2.9% (approximately 90 ktonnes) from 2010. Volume additions in Austria, reflecting the purchase of service stations, were offset by lower sales in Germany due to certain lease contract terminations, in France due to the rationalization of service stations with lower throughput and in Eastern Europe due to declining demand. At December 31, 2011, Eni's retail network in the rest of Europe consisted of 1,586 units.

Non-oil

Non-oil activities have become an integral part of our retail business. We have been upgrading our offering of non-oil products and services by carefully selecting our partners and improving quality and reach of the offering. Our most important service stations in Italy are equipped with franchised outlets, which market a wide range of food items, services and other merchandise. We have two main format: "**enicafé**", a format which is present at 350 stations following upgrading of bars and stores; "**enicafé&shop**", a format including corners for the sale of food and car-care products in 200 Eni outlets.

In 2011 Eni also launched a new self-service option h24 of food, non-food and personal care products by installing Eni branded vending machines in 150 outlets with the aim of extending this service to over 1,000 outlets in the next two years.

Non-oil activities in the rest of Europe are present in 1,101 service stations (Eni owned network), of which 321 are in Germany and 144 in France.

Wholesale and other businesses

Fuels

Eni markets gasoline and other fuels on the wholesale market in Italy, including diesel fuel for automotive use and for heating purposes, for agricultural vehicles and for vessels and fuel oil. Major customers are resellers, agricultural users, manufacturing industries, public utilities and transports, as well as final users (transporters, condominiums, farmers, fishers, etc.). Eni provides its customers with its expertise in the area of fuels with a wide range of products that cover all market requirements. Along with traditional products provided with the high quality Eni standard, there is also an innovative low environmental impact line, which includes AdvanceDiesel especially targeted for heavy duty public and private transports. Customer care and product distribution is supported by a widespread commercial and logistical organization presence all over Italy and articulated in local marketing offices and a network of agents and concessionaires. In 2011, sales volumes on wholesale markets in Italy (9.36 mmtonnes) were down by approximately 90 ktonnes from 2010, or 1%, mainly reflecting a decline in demand from transportations and industrial customers due to economic slowdown and strong competitive pressure which particularly affected bunkering and bitumen, but also LPG due to unusual weather conditions. Jet fuel and fuel oil sales increased, while gasoil sales dropped starkly in 2011. Eni's wholesale market share for 2011 averaged 28.3%, down 0.9 percentage points from 2010 (29.2%).

LPG

In Italy, Eni is leader in LPG production, marketing and sale with 601 ktonnes sold for heating and automotive use equal to a 18.9% market share. An additional 214 ktonnes of LPG were marketed through other channels mainly to oil companies and traders. Outside Italy, LPG sales in 2011 amounted to 485 ktonnes of which 384 ktonnes in Ecuador where LPG market share is around 37.5%.

Lubricants

Eni operates seven (owned and co-owned) blending plants, in Italy, Europe, North and South America and the Far East. With a wide range of products composed of over 650 different blends Eni masters international state-of-the-art know-how for the formulation of products for vehicles (engine oil, special fluids and transmission oils) and industries (lubricants for hydraulic systems, industrial machinery and metal processing).

Oxygenates

Eni, through its subsidiary Ecofuel (Eni's interest 100%), sells approximately 1.7 mmtonnes/y of oxygenates mainly ethers (approximately 5.3% of world demand) and methanol (approximately 0.9% of world demand). About 80% of products are manufactured in Italy in Eni's plants in Ravenna, in Venezuela (in joint venture with Pequiven) and Saudi Arabia (in joint venture with Sabic) and the remaining 20% is bought and resold. Eni also distributes bio-ETBE on the Italian market in compliance with the new legislation indicating the minimum content of bio-fuels. Bio-ETBE is a kind of MTBE that gained a relevant position in the formulation of gasoline in the European Union, due to the fact that it is produced from ethanol from agricultural crops and qualified as bio-component in the European directive on bio-fuels. Starting from March 1, 2010, Italian regulation on bio-fuels content has been changed from 3% to 3.5%. Through bio-ETBE and FAME blending into fossil fuels Eni covered the compliance within 96% in 2011. From January 1, 2012, the compulsory content of bio-fuels has increased to 4.5% from 2011 4%. Eni is addressing the new need through bio-ETBE, FAME and direct blending of ethanol in gasolines.

Key performance indicators

		2009	2010	2011
Employee injury frequency rate	(No. of accidents per million hours worked)	2.34	1.54	1.47
Contractors injury frequency rate		8.12	5.94	4.60
Net sales from operations [a]	(€ million)	4,203	6,141	6,491
Basic petrochemicals		1,832	2,833	2,987
Polymers		2,185	3,126	3,299
Other sales		186	182	205
Operating profit		(675)	(86)	(424)
Adjusted operating profit		(426)	(113)	(276)
Adjusted net profit		(340)	(85)	(208)
Capital expenditures		145	251	216
Production	(ktonnes)	6,521	7,220	6,245
Sales of petrochemical products		4,265	4,731	4,040
Average plant utilization rate	(%)	65.4	72.9	65.3
Employees at year end	(units)	6,068	5,972	5,804
Direct GHG emissions	(mmtonnes CO_2eq)	4.63	4.69	4.12
NMVOC (Non-Methane Volatile Organic Compounds) emissions	(tonnes)	3.83	4.71	4.18
SO_x (sulphur oxide) emissions	(ktonnes of SO_2 eq)	4.59	3.30	3.18
NO_x (nitrogen oxide) emissions	(ktonnes of NO_2 eq)	4.78	4.87	4.14
Recycled/reused water	(%)	81.6	82.7	81.8

(a) Before elimination of intragroup sales.

2011 Highlights

In 2011 injury rates of employees and contractors continued to follow the positive trends of previous years (down 4.5% and 22.6%, respectively).

In 2011 emissions of greenhouse gases NMVOC, NO_x and SO_x decreased due to lower sale volumes and to energy saving interventions performed in the year.

In 2011 the percentage of reused water was approximately 80%, barely unchanged from previous years.

In 2011 the sector reported a significant increase in adjusted net loss (€208 million, up €123 million) from 2010, due to higher supply costs of oil-based feedstock which were not recovered in sale prices on end markets in a context of substantial decrease in demand.

Sales of petrochemical products were 4,040 ktonnes, down 691 ktonnes, or 14.6%, from 2010 due to lower demand.

Petrochemical production volumes were 6,245 ktonnes, decreasing by 975 ktonnes, or down 13.5%, due to a decline in demand for petrochemical products in all business, with the only exception of elastomers (up 1%).

In 2011, the average plant utilization rate decreased from 72.9 to 65.3 due to reduced production in a phase of economic slowdown.

In 2011 overall expenditure in R&D amounted to approximately €32 million in line with the previous year. A total of new 13 patent applications were filed.

On April 5, 2012 Polimeri Europa changed its name in Versalis SpA.

Strategies

Eni operates in the businesses of olefins and aromatics, basic and intermediate products, polystyrene, elastomers and polyethylene. Its major production sites are located in Italy and Western Europe.
The trading environment in which the Company operates is characterized by volatility of costs of oil-based feedstock, cyclicality in demand, strong competitive pressures from operators with lower cost structure especially in the Middle-East leveraging on stranded gases, taking into account the commoditized nature of many of Eni's products. In fact, Eni's profitability

Brindisi production plant

Located in Southern Italy, Brindisi plant produces steam-cracker, aromatics and polyethylene.

in the petrochemical businesses is particularly sensitive to movements in product margins that are mainly affected by changes in oil-based feedstock costs and the speed at which product prices adjust to higher oil prices.
In order to change this challenges in the future years the Company will pursue the following strategic pillars:

- **Effectively and efficiently manage operations in order to lower the break-even**
- **Strengthen the production of higher value added products**
- **Leverage on international expansion**
- **Focus on green-chemistry**

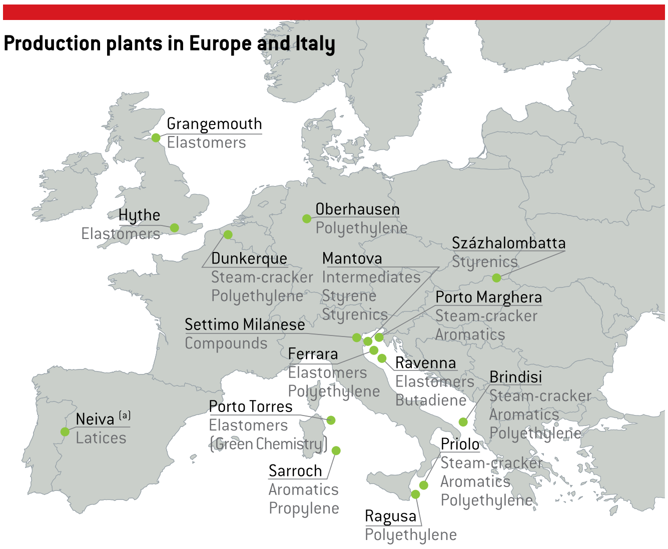
To target those objectives, management plans to make capital expenditures amounting to approximately €1.7 billion over the next four years. The main investment regards the conversion of the Porto Torres unit in Sardinia, Italy, into an innovative bio-based chemical complex to produce bio-plastics and other bio-based chemical products for which significant growth is expected in the medium-long term. In addition, the Company plans to develop the product line in the elastomers and monomers businesses, revamp the efficiency of the Company's cracking units as well as complying with all applicable regulations on environment, health and safety issues. Management is planning to implement a strategy intended to refocusing the petrochemical business, strengthening the product mix of the Company by developing higher value added products, particularly in the businesses of elastomers, styrenics, resins, EVA and entering into bio-based chemical production. In the next years products demand in those higher value-added segments is planned to grow and margins to be resilient also with higher feedstock prices. Management expects sales of higher value added products to improve by 50% within 2015, with a contribution on total sales amounting to 40% and to deliver €400 million of additional operating profit by 2015 at the scenario experienced in 2011.

Business areas

Basic petrochemicals

Basic petrochemicals accounts for one of the pillars of the petrochemical activities of Versalis, whose products have a range of important industrial uses, such as the production of polyethylene, polypropylene and polystyrene.They are also used in the production of petrochemical intermediates that converge, in turn, into a range of other productive processes: plastics, rubbers, fibres, solvents and lubricants.
Basic petrochemicals revenues (€2,987 million) increased by €154 million from 2010 (up 5.4%) in all main business segments due to the steep increase in average unit prices (olefins/aromatics up 20%, intermediates up 16%) as a result of an improved scenario, partly offset by lower volumes sold (down 18% on average). In particular, a decline was reported in sales volumes of olefins (ethylene down 22%; butadiene down 57% due to the lack of raw material) and intermediates (down 21% on average, in particular phenol and acetone).

Production plants in Europe and Italy



(a) During 2011, Eni divested its interest in Polimeri Europa Portugal SA.

Basic petrochemical production (4,101 ktonnes) decreased by 759 ktonnes from last year (down 15.6%), due to lower sales/demand of monomers. Lower ethylene production reflected facility downtimes in the Porto Marghera and Porto Torres plants. In addition, intermediates sales decreased (down 14%) due to unavailability of raw material and planned facility downtimes in the Mantova plant.

Polymers

In polymers business Versalis is active in the production of:

- Polyethylene that accounts for 40% of the total volume of world production of plastic materials. It is a basic plastic material, used as a raw material by companies that transform it into a range of finished goods.
- Styrenics are polymeric materials based on styrenes that are used in a very large number of sectors through a range of transformation technologies. The most common applications are for industrial packaging and in the food industry, small and large electrical appliances, building isolation, electrical and electronic devices, household appliances, car components and toys.
- Elastomers are polymers characterized by high elasticity that allow them to regain their original shape even after having been subjected to extensive deformation. Versalis has a leading position in this sector and produces a wide range of products for the following sectors: tyres, footwear, adhesives, building components, pipes, electrical cables, car components and sealings, household appliances; they can be used as modifiers for plastics and bitumens, as additives for lubricating oils (solid elastomers); paper coating and saturation, carpet backing, moulded foams, adhesives (synthetic latex). Versalis is one of the world's major producers of elastomers and synthetic latex.

In 2011 polymer revenues (€3,299 million) increased by €173 million from 2010 (up 5.5%) due to increases in average unit prices (elastomers up 34%, styrene polymers up 12%; polyethylene up 11%). Sales volumes decreased on average by 11.5% (main decreases were registered in polyethylene, down 16%, lattices down 15%, polybutadiene and thermoplastic rubbers down approximately 9%) due to a steep decline in demand. Sales of ABS and SBR rubbers showed an opposite trend, up 5% and 2%, respectively.
Polymer production (2,144 ktonnes) decreased by 216 ktonnes from 2010 (down 9%), mainly polyethylene (down 15%) due to the delay in the restart of the Dunkerque production lines, planned facility downtimes at Priolo, Ragusa and Gela in the last part of the year as well as a decline in demand.

Business review

Engineering & Construction

Key performance indicators

		2009	2010	2011
Employee injury frequency rate	(No. of accidents per million hours worked)	0.40	0.45	0.44
Contractors injury frequency rate		0.57	0.33	0.21
Fatality index	(No. of fatalities per 100 million hours worked)	0.86	2.14	1.82
Net sales from operations [a]	(€ million)	9,664	10,581	11,834
Operating profit		881	1,302	1,422
Adjusted operating profit		1,120	1,326	1,443
Adjusted net profit		892	994	1,098
Capital expenditures		1,630	1,552	1,090
Adjusted ROACE	(%)	15.4	14.0	13.9
Orders acquired	(€ million)	9,917	12,935	12,505
Order backlog		18,730	20,505	20,417
Employees at year end	(units)	35,969	38,826	38,561
Employees outside Italy rate	(%)	85.6	87.3	86.5
Local managers rate		41.1	45.3	43.0
Local procurement rate		47.0	61.3	56.4
Healthcare expenditures	(€ thousand)	25,205	19,506	32,410
Security expenditures		68,954	26,403	50,541
Direct GHG emissions	(mmtonnes CO_2eq)	1.28	1.11	1.32

(a) Before elimination of intragroup sales.

2011 Highlights

The percentage of managerial positions covered by local personnel is constantly higher than 40% of total managerial positions, except for Italy and France, reflecting however fluctuations due to the opening of new yards and short-term projects.

The overall amount of procurement was €8,740 million in 2011, of which €6,510 million related to operating projects, 56.4% of which was procured with local suppliers.

In 2011 the injury frequency rate improved from 2010 (down 2% and down 36% for employees and contractors, respectively).

Health and safety expenditures for individual protection equipment and medical assistance increased by 81% from 2010 (from €46 million to €83 million).

In 2011 the Engineering & Construction sector achieved a positive performance with an adjusted net profit amounting to €1,098 million, up €104 million, or 10.5%, from a year ago, mainly due to a higher turnover and increasing project profitability.

Return on average capital employed calculated on an adjusted basis was 13.9% in 2011 (14% in 2010).

Orders acquired amounted to €12,505 million (€12,935 million in 2010), of these projects to be carried outside Italy represented 91%, while orders from Eni companies amounted to 7% of the total.

Order backlog amounted to €20,417 million at December 31, 2011 (€20,505 million at December 31, 2010), of which €9,451 million to be carried out within 2012.

Capital expenditures amounting to €1,090 million (€1,552 million in 2010) mainly regarded the upgrading of the drilling and construction fleet.

In 2011 overall expenditure in R&D amounting approximately to €15 million in line with 2010. A total of 28 new patent applications were filed.

Castoro 8 - Construction vessel

Castoro 8 is a crane and pipelaying vessel, capable of operating up to 600 meters with a transport lifting capacity of 2,200 tonnes.

Strategies

Eni engages in providing engineering, construction and drilling to the oil&gas industry offshore and onshore through Saipem, a subsidiary listed on the Italian Stock Exchange (Eni's interest is 42.91%), and Saipem's controlled entities. Saipem boasts a strong competitive position in the segment of executing large, complex EPC contracts for the construction of offshore and onshore facilities and systems to develop hydrocarbons reserves as well as LNG, refining and petrochemicals plants, pipeline layering and offshore and onshore drilling services. The Company owes its market position to technological and operational skills which we believe are acknowledged in the marketplace due to its capabilities to operate in frontier areas and complex ecosystems, efficient and effective project management complemented by engineering competencies and availability of technologically-advanced vessels and rigs. Management expects to further strengthen Saipem's competitive position in the medium term, leveraging on its business model articulated across various market sectors combined with a strong competitive position in frontier areas, which are traditionally less exposed to the cyclical nature of this activity. In particular, Saipem plans to implement the following strategic guidelines:

- To maximize efficiency in all business areas at the same time maintaining top execution and security standards, preserve competitive supply costs, optimize the utilization rate of the fleet, increase structure flexibility in order to mitigate the effects of negative business cycles as well as develop and promote a Company culture that endorses identification and management of risks and business opportunities;

- To continue focusing on the more complex and difficult projects in the strategic segments of deepwater, FPSO, heavy crude and LNG (offshore and onshore, for the gas monetization) upgrading;

- To promote local content in terms of employment of local contractors and assets in strategic countries where large projects are carried out supporting the development of delocalized logistic hubs and construction yards when requested by clients in order to achieve a long-term consolidation of its market position in those Countries;

- To leverage on the capacity to execute internally more phases of large projects on an EPC and EPIC basis, pursuing better control of costs and terms of execution adapting with flexibility to clients' needs, thus expanding the Company's value proposition; and

- To complete the expansion and revamping program of its construction and drilling fleet in consideration of the future needs of the oil&gas industry, in order to confirm the Company's leading position in the segment of complex projects with high profitability.

Business areas

Engineering & Construction Offshore

Saipem is well positioned in the market of large, complex projects for the development of offshore hydrocarbon fields leveraging on its technical and operational skills, supported by a technologically-advanced fleet, the ability to operate in complex environments, and engineering and project management capabilities acquired on the marketplace over recent years. Saipem intends to consolidate its market share strengthening its EPIC oriented business model and leveraging on its satisfactory long-term relationships with the major oil companies and National Oil Companies ("NOCs"). Higher levels of efficiency and flexibility are expected to be achieved by reaching the technological excellence and the highest economies of scale in its engineering hubs employing local resources in contexts where this represents a competitive advantage and integrating the direct management of construction processes through the creation of a large construction yard in South-East Asia. Over the next years, Saipem will continue investing in the upgrading of its fleet by building a pipelayer and other supporting assets for offshore activity.

In 2011 revenues amounted to €4,908 million, increasing by 10.4% from 2010, due to higher levels of activity in Northern Europe, Kazakhstan and Asia Pacific. Orders acquired amounted to €6,131 million (€4,600 million in 2010).

The most significant orders awarded in 2011 in Engineering & Construction offshore were:

- An EPIC contract on behalf of South Oil Co for the expansion of the Basra oil center and related infrastructures within of the Iraq Crude Oil Export Expansion - Phase 2 project;

- An EPIC contract on behalf of Saudi Aramco for building the offshore infrastructures within the development of the offshore fields Arabiyah and Hasbah in the Arabian section of the Persian Gulf; and

- An EPIC contract on behalf of Husky Oil China Ltd for the installation of two 79-kilometer long pipelines and umbilicals as well as the construction of a subsea production system for the development of Liwan 3-1 field in water depths of 1,500 meters in the South China Sea.

Engineering & Construction Onshore

Saipem is one of the largest operators in the segment of turn-key onshore construction contracts for the Oil & Gas industry. Saipem operates in the construction of plants for hydrocarbon production (extraction, separation, stabilization, collection of hydrocarbons, water injection) and treatment (removal and recovery of sulphur dioxide and carbon dioxide, fractioning of gaseous liquids, recovery of condensates) and in the installation of large onshore transportation systems (pipelines, compression stations, terminals). Saipem preserves its own competitiveness leveraging its technological excellence granted by its engineering hubs, its distinctive know-how in the construction of projects in the high-tech market of LNG and the management of large parts of engineering activities in cost efficient areas. In the medium term, exploiting upward trends in the oil service market, Saipem will be focused on capturing the opportunities arising from the market in the plant and pipeline segments leveraging on its solid competitive position in the execution of complex projects in the strategic areas of Middle-East, Caspian Sea, Northern and Western Africa and Russia.

In 2011 revenues amounted to €5,369 million, increasing by 13.6% from 2010, due to higher levels of activity in the Middle East, Canada and Australia. Orders acquired amounted to €5,006 million (€7,744 million in 2010).

The principal orders awarded in 2011 in Engineering & Construction Onshore were:

- The construction of 39 kilometers high-speed/high-capacity railway along the Treviglio-Brescia railway in Northern Italy on behalf of Rete Ferroviaria SpA;
- An EPC contract for the construction of a Secondary Upgrader with a capacity of 43 kbbl/d of Hydrotreated gas oil. The infrastructure will be part of the Horizon Oil Sands Project – Hydrotreater Phase 2 – in Alberta, in the Athabasca Region, Canada; and
- The EPC contract for the realization of a gas pipeline, 42 inches in diameter and 435-kilometer long, which will connect the gas fields in the Bowen and Surat Basins to the Gladstone State Development Area (GSDA), near the city of Gladstone, in the Western Australian coast on behalf of Gladstone Operations Pty Ltd.

Offshore drilling

Saipem is the only engineering and construction contractor that provides both offshore and onshore drilling services to oil companies. In the offshore drilling segment, Saipem mainly operates in West Africa, the North Sea, the Mediterranean Sea and the Middle East and boasts significant market positions in the most complex segments of deep and ultra-deep offshore, leveraging on the outstanding technical features of its drilling platforms and vessels, capable of drilling exploration and development wells at a maximum water depth of 9,200 meters. In order to better meet industry demands, Saipem is finalizing an upgrading program of its drilling fleet providing it with state-of-the-art rigs to enhance its role as high quality player capable of operating also in complex and harsh environments. In particular, in the following years, Saipem intends to complete the building of the Scarabeo 8 and 9, new generation semi-submersible platforms, that have been already rented to Eni through multi-year contracts. In parallel, investments are ongoing to renew and to keep up the production capacity of other fleet equipment (upgrade equipment to the characteristics of projects or to clients needs and purchase of support equipment).

In 2011 revenues amounted to €833 million, increasing by 11.1% from 2010 mainly due to the entry in full activity of the Saipem 10000 and Saipem 12000 drilling vessels and of the Perro Negro 8 jack up.

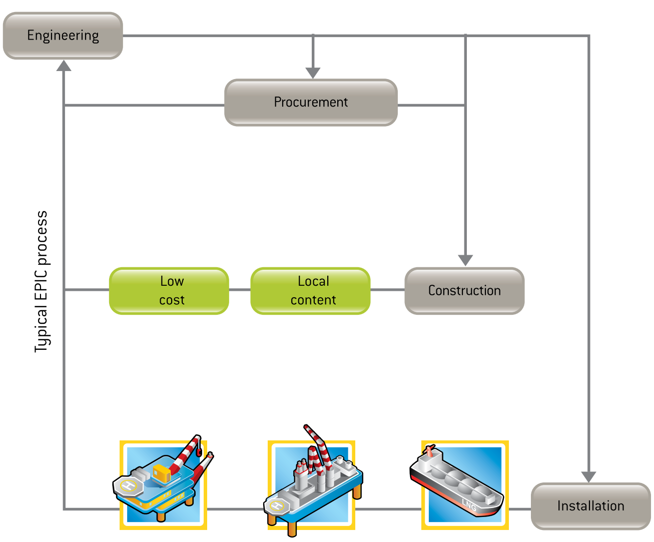
The most significant order awarded in 2011 in offshore drilling were:

- A 24-month extension contract, from August 2012, for the lease of the drilling vessel Saipem 10000 on behalf of Eni;
- A 24-month extension contract, from August 2015, for the lease of the drilling vessel Saipem 12000 on behalf of Total E&P Angola; and
- A 36-month extension contract for the lease of the jack-up Perro Negro 7 on behalf of Saudi Aramco.

Onshore drilling

Saipem operates in this area as a main contractor for the major international oil companies and NOCs executing its activity mainly in South America, Saudi Arabia, North Africa and, at a lower extent, in Europe. In this area Saipem can leverage its knowledge of the market,

Integrated project management



Saipem 12000 - Ultra deep water drillship

Ultra deep water drillship, self propelled, equipped with NOV SSGD-5750 drilling plant.
Built in Korea by Samsung (2010).
Overall length: 228 m; Drilling depth: 10,000 m; Water depth max: 3,650 m.

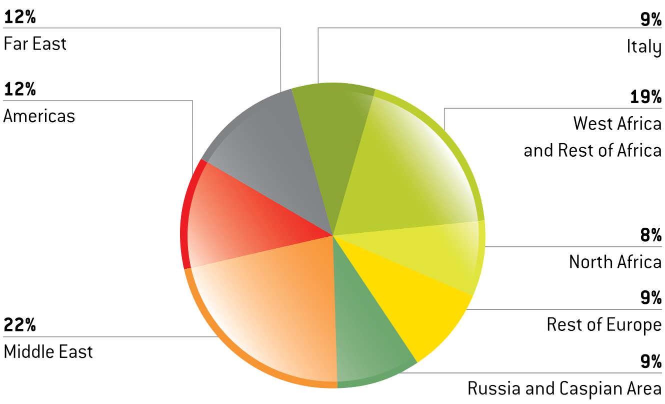
long-term relations with customers and synergies and integration with other business areas. Saipem boasts a solid track record in remote areas (in particular in the Caspian Sea), leveraging on its own operational skills and its ability to operate in complex environments.

In 2011 revenues amounted to €724 million, increasing by 9.5% from 2010 mainly due to higher utilization of equipments in South America and entry in operation of new plants in Kazakhstan. Orders acquired amounted to €588 million (€265 million in 2010).

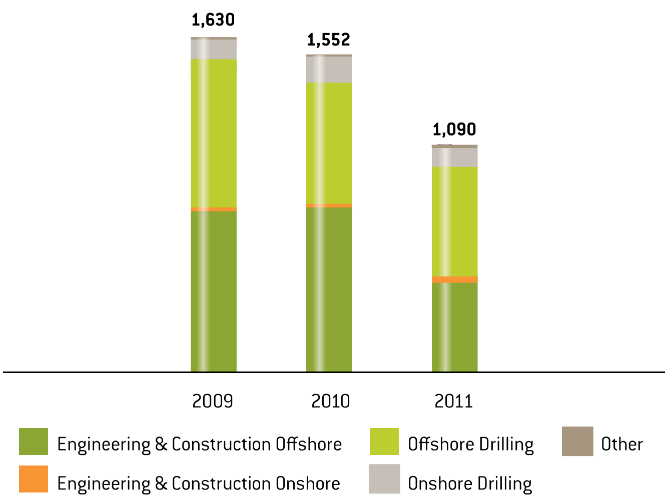
The most significant order awarded in 2011 in Onshore drilling were:

- A contract on behalf on Saudi Aramco in Saudi Arabia for the lease of nine rigs with a contract duration from one to three years;
- Contracts on behalf of various clients in Peru, Colombia and Bolivia for the lease of fourteen rigs with a contract duration between 4 months and 2 years;
- Two contracts on behalf of Ural Oil and Samek for the lease of 2 rigs with a contract duration of 4 and 12 months, respectively.

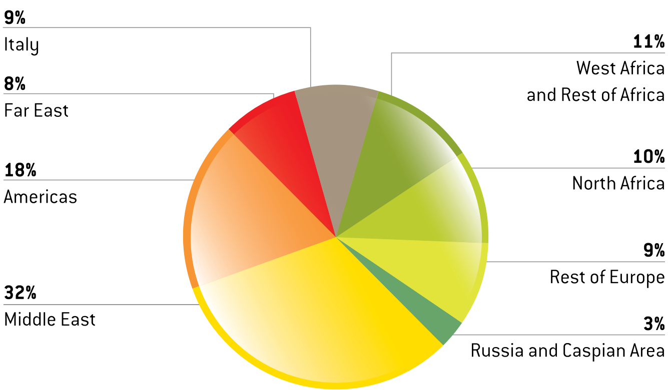
New contracts by geographic area



Capital expenditures by business unit
(€ million)



Backlog by geographic area



Highly qualified and skilled resources

Saipem boasts a strong position in the relevant market leveraging on technological and operational skills mainly in frontier areas, harsh environments and complex projects.

Research and development

Technological research and development ("R&D") and continuous innovation represent key success factors in implementing Eni's business strategies as they support our long-term competitive performance.
The Company believes that the oil industry has to face a number of challenges in the near future and that technology will play a vital role in helping it to effectively manage them. In particular:

- continuing uncertainty about the future evolution of prices and demand for oil and gas;
- limited access to new hydrocarbon resources, with the consequent problems for production growth and reserve replacement;
- a growing importance of renewable sources in satisfying energy need, as well as the role of unconventional resources; and
- greater attention to operations safety in the aftermath of recent accidents in the industry.

Against this backdrop, management has identified key technology priorities:

- continued technological innovation to increase the recovery factor; to develop drilling technologies to be applied in complex environments and deep/ultra-deep offshore areas; to maximize asset value, especially for gas and marginal fields and by reducing time-to-market;
- implementation of new technologies to minimize the environmental footprint of Eni's operations, actively manage risks to employees and communities' health and safety;
- develop technologies to reduce Greenhouse gas emissions in industrial operations with particular reference to energy efficiency, gas flaring reduction and CO_2 use;
- focusing on innovative fuels and bio-fuels enhancing performance and environmental quality to anticipate stricter regulation;
- commitment to develop a potentially breakthrough technologies in the renewable energy (solar and bio-mass). The relevant results achieved in certain research projects, enable us to start up the application phase;
- strengthening of strategic alliances and scientific cooperation projects with international academic institutions and research centers which we believe are qualified in the marketplace.

In 2011, Eni filed 79 patent applications (88 in 2010), 37 of these coming from Eni Divisions and Eni Corporate, 13 from Petrochemicals and 28 from the Engineering & Construction activities of Saipem. In particular, 51% of Eni Divisions and Eni Corporate patents concerned exploration activities of unconventional resources, maximizing the recovery factor, transportation and products/processes in the downstream oil segment and 41% were innovation on renewable energy sources. The efficacy and efficiency of intellectual property management and of know-how dissemination are monitored within the R&D performance assessment system. In 2011, the review of Eni's portfolio was performed following two key aspects: maximizing innovative solutions created by the R&D projects underway and streamlining of the existing portfolio in line with Eni's business strategy. In the year the ratio patents filing/expiring was 1.22 (1.14 in 2010, 0.81 in 2009).
In 2011, Eni's overall expenditure in R&D amounted to €191 million which were almost entirely expensed as incurred (€221 million in 2010 and €207 million in 2009). At December 31, 2011, a total of 925 persons were employed in research and development activities. Below, we describe the main results achieved in the development and application of innovative technologies in 2011. A summary of our main ongoing projects in technological research and development is provided below.

Exploration & Production

Proprietary depth imaging tools: new resources and reserves (Angola, Egypt)

- **Seismic depth migration**. Eni has developed a set of proprietary technologies for more accurate image reconstruction of highly complex subsurface structures, e.g., subsalt environments, deep reservoirs below carbonates, and fractured reservoirs.
- **Eni Common Reflection Surface Stack (e-crs™)**. This is a proprietary seismic processing technology that enhances the signal/noise ratio in challenging imaging areas.
- **Eni Deep water dual casing running (e-dwdc™)**. This proprietary technology for simultaneously drilling and then installing the conductor pipe and the first casing has been applied to drill wells in Angola (Cinguvu-2 and Cabaça South East-3 appraisal wells) and Mozambique (Mamba South 1 and Mamba North 1 discovery wells). Its use reduced the drilling time for this phase, while assuring maximum hole verticality and operational safety.
- **Eni Circulation Device (e-cd™)**. Proprietary technology has been used to drill wells in Alaska, Angola, China, Egypt, Ghana, and Italy. Eni Circulation Device technology provides enhanced hydraulic control and has demonstrated excellent capacity also for well bore cleaning, opening new application perspectives.
- **e-sight, thin layer reservoirs**. Proprietary while-drilling and log interpretation technologies (e-sight™) recently industrialized provide an industry-leading capability to identify, quantify and develop thin layer reservoirs, which are by-passed with conventional approaches. This has led to the identification of important additional resources in Italy and internationally, and increased production in 2011.

Gas & Power

- **Eni Kassandra meteo forecast**. Since 2009 Eni has been developing a new climate weather forecast system in collaboration with the Italian Weather Operations Centre (MOPI) to gain know-how regarding the temperature trend on a regional and seasonal scale. Eni developed "Eni Kassandra meteo forecast", a proprietary system for forecasting temperatures from meteorological and climate data. The system has been validated in 2011 at the European level and is going to be used in the management and sale of energy resources obtaining competitive advantages in both gas and power businesses.
- **Pipeline monitoring**. With the aim of guaranteeing excellent quality standards and efficient transport services, as part of its activity of pipeline monitoring, Eni developed theoretical models of acoustic-elastic transmission in pipes used for gas and oil transport as well as algorithms for remote localization of impacts and fluid leaks along the pipe. The prototypal system of this monitoring technology will be applied on transport and production pipes in Eni plants in Italy, Tunisia and Nigeria. In addition, studies were also completed on new acoustic sensors with Wi-Fi remote control for offshore pipes that cannot be checked with PIG (Pipeline Inspection Gauges), and radar technologies for remote monitoring of vibrations and pipe displacement.

Refining & Marketing

- **Eni Slurry Technology (EST)**. The EST proprietary technology is an innovative process for hydro-conversion by means of a nanodispersed catalyst (slurry) and a peculiar process scheme to refine various kinds of heavy feedstock: residues from the distillation of heavy and extra-heavy crude (such as the ones from the Orinoco Belt in Venezuela) or non-conventional products such as tar sands, characterized by high contents of sulphur, nitrogen, metals, asphaltenes and other pollutants that are hard to manage in conventional refineries. EST does not produce by-products and completely converts feedstocks into distillates.

Total Conversion Proprietary EST Technology

- **Total Conversion**. Successful results have been obtained from the continuous operation of the Slurry Dual Catalyst pilot plant: this technology, based on the combination of two nanocatalysts could lead to a relevant breakthrough in the EST process, increasing its productivity and improving product quality.
- **Short Contact Time-Catalytic Partial Oxidation (SCT-CPO)**. It is a reforming technology that can convert gaseous and liquid hydrocarbons (also derived from bio-mass) into synthetic gas (carbon monoxide and hydrogen). This technology can contribute to process intensification as it allows to produce synthetic gas and hydrogen using reactors up to 100 times smaller than those currently in use, with relevant savings. The development of this technology, that makes use of oxygen enriched air, has been completed and another version making use of pure oxygen is under development.

Zero Waste

- **Zero Waste project**. For the treatment of industrial, oil and biological waste generated by the oil industry a thermal process has been studied that allows for the gasification of sludge that is turned into an inert residue. A patent application has been filed on this project.

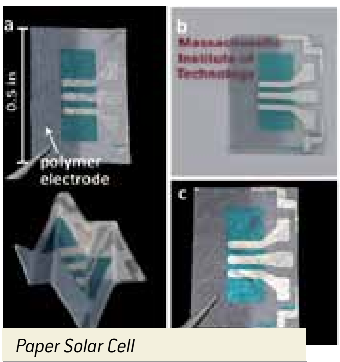
Eni Corporate

- **Photoactive materials**. A Luminescent Solar Concentrator consists of a slab of transparent material (polymeric or glassy) doped with fluorescent molecules, patented by Eni, which works as microscopic light emitters. The emitted radiation is partially concentrated within the slab by total internal reflections and is waveguided toward its edges where PV cells are placed. LSCs allow for a substantial decrease in standard PV module costs by reducing the effective cell surface with respect to the absorbing surface. The positive results obtained at lab level allow the commencement of a demonstration phase.
- **Micro-organisms for bio-diesel**. Purpose of the project is the use of micro-organisms (yeasts and bacteria) that accumulate lipids similar to those deriving from oil-bearing vegetables, that can easily be turned into bio-diesel. The raw material employed by these micro-organisms derives from the treatment of wood-cellulose bio-mass in order to not compete with food products. The identified yeasts have higher productivity than the traditional oil crops, including palm oil.
- **Photoproduction of hydrogen**. This project has breakthrough content for water splitting into O_2 and H_2. New materials were synthesized for innovative photoelectrodes and demonstration cells were constructed. The new materials (e.g. titanium oxide, tungsten, and iron), based on original processes that use nanotechnology, have lead to interesting efficiency levels in the conversion of solar energy into chemical energy, up to the best levels reached on a world basis.

Results derived from the Eni-MIT alliance

MIT eni alliance
eni-MITEI research program

- **Oil spills in marine environment**. The project derives from the discovery of an innovative material with great selective capacity for the absorption of oil dispersed in water. This could be a first step towards new systems for treating oil spills in marine environments.
- **Ultraflexible solar cell.** One of the most important results obtained by the Solar Frontier Center: these cells made of a thin photoactive material covered by a layer of transparent plastic can be bent without breaking or reducing performance and this allows to cover irregular surfaces without using metal stilts.



Paper Solar Cell

- **Solar cells on paper.** In this case the photoactive device is made on paper as a printed document. The innovative technique is the same used for producing cells on plastic and flexible substrata. A paper cell can be a low cost solution for application where the key aspect is not duration but fast installation and easy transport.

Financial review

In spite of a difficult global context, in 2011 our Company has created the premises of a new phase of sustainable growth above all leveraging on extraordinary exploration success. In the next four years, thanks to our excellent strategic position, we will continue to deliver industry-leading results and create sustainable value for our shareholders.

Group results for the year

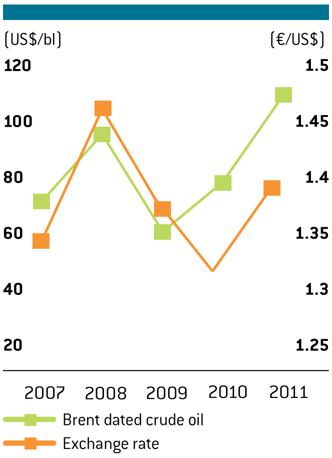
Eni's headquarter, Rome

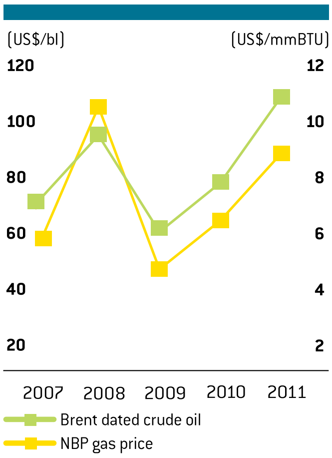
Trading environment indicators		2009	2010	2011
Average price of Brent dated crude oil [a]		61.51	79.47	111.27
Average EUR/USD exchange rate [b]		1.393	1.327	1.392
Average price in euro of Brent dated crude oil		44.16	59.89	79.94
Average European refining margin [c]		3.13	2.66	2.06
Average European refining margin Brent/Ural [c]		3.56	3.47	2.90
Average European refining margin in euro		2.25	2.00	1.48
NBP gas price [d]		4.78	6.56	9.03
Euribor - three-month rate	(%)	1.2	0.8	1.4
Libor - three-month dollar rate	(%)	0.7	0.3	0.3

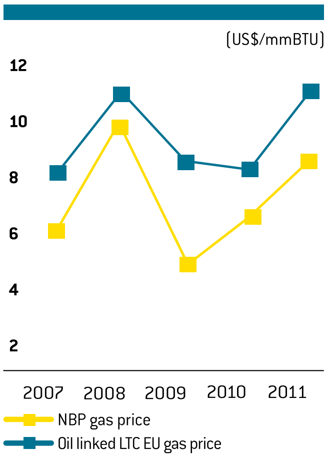
(a) In USD per barrel. Source: Platt's Oilgram.
(b) Source: ECB.
(c) In USD per barrel FOB Mediterranean Brent dated crude oil. Source: Eni calculations based on Platt's Oilgram data.
(d) In USD per million btu. Source: Platt's Oilgram.

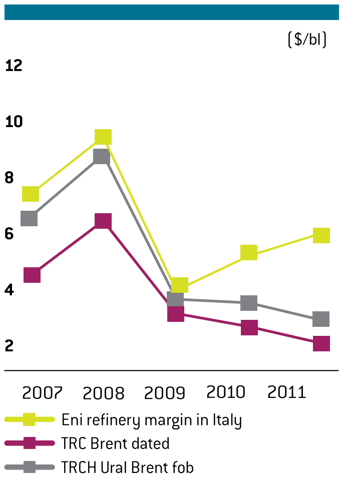
Eni's results of operations and the year to year comparability of its financial results are affected by a number of external factors which exist in the industry environment, including changes in oil, natural gas and refined products prices, industry-wide movements in refining and petrochemical margins and fluctuations in exchange rates and interest rates. Changes in weather conditions from year to year can influence demand for natural gas and some petroleum products, thus affecting results of operations of the natural gas business and, to a lesser extent, of the refining and marketing business.

In 2011, Eni's results of operations were achieved on the back of stronger oil and gas realizations (up by 30% on average) driven by a 40% increase in the price of the Brent crude benchmark compared to 2010. Refining margins remained at unprofitable levels (the marker Brent margin was $2.06 per barrel; down 22.6% from 2010) due to high feedstock costs which were only partially transferred to prices at the pump. Eni's margins at its high-conversion refineries were also hit by narrowing light-heavy crude differentials in the Mediterranean area. In Europe, gas spot prices which have become the benchmark in contractual selling formulas increased by 37.7% compared with the depressed levels registered in 2010. This positive trend was not reflected in Eni's gas selling margins due to higher oil-linked supply costs and rising competitive pressure. Results were also affected by the appreciation of the euro vs. the US dollar (up 4.9%).









2011 Results

In 2011, **net profit attributable to Eni's shareholders** was €6,860 million, an increase of €542 million from 2010, or 8.6%. This increase was driven by an improved operating performance (up €1,324 million, or 8.2%) reported by the Exploration & Production Division which was boosted by higher oil prices . The Group's results were also helped by lower extraordinary pre-tax charges which were down by approximately €1 billion year-on-year and a gain of €1,044 million recorded on the divestment of Eni's interests in the international pipelines which transport gas from Northern Europe and Russia. These positives were partly offset by sharply lower results posted by the Group's downstream businesses, higher net finance charges (down €402 million) and higher income taxes (down €1,517 million).

Adjusted net profit attributable to Eni's shareholders amounted to €6,969 million, an increase of €100 million from 2010, or 1.5%. Adjusted net profit was calculated by excluding an inventory holding profit of €724 million and net special charges of €833 million, thus totaling to a positive adjustment of €109 million.

Results for the year (€ million)					
2009		2010	2011	Change	% Ch.
4,367	**Net profit attributable to Eni's shareholders**	**6,318**	**6,860**	**542**	**8.6**
(191)	Exclusion of inventory holding (gain) losses	(610)	(724)		
1,031	Exclusion of special items	1,161	833		
	of which:				
250	*- non recurring items*	*(246)*	*69*		
781	*- other special items*	*1,407*	*764*		
5,207	**Adjusted net profit attributable to Eni's shareholders**	**6,869**	**6,969**	**100**	**1.5**

Special charges of the operating profit mainly related to:
(i) impairment losses of €1,022 million, which were recorded to write down the book values of certain tangible and intangible assets to their lower value-in-use mainly in the refining and gas marketing businesses. These charges reflected our reduced profitability outlook in these businesses driven by a deteriorating macroeconomic environment, volatile commodity prices, and rising competitive pressures. Other impairment losses regarded a number of oil&gas properties in the Exploration & Production Division reflecting a changed pricing environment and downward reserve revisions;
(ii) provisions for redundancy incentives (€209 million), including a liability which was taken in connection with the 2010-2011 personnel mobility program in Italy to reflect changed pension requirements as per Law Decree No. 201 of December 2011;
(iii) environmental and other risk provisions amounting to €274 million.

The breakdown of **adjusted net profit by Division** is shown in the table below:

Adjusted net profit by Division (€ million)					
2009		2010	2011	Change	% Ch.
3,878	Exploration & Production	5,600	6,866	1,266	22.6
2,916	Gas & Power	2,558	1,541	(1,017)	(39.8)
(197)	Refining & Marketing	(49)	(262)	(213)	..
(340)	Petrochemicals	(85)	(208)	(123)	..
892	Engineering & Construction	994	1,098	104	10.5
(245)	Other activities	(216)	(225)	(9)	(4.2)
(744)	Corporate and financial companies	(699)	(787)	(88)	(12.6)
(3)	Impact of unrealized intragroup profit elimination [(a)]	(169)	(111)	58	
6,157	**Adjusted net profit**	**7,934**	**7,912**	**(22)**	**(0.3)**
	of which attributable to:				
950	- Non-controlling interest	1,065	943	(122)	(11.5)
5,207	**- Eni's shareholders**	**6,869**	**6,969**	**100**	**1.5**

(a) This item concerned mainly intragroup sales of commodities, services and capital goods recorded in the assets of the purchasing business segment as of end of the period.

The increase in the Group **adjusted net profit** reflected a higher adjusted net profit mainly reported by:
- the **Exploration & Production** Division (up €1,266 million, or 22.6%) driven by a better operating performance (up €2,193 million, or 15.8%), reflecting higher oil and gas realizations in dollar terms (up 40.3% and 7.7%, respectively). This trend was strong enough to fully absorb a reduced operating profit from the Libyan activities. Full year results were impacted by the negative effect of the appreciation of the euro against the dollar (up 4.9%, for an overall impact of approximately €490 million);
- the **Engineering & Construction** business (up €104 million, or 10.5%) reported an improved operating performance (up €117 million, or 8.8%) driven by revenue growth and higher profitability of works executed.

These increases were partly offset by a declining adjusted net profit reported by:
- the **Gas & Power** Division reported sharply lower results due to a decline of €1,173 million in adjusted operating profit, down by 37.6%. The decrease was mainly caused by the Marketing business which was negatively impacted by weak demand and mounting competitive pressure fuelled by oversupply which squeezed selling margins and reduced volumes opportunities;

- the **Refining & Marketing** Division reported sharply lower adjusted operating losses (from minus €49 million in 2010 to minus €262 million in 2011). This decrease reflected negative trends in the refining trading environment featured by depressed margins and poor demand for fuels due to weak underlying fundamentals;
- the **Petrochemical** Division was also deeply in the red with reported operating losses down to minus €208 million in 2011, much worse than in 2010. The performance was negatively impacted by falling product margins, with the cracker margin severely hit by higher supply costs of oil-based feedstock which were not recovered in sales prices on end markets, and a substantial decrease in demand.

Capital expenditures

In 2011, capital expenditures amounting to €13,438 million related mainly to:

- development activities (€7,357 million) deployed mainly outside Italy, primarily in Norway, Kazakhstan, Algeria, the Unites States, Congo and Egypt. In addition we acquired certain blocks and paid entry bonuses following interest license awards amounting to €754 million, mainly in Nigeria;
- exploratory activities (€1,210 million) of which 97% was spent outside Italy, were conducted primarily in Australia, Angola, Mozambique, Indonesia, Ghana, Egypt, Nigeria and Norway;
- upgrading of the fleet used in the Engineering & Construction Division (€1,090 million);
- development and upgrading of Eni's natural gas transport network in Italy (€898 million) and distribution network (€337 million), the development and the increase of storage capacity (€294 million), as well as and the ongoing development of power generation plants (€87 million);
- projects aimed at improving the conversion capacity and flexibility of refineries (€629 million), as well as building and upgrading service stations in Italy and outside Italy (€228 million).

Capital expenditures by Division (€ million)

2009		2010	2011	Change	% Ch.
9,486	Exploration & Production	9,690	9,435	(255)	(2.6)
1,686	Gas & Power	1,685	1,721	36	2.1
635	Refining & Marketing	711	866	155	21.8
145	Petrochemicals	251	216	(35)	(13.9)
1,630	Engineering & Construction	1,552	1,090	(462)	(29.8)
44	Other activities	22	10	(12)	(54.5)
57	Corporate and financial companies	109	128	19	17.4
12	Impact of unrealized intragroup profit elimination	(150)	(28)	122	
13,695	**Capital expenditures**	**13,870**	**13,438**	**(432)**	**(3.1)**

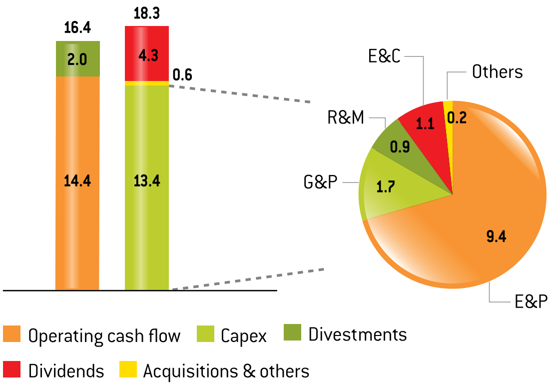
Sources and uses of cash

The Company's cash requirements for capital expenditures, dividends to shareholders, and working capital were financed by a combination of funds generated from operations, borrowings and divestments of non-strategic assets.

In 2011, main inflows were associated with net cash provided by operating activities, which amounted to €14,382 million and proceeds from asset disposals (€1,912 million). These inflows were balanced by outflows for capital expenditures totaling €13,438 million, expenditures in joint venture projects (€360 million) and dividend payments amounting to €4,247 million to Eni shareholders (€3,695 million, of which €1,884 million relating to the 2011 interim dividend) and to non-controlling interest of Snam Rete Gas, Saipem and other consolidated subsidiaries (€552 million).

Sources and uses of cash

(€ billion)



As a result of these cash flows, net borrowings as of December 31, 2011 increased by €1,913 million compared to December 31, 2010.

Capital structure and ratios

The Group continually monitors the balance between cash flow from operating activities, net expenditures, internally generated funds and dividend requirements targeting a sound and well-balanced financing structure.

Eni's net financial debt of €28 billion as of end of 2011 was associated with low risk activities as around €11 billion were attributable to Regulated businesses in Italy which ensure stable and solid cash flows that cover their investment needs and contribute to lower the risk profile of Eni's portfolio. In addition, €3 billion of consolidated debt are attributable to Saipem, whose major ongoing investment program, relating to Offshore drilling and construction, will be completed by the end of the year. Finally, €14 billion of consolidated debt are attributable to Eni's core operations and mainly linked to development projects under PSAs that have a safe and quick pay back period.

In the foreseeable future, management is strongly focused on preserving a solid balance sheet and an adequate level of liquidity taking into account macroeconomic uncertainties and tight financial markets. For planning purposes, management projected the Company's expected cash flows assuming a scenario of Brent prices at 90-85 $/bbl for the years 2012-2015 to assess the financial compatibility of its capital expenditures programs and dividend policy with internal targets of leverage (the ratio of net borrowings to total equity).

As of December 31, 2011, the Group leverage was 0.46, compared to the level of 0.47 as of December 31, 2010.

In 2012, leverage is projected to be roughly in line with the level achieved at the end of 2011 assuming a Brent price of $90 a barrel. Looking forward, management will seek to progressively reduce this ratio to below 40% by the end of the plan period leveraging on the projected future cash flow from operations which are estimated to generate enough resources to fund both capital expenditures and dividends to Eni's shareholders.

Return On Average Capital Employed (ROACE) calculated on an adjusted basis was 9.9% (10.7% in 2010).

Adjusted ROACE (€ million)				
2011	**E&P**	**G&P**	**R&M**	**Group**
Adjusted net profit	**6,866**	**1,541**	**(262)**	**7,912**
Exclusion of after-tax finance expenses/interest income				454
Adjusted net profit unlevered	**6,866**	**1,541**	**(262)**	**8,366**
Adjusted capital employed, net:				
- at the beginning of period	37,646	27,346	8,321	81,847
- at the end of period	42,024	27,660	8,600	87,701
Adjusted average capital employed, net	**39,835**	**27,503**	**8,461**	**84,774**
Adjusted ROACE (%)	**17.2**	**5.6**	**(3.1)**	**9.9**

Dividends

In the next four-year period management intends to maintain its progressive dividend policy.

Eni's dividend policy in future periods, and the sustainability of the current amount of dividends over the next four-year period, will depend upon a number of factors including future levels of profitability and cash flow provided by operating activities, a sound balance sheet structure, capital expenditures and development plans. The parent Company's net profit and, therefore, the amounts of earnings available for the payment of dividends will also depend on the level of dividends received from Eni's subsidiaries. However, subject to such factors, under the Company's scenario for Brent prices at 90-85 $/bbl over the next four years, management plans to grow the dividend in line with OECD inflation from 2011 onwards. If management assumptions on oil prices were to change, management may revise the dividend and reset the basis for progressive dividend increases.

Management plans to pay a dividend of €1.04 a share for 2011 subject to approval from the Annual General Shareholders' Meeting scheduled on May 8, 2012. Of this, €0.52 per share was paid in September 2011 as an interim dividend with the balance of €0.52 per share expected to be paid late in May 2012.

In future years, management expects to continue paying interim dividends for each fiscal year, with the balance for the full-year dividend paid in the following year.

Outlook for 2012

Management expects the 2012 outlook to be challenging due to signs of a continuing economic slowdown, particularly in the Euro-zone, and volatile market conditions. Management expects international oil prices to be supported by robust demand growth from China and other emerging economies, as well as ongoing geopolitical risks and uncertainties, partly offset by a recovery in the Libyan output. Recovery perspectives look poor in the gas sector. Gas demand is expected to be soft due to slow economic activity and increasing competition from renewable sources; in the meantime the marketplace appears well supplied. Against this backdrop, management expects ongoing margin pressures to continue in 2012, and reduced sales opportunities due to rising competition. Management foresees the persistence of a depressed trading environment in the European refining business. Refining margins are anticipated to remain at unprofitable levels due to high costs of oil supplies, sluggish demand and excess capacity.

For investment planning purposes and short-term financial projections, Eni assumes a full-year average price of $90 a barrel for the Brent crude benchmark.

For the full year 2012, management expects a capital budget almost in line with 2011 (in 2011 capital expenditures amounted to €13.44 billion, while expenditures incurred in joint venture initiatives and other investments amounted to €0.36 billion).

Management plans to continue spending on exploration to appraise the mineral potential of recent discoveries (Mozambique, Norway, Ghana and Indonesia) and investing large amounts on developing growing areas and maintain field plateaus in mature basins. Other investment initiatives will target the upgrading of the gas transport and distribution networks, the completion of the EST project in the refining business, and strengthening selected petrochemical plants.

Risk factors

Market risk and sensitivity to market environment

Market risk is the possibility that the exposure to fluctuations in currency exchange rates, interest rates or commodity prices will adversely affect the value of the Group's financial assets, liabilities or expected future cash flows. Eni's financial performance is particularly sensitive to changes in the price of crude oil and movements in the euro/US $ exchange rate. Overall, a rise in the price of crude oil has a positive effect on Eni's results from operations and liquidity due to increased revenues from oil and gas production. Conversely, a decline in crude oil prices reduces Eni's results from operations and liquidity. The impact of changes in crude oil prices on the Company's downstream gas and refining and marketing businesses and petrochemical operations depends upon the speed at which the prices of finished products adjust to reflect changes in crude oil prices. In addition, the Group's activities are, to various degrees, sensitive to fluctuations in the euro/US $ exchange rate as commodities are generally priced internationally in US dollars or linked to US dollar denominated products as in the case of gas prices. Overall, an appreciation of the euro against the US dollar reduces the Group's results from operations and liquidity, and vice versa.

The Group actively manages its exposure to commercial risk which arises when a contractual sale of a commodity has occurred or it is highly probable that it will occur and the Group aims at locking in the associated commercial margin. The Group's risk management objectives are to optimize the risk profile of its commercial activities by effectively managing economic margins and safeguarding the value of Eni assets. Also, as part of its risk management activities from 2011 the Group has commenced trading activities in order to seek to profit from short-term market opportunities. The Group's risk management has evolved particularly in response to the deep changes occurred in the competitive landscape of the gas marketing business, gas volatile margins and development of liquid gas spot markets.

To achieve these targets, Eni enters into commodity derivatives transactions in both commodity and financial markets:
(i) to hedge the risk of variability in future cash flows on already contracted or highly probable future sales exposed to commodity risk depending on the circumstance that costs of supplies may be indexed to different market and oil benchmarks compared to the indexing of selling prices. As tight correlation exists between such commodity derivatives transactions and underlying physical contracts, those derivatives are treated in accordance with hedging accounting in compliance with IAS 39, where possible; and
(ii) to pursue speculative purposes such as altering the risk profile associated with a portfolio of contracts (purchase contracts, transport entitlements, storage capacity) or leveraging any pricing differences in the marketplace, seeking to increase margins on existing assets in case of favorable trends in the commodity pricing environment or seeking a potential profit based on expectations of trends in future prices.

The Company also intends to implement strategies of dynamic forward trading in order to maximize the economic value of the flexibilities associated with its assets. Price risks related to asset backed trading activities are mitigated by the natural hedge granted by the assets' availability. These contracts may lead to gains as well as losses, which, in each case, may be significant. These derivatives are accounted for through profit and loss, resulting in higher volatility in Eni's operating profit, particularly in the gas marketing business.
Eni Trading & Shipping is the Group's entity in charge of managing derivative activities targeting the full spectrum of energy commodities on both the physical and financial trading venues. The objective of this activity is to both hedge part of the Group exposure to the commodity risk and optimize commercial margins by entering speculative derivative transactions. Eni Trading & Shipping SpA and its subsidiaries also provide Group companies with crude oil and products supply, trading and shipping services. The results of this entity are reported within the Gas & Power segment with regard to the results recorded on trading gas and electricity derivatives; while the portion of results which pertains to oil and products trading derivatives and supply and shipping services are reported within the Refining & Marketing segment.
As part of its financing and cash management activities, the Company uses derivative instruments to manage its exposure to changes in foreign exchange rates and interest rates. These instruments are principally interest rate and currency swaps.

Liquidity and counterparty risks

Liquidity risk is the risk that suitable sources of funding for the Group may not be available, or the Group is unable to sell its assets on the marketplace in order to meet short-term financial requirements and to settle obligations. Such a situation would negatively impact the Group results of operations and cash flows as it would result in Eni incurring higher borrowing expenses to meet its obligations or, under the worst conditions, the inability of Eni to continue as a going concern. At present, the Group believes it has access to sufficient funding and has also both committed and uncommitted borrowing facilities to meet currently foreseeable borrowing requirements.
At December 31, 2011, Eni maintained short-term committed and uncommitted unused borrowing facilities of €11,897 million, of which €2,551 million were committed, and long-term committed unused borrowing facilities of €3,201 million. These facilities bore interest rates that reflected prevailing market conditions. Fees charged for unused facilities were immaterial. Eni has in place a program for the issuance of Euro Medium Term Notes up to €15 billion, of which about €10.5 billion were drawn as of December 31, 2011.
The Group has credit ratings of A and A-1 respectively for long and short-term debt assigned by Standard & Poor's and A2 and P-1 assigned by Moody's; the outlook is negative in both ratings.

Credit risk is the potential exposure of the Group to losses in case counterparties fail to perform or pay amounts due. The Group manages differently credit risk depending on whether credit risk arises from exposure to financial counterparties or to customers relating to outstanding receivables. Individual business units and Eni's corporate financial units and Eni Adfin are responsible for managing credit risk arising in the normal course of the business. The Group has established formal credit systems and processes to ensure that before trading with a new counterpart can start, its creditworthiness is assessed. Also credit litigation and receivable collection activities are assessed. Eni's corporate units define directions and methods for quantifying and controlling customer's reliability. With regard to risk arising from financial counterparties, Eni has established guidelines prior to entering into cash management and derivative contracts to assess the counterparty's financial soundness and rating in view of optimizing the risk profile of financial activities while pursuing operational targets. Maximum limits of risk exposure are set in terms of maximum amounts of credit exposures for categories of counterparties as defined by the Company's Board of Directors taking into accounts the credit ratings provided by primary credit rating agencies on the marketplace. Credit risk arising from financial counterparties is managed by the Group central finance departments, including Eni's subsidiary Eni Trading & Shipping which specifically engages in commodity derivatives transactions and by Group companies and Division, only in the case of physical transactions with financial counterparties consistently with the Group centralized finance model. Eligible financial counterparties are closely monitored to check exposures against limits assigned to each counterparty on a daily basis. Exceptional market conditions have forced the Group to adopt contingency plans and under certain circumstances to suspend eligibility to be a Group financial counterparty. Actions implemented also have been intended to limit concentrations of credit risk by maximizing counterparty diversification and turnover. Counterparties have also been selected on more stringent criteria particularly in transactions on derivatives instruments and with maturity longer than a three-month period. As of December 31, 2011, Eni had no significant concentration of credit risk.

Summary of significant accounting policies and practices

Eni prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union. Differences in certain respects between IFRS as endorsed by the EU and IFRS as issued by IASB are on matters that do not relate to Eni. On this basis, Eni's financial statements are fully in compliance with IFRS as issued by IASB.

The consolidated financial statements of Eni include accounts of the parent company Eni SpA and of all Italian and foreign significant subsidiaries in which Eni directly or indirectly holds the majority of voting rights or is otherwise able to exercise control as in the case of "de facto" controlled entities. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities. Immaterial subsidiaries, jointly controlled entities, and other entities in which the group is in a position to exercise a significant influence through participation in the financial and operating policy decisions of the investee are generally accounted for under the equity method.

Revenues from sales of crude oil, natural gas, petroleum and petrochemical products are recognized when the products are delivered and title passes to the customer. Revenue recognition in the Engineering & Construction Division is based on the stage of completion of contracts as measured on the cost-to-cost basis applied to contractual revenues.

Eni enters into various derivative financial transactions to manage exposures to certain market risks, including foreign currency exchange rate risks, interest rate risks and commodity risks. Such **derivative financial instruments** are assets and liabilities recognized at fair value starting on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are designated as hedges when the hedging relationship between the hedged item or transaction and the hedging instrument is highly effective and formally documented. Changes in the fair value of hedging derivatives are recognized: (i) for fair value hedges, hedging the exposure to changes in the fair value of a recognized asset or liability, in the profit and loss account; (ii) for cash flow hedges, hedging exposure to variability in cash flows, the effective portion is recognized directly in equity, while the ineffective portion is recognized in profit or loss; subsequently amounts taken to equity are transferred to the profit and loss account when the hedged transaction affects profit or loss. Changes in fair value of derivatives held for trading purposes, including derivatives for which the hedging relationship is not formally documented or is ineffective, are recognized in profit or loss.

Inventories of crude oil, natural gas and oil products are stated at the lower of purchase or production cost and net realizable value. Cost is determined by applying the weighted-average cost method. Contract work in progress is recorded on the basis of contractual considerations by reference to the stage of completion of a contract measured on a cost-to-cost basis.

Property, plant and equipment is stated at cost less any accumulated depreciation, depletion and amortization charges and impairment losses. Depreciation, depletion and amortization of oil and gas properties (capitalized costs incurred to obtain access to proved reserves and to provide facilities for extracting, gathering and storing oil and gas) is calculated based on the Unit-Of-Production (UOP) method on proved reserves or proved developed reserves. Other property, plant and equipment is depreciated on a straight-line basis over its expected useful life.

Exploration costs (costs associated with exploratory activities for oil and gas including geological and geophysical exploration costs and exploratory drilling well expenditures) are capitalized and fully amortized as incurred.

Intangible assets are initially stated at cost. Intangible assets having a defined useful life are amortized systematically, based on the straight-line method. Goodwill and intangibles lacking a defined useful life are not amortized but are reviewed periodically for impairment.

Impairment of tangible and intangible assets Eni assesses its property, plant and equipment and intangible assets, including goodwill, for impairment whenever events or changes in circumstances indicate that the carrying values of the assets may not be recoverable. Indications of impairment include changes in the Group's business plans, changes in commodity prices leading to unprofitable performance and, for oil and gas properties, significant downward revisions of estimated proved reserve quantities. The recoverability of an asset or group of assets is assessed by comparing the carrying value with the recoverable amount represented by the higher of fair value less costs to sell and value in use. In assessing value in use, the Group makes an estimate of the future cash flows expected to be derived from the use of the asset on the basis of reasonable and documented assumptions that represent the best estimate of the future economic conditions during the remaining useful life of the asset, giving more importance to independent assumptions. Oil, natural gas and petroleum products prices used to quantify the expected future cash flows are estimated based on forward prices prevailing in the marketplace for the first four years of the estimate and management's long-term planning assumptions thereafter. Future cash flows are discounted at a rate that reflects current market valuation of the time value of money and those specific risks of the asset that are not reflected in the estimation of future cash flows. The Group uses a discount rate that is calculates as the weighted average cost of capital to the Group (WACC), adjusted to reflect specific country risks of each asset.

Asset retirement obligations, that may be incurred for the dismantling and removal of assets and the reclamation of sites, are evaluated estimating the costs to be incurred when the asset is retired. Future estimated costs are discounted if the effect of the time value of money is material. The initial estimate is reviewed periodically to reflect changes in circumstances and other factors surrounding the estimate, including the discount rates. The Company recognizes material provisions for asset retirement in the upstream business. No significant asset retirement obligations associated with any legal obligations to retire refining, marketing and transportation (downstream) and chemical long-lived assets are generally recognized, as indeterminate settlement dates for the asset retirement prevent estimation of the fair value of the associated asset retirement obligation.

Provisions, including environmental liabilities, are recognized when the group has a current obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, and when the obligation can be reliably estimated. The initial estimate to settle the obligation is discounted when the effect of the time value of money is material. The estimate is reviewed periodically to take account of changes in costs expected to be incurred to settle the obligation and other factors, including changes in the discount rates.

Eni is a party to a number of **legal proceedings** arising in the ordinary course of business. Based on information available to date, and taking into account the existing risk provisions, Eni's management believes that ongoing litigations will not have a material adverse effect on Eni's financial position and results of operations. However, there can be no assurance that in the future Eni will not incur material charges in connection with pending litigations as new information becomes available and new developments may occur. For further information about pending litigations, see Note 34 - Legal proceedings - to the consolidated financial statements of 2011 Eni's Annual Report on Form 20-F filed with the US SEC.

The preparation of consolidated financial statements requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Estimates made are based on complex or subjective judgments, past experience, other assumptions deemed reasonable in consideration of the information available at the time. The accounting policies and areas that require the most significant judgments and estimates to be used in the preparation of consolidated financial statements are in relation to the accounting for oil and natural gas activities, specifically in the determination of proved and proved developed reserves, impairment of fixed assets, intangible assets and goodwill, asset retirement obligations, business combinations, pensions and other postretirement benefits, recognition of environmental liabilities and recognition of revenues in the oilfield services construction and engineering businesses. Although the Company uses its best estimates and judgments, actual results could differ from the estimates and assumptions used.

For further information regarding accounting policies and practices, see Note 3 - Summary of significant accounting policies - and Note 5 - Use of accounting estimates - to the consolidated financial statements of 2011 Eni's Annual Report.

Profit and loss account (€ million)	2009	2010	2011
Revenues			
Net sales from operations	83,227	98,523	109,589
Other income and revenues	1,118	956	933
	84,345	**99,479**	**110,522**
Operating expenses			
Purchases, services and other	(58,351)	(69,135)	(79,191)
- of which non-recurring charge (income)	*250*	*(246)*	*69*
Payroll and related costs	(4,181)	(4,785)	(4,749)
	(62,532)	**(73,920)**	**(83,940)**
Other operating income (expense)	55	131	171
Depreciation, depletion, amortization and impairments	(9,813)	(9,579)	(9,318)
OPERATING PROFIT	**12,055**	**16,111**	**17,435**
Finance income (expense)			
Finance income	5,950	6,117	6,379
Finance expense	(6,497)	(6,713)	(7,396)
Derivative financial instruments	(4)	(131)	(112)
	(551)	**(727)**	**(1,129)**
Income (expense) from investments			
Share of profit (loss) of equity-accounted investments	393	537	544
Other gain (loss) from investments	176	619	1,627
	569	**1,156**	**2,171**
PROFIT BEFORE INCOME TAXES	**12,073**	**16,540**	**18,477**
Income taxes	(6,756)	(9,157)	(10,674)
NET PROFIT	**5,317**	**7,383**	**7,803**
Attributable to:			
- Eni's shareholders	**4,367**	**6,318**	**6,860**
- Non-controlling interest	950	1,065	943

Balance sheet (€ million)	Dec. 31, 2010	Dec. 31, 2011
ASSETS		
Current assets		
Cash and cash equivalents	1,549	1,500
Other financial assets held for trading or available for sale	382	262
Trade and other receivables	23,636	24,595
Inventories	6,589	7,575
Current tax assets	467	549
Other current tax assets	938	1,388
Other current assets	1,350	2,326
Total current assets	**34,911**	**38,195**
Non-current assets		
Property, plant and equipment	67,404	73,578
Inventory - compulsory stock	2,024	2,433
Intangible assets	11,172	10,950
Equity-accounted investments	5,668	5,843
Other investments	422	399
Other financial assets	1,523	1,578
Deferred tax assets	4,864	5,514
Other non-current receivables	3,355	4,225
Total non-current assets	**96,432**	**104,520**
Assets held for sale	**517**	**230**
TOTAL ASSETS	**131,860**	**142,945**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term debt	6,515	4,459
Current portion of long-term debt	963	2,036
Trade and other payables	22,575	22,912
Income taxes payables	1,515	2,092
Other taxes payables	1,659	1,896
Other current liabilities	1,620	2,237
Total current liabilities	**34,847**	**35,632**
Non-current liabilities		
Long-term debt	20,305	23,102
Provisions for contingencies	11,792	12,735
Provisions for employee benefits	1,032	1,039
Deferred tax liabilities	5,924	7,120
Other non-current liabilities	2,194	2,900
Total non-current liabilities	**41,247**	**46,896**
Liabilities directly associated with assets held for sale	**38**	**24**
TOTAL LIABILITIES	**76,132**	**82,552**
SHAREHOLDERS' EQUITY		
Non-controlling interest	**4,522**	**4,921**
Eni shareholders' equity		
Share capital: 4,005,358,876 fully paid shares nominal value €1 each (same amount as of December 31, 2010)	4,005	4,005
Reserves	49,624	53,195
Reserve related to cash flow hedging derivatives net of tax effect	(174)	49
Treasury shares	(6,756)	(6,753)
Interim dividend	(1,811)	(1,884)
Net profit	6,318	6,860
Total Eni shareholders' equity	**51,206**	**55,472**
TOTAL SHAREHOLDERS' EQUITY	**55,728**	**60,393**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**131,860**	**142,945**

Statements of cash flow (€ million)	2009	2010	2011
Net profit of the year	5,317	7,383	7,803
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation, depletion and amortization	8,762	8,881	8,297
Impairments of tangible and intangible assets, net	1,051	698	1,021
Share of profit (loss) of equity-accounted investments	(393)	(537)	(544)
Gain on disposal of assets, net	(226)	(552)	(1,170)
Dividend income	(164)	(264)	(659)
Interest income	(352)	(96)	(101)
Interest expense	603	571	737
Income taxes	6,756	9,157	10,674
Other changes	(319)	(39)	331
Changes in working capital:			
- inventories	52	(1,150)	(1,422)
- trade receivables	1,431	(1,918)	(369)
- trade payables	(2,559)	2,770	161
- provisions for contingencies	517	588	122
- other assets and liabilities	(636)	(2,010)	(668)
Cash flow from changes in working capital	*(1,195)*	*(1,720)*	*(2,176)*
Net change in the provisions for employee benefits	16	21	(10)
Dividends received	576	799	997
Interest received	594	126	100
Interest paid	(583)	(600)	(893)
Income taxes paid, net of tax receivables received	(9,307)	(9,134)	(10,025)
Net cash provided by operating activities	**11,136**	**14,694**	**14,382**
Investing activities:			
- tangible assets	(12,032)	(12,308)	(11,658)
- intangible assets	(1,663)	(1,562)	(1,780)
- consolidated subsidiaries and businesses	(25)	(143)	(115)
- investments	(230)	(267)	(245)
- securities	(2)	(50)	(62)
- financing receivables	(972)	(866)	(715)
- change in payables and receivables in relation to investing activities and capitalized depreciation	(97)	261	379
Cash flow from investing activities	*(15,021)*	*(14,935)*	*(14,196)*
Disposals:			
- tangible assets	111	272	154
- intangible assets	265	57	41
- consolidated subsidiaries and businesses		215	1,006
- investments	3,219	569	711
- securities	164	14	128
- financing receivables	861	841	695
- change in payables and receivables in relation to disposals	147	2	243
Cash flow from disposals	*4,767*	*1,970*	*2,978*
Net cash used in investing activities	**(10,254)**	**(12,965)**	**(11,218)**
Proceeds from long-term debt	8,774	2,953	4,474
Repayments of long-term debt	(2,044)	(3,327)	(889)
Increase (decrease) in short-term debt	(2,889)	2,646	(2,481)
	3,841	**2,272**	**1,104**
Net capital contributions/payments by/to non-controlling interest	1,551		26
Net sale of treasury shares by consolidated subsidiaries	9	37	17
Acquisition of additional interests in consolidated subsidiaries	(2,068)		(126)
Dividends paid to Eni's shareholders	(4,166)	(3,622)	(3,695)
Dividends paid to non-controlling interest	(350)	(514)	(552)
Sale of treasury shares			3
Net cash used in financing activities	**(1,183)**	**(1,827)**	**(3,223)**
Effect of change in consolidation (inclusion/exclusion of significant/insignificant subsidiaries)			*(7)*
Effect of exchange rate changes on cash and cash equivalents and other changes	*(30)*	*39*	*17*
Net cash flow of the year	**(331)**	**(59)**	**(49)**
Cash and cash equivalents - beginning of the year	**1,939**	**1,608**	**1,549**
Cash and cash equivalents - end of the year	**1,608**	**1,549**	**1,500**

Non-GAAP measures

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

Management evaluates Group and business performance on the basis of adjusted operating profit and adjusted net profit, which are arrived at by excluding inventory holding gains or losses and special items. Furthermore, finance charges on finance debt, interest income, gains or losses deriving from the evaluation of certain derivative financial instruments at fair value through profit or loss (as they do not meet the formal criteria to be assessed as hedges under IFRS, excluding commodity derivatives), and exchange rate differences are all excluded when determining adjusted net profit of each business segment. The taxation effect of the items excluded from adjusted operating or net profit is determined based on the specific rate of taxes applicable to each of them. The Italian statutory tax rate is applied to finance charges and income (38% is applied to charges recorded by companies in the energy sector, whilst a tax rate of 27.5% is applied to all other companies). Adjusted operating profit and adjusted net profit are non-GAAP financial measures under either IFRS, or US GAAP. Management includes them in order to facilitate a comparison of base business performance across periods, and to allow financial analysts to evaluate Eni's trading performance on the basis of their forecasting models. In addition, management uses segmental adjusted net profit when calculating Return On Average Capital Employed (ROACE) by each business segment.

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

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

Special items include certain significant income or charges pertaining to either: (i) infrequent or unusual events and transactions, being identified as non-recurring items under such circumstances; or (ii) certain events or transactions which are not considered to be representative of the ordinary course of business, as in the case of environmental provisions, restructuring charges, asset impairments or write ups and gains or losses on divestments even though they occurred in past periods or are likely to occur in future ones. As provided for in Decision No. 15519 of July 27, 2006 of the Italian market regulator (Consob), non recurring material income or charges are to be clearly reported in the management's discussion and financial tables. Also, special items include gains and losses on re-measurement at fair value of certain non-hedging commodity derivatives, including the ineffective portion of cash flow hedges and certain derivatives financial instruments embedded in the pricing formula of long-term gas supply agreements of the Exploration & Production Division.

Finance charges or income related to net borrowings excluded from the adjusted net profit of business segments are comprised of interest charges on finance debt and interest income earned on cash and cash equivalents not related to operations. In addition, gains or losses on the fair value evaluation of the aforementioned derivative financial instruments, excluding commodity derivatives and exchange rate differences are excluded from the adjusted net profit of business segments. Therefore, the adjusted net profit of business segments includes finance charges or income deriving from certain segment-operated assets, i.e., interest income on certain receivable financing and securities related to operations and finance charge pertaining to the accretion of certain provisions recorded on a discounted basis (as in the case of the asset retirement obligations in the Exploration & Production Division). Finance charges or interest income and related taxation effects excluded from the adjusted net profit of the business segments are allocated on the aggregate Corporate and financial companies.

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

2011 (€ million)	E&P	G&P	R&M	Petrochemicals	E&C	Other activities	Corporate and financial companies	Impact of unrealized intragroup profit elimination	Group
Reported operating profit	**15,887**	**1,758**	**(273)**	**(424)**	**1,422**	**(427)**	**(319)**	**(189)**	**17,435**
Exclusion of inventory holding (gains) losses		(166)	(907)	(40)					(1,113)
Exclusion of special items									
of which:									
Non-recurring (income) charges				**10**		**59**			**69**
Other special (income) charges:	**190**	**354**	**645**	**178**	**21**	**142**	**53**		**1,583**
- environmental charges		10	34	1		141			186
- asset impairments	190	145	488	160	35	4			1,022
- gains on disposal of assets	(63)	(4)	10		4	(7)	(1)		(61)
- risk provisions		77	8			9	(6)		88
- provision for redundancy incentives	44	40	81	17	10	8	9		209
- re-measurement gains/losses on commodity derivatives	1	45	(3)		(28)				15
- other	18	41	27			(13)	51		124
Special items of operating profit	**190**	**354**	**645**	**188**	**21**	**201**	**53**		**1,652**
Adjusted operating profit	**16,077**	**1,946**	**(535)**	**(276)**	**1,443**	**(226)**	**(266)**	**(189)**	**17,974**
Net finance (expense) income [a]	(231)	33				5	(932)		(1,125)
Net income (expense) from investments [a]	624	407	99		95	(3)	1		1,223
Income taxes [a]	(9,604)	(845)	174	68	(440)	(1)	410	78	(10,160)
Tax rate (%)	*58.3*	*35.4*	*..*		*28.6*				*56.2*
Adjusted net profit	**6,866**	**1,541**	**(262)**	**(208)**	**1,098**	**(225)**	**(787)**	**(111)**	**7,912**
of which:									
- Adjusted net profit of non-controlling interest									943
- Adjusted net profit attributable to Eni's shareholders									**6,969**
Reported net profit attributable to Eni's shareholders									**6,860**
Exclusion of inventory holding (gains) losses									(724)
Exclusion of special items:									833
- non-recurring charges									*69*
- other special (income) charges									*764*
Adjusted net profit attributable to Eni's shareholders									**6,969**

(a) Excluding special items.

2010 (€ million)	E&P	G&P	R&M	Petrochemicals	E&C	Other activities	Corporate and financial companies	Impact of unrealized intragroup profit elimination	Group
Reported operating profit	**13,866**	**2,896**	**149**	**(86)**	**1,302**	**(1,384)**	**(361)**	**(271)**	**16,111**
Exclusion of inventory holding (gains) losses		(117)	(659)	(105)					(881)
Exclusion of special items									
of which:									
Non-recurring (income) charges		**(270)**			**24**				**(246)**
Other special (income) charges:	**18**	**610**	**339**	**78**		**1,179**	**96**		**2,320**
- environmental charges	30	25	169			1,145			1,369
- asset impairments	127	436	76	52	3	8			702
- gains on disposal of assets	(241)	4	(16)		5				(248)
- risk provisions		78	2			7	8		95
- provision for redundancy incentives	97	75	113	26	14	10	88		423
- re-measurement gains/losses on commodity derivatives		30	(10)		(22)				(2)
- other	5	(38)	5			9			(19)
Special items of operating profit	**18**	**340**	**339**	**78**	**24**	**1,179**	**96**		**2,074**
Adjusted operating profit	**13,884**	**3,119**	**(171)**	**(113)**	**1,326**	**(205)**	**(265)**	**(271)**	**17,304**
Net finance (expense) income [a]	(205)	19			33	(9)	(530)		(692)
Net income (expense) from investments [a]	274	406	92	1	10	(2)			781
Income taxes [a]	(8,353)	(986)	30	27	(375)		96	102	(9,459)
Tax rate (%)	*59.9*	*27.8*	*..*		*27.4*				*54.4*
Adjusted net profit	**5,600**	**2,558**	**(49)**	**(85)**	**994**	**(216)**	**(699)**	**(169)**	**7,934**
of which:									
- Adjusted net profit of non-controlling interest									1,065
- Adjusted net profit attributable to Eni's shareholders									**6,869**
Reported net profit attributable to Eni's shareholders									**6,318**
Exclusion of inventory holding (gains) losses									(610)
Exclusion of special items:									1,161
- non-recurring charges									*(246)*
- other special (income) charges									*1,407*
Adjusted net profit attributable to Eni's shareholders									**6,869**

(a) Excluding special items.

2009 (€ million)	E&P	G&P	R&M	Petrochemicals	E&C	Other activities	Corporate and financial companies	Impact of unrealized intragroup profit elimination	Group
Reported operating profit	**9,120**	**3,687**	**(102)**	**(675)**	**881**	**(436)**	**(420)**		**12,055**
Exclusion of inventory holding (gains) losses		326	(792)	121					(345)
Exclusion of special items									
of which:									
Non-recurring (income) charges					**250**				**250**
Other special (income) charges:	**364**	**(112)**	**537**	**128**	**(11)**	**178**	**78**		**1,162**
- environmental charges		19	72			207			298
- asset impairments	618	27	389	121	2	5			1,162
- gains on disposal of assets	(270)	(6)	(2)		3	(2)			(277)
- risk provisions		115	17			(4)			128
- provision for redundancy incentives	31	25	22	10		8	38		134
- re-measurement gains/losses on commodity derivatives	(15)	(292)	39	(3)	(16)				(287)
- other						(36)	40		4
Special items of operating profit	**364**	**(112)**	**537**	**128**	**239**	**178**	**78**		**1,412**
Adjusted operating profit	**9,484**	**3,901**	**(357)**	**(426)**	**1,120**	**(258)**	**(342)**		**13,122**
Net finance (expense) income [a]	(23)	(15)				12	(525)		(551)
Net income (expense) from investments [a]	243	332	75		49	1			700
Income taxes [a]	(5,826)	(1,302)	85	86	(277)		123	(3)	(7,114)
Tax rate (%)	*60.0*	*30.9*	*..*		*23.7*				*53.6*
Adjusted net profit	**3,878**	**2,916**	**(197)**	**(340)**	**892**	**(245)**	**(744)**	**(3)**	**6,157**
of which:									
- Adjusted net profit of non-controlling interest									950
- Adjusted net profit attributable to Eni's shareholders									**5,207**
Reported net profit attributable to Eni's shareholders									**4,367**
Exclusion of inventory holding (gains) losses									(191)
Exclusion of special items:									1,031
- non-recurring charges									*250*
- other special (income) charges									*781*
Adjusted net profit attributable to Eni's shareholders									**5,207**

(a) Excluding special items.

Breakdown of special items (€ million)	2009	2010	2011
Non-recurring charges (income)	**250**	**(246)**	**69**
of which:			
- expected settlement of TSKJ proceeding	*250*		
- settlement/payments on antitrust and other Authorities proceedings		*(246)*	*69*
Other special charges (income):	**1,162**	**2,320**	**1,583**
environmental charges	298	1,369	186
asset impairments	1,162	702	1,022
gains on disposal of assets	(277)	(248)	(61)
risk provisions	128	95	88
provisions for redundancy incentives	134	423	209
re-measurement gains/losses on commodity derivatives	(287)	(2)	15
other	4	(19)	124
Special items of operating profit	**1,412**	**2,074**	**1,652**
Net finance (income) expense		**35**	**4**
Net (income) expense from investments	**179**	**(324)**	**(883)**
of which:			
- gains from disposal of assets		*(332)*	*(1,122)*
- impairments		*28*	*191*
Income taxes	**(560)**	**(624)**	**60**
of which:			
impairment of deferred tax assets E&P	*72*	*29*	
deferred tax adjustment in a Production Sharing Agreement			*552*
re-allocation of tax impact on Eni SpA dividends and other special items	*(219)*	*29*	*29*
taxes on special items of operating profit	*(413)*	*(653)*	*(521)*
Total special items of net profit	**1,031**	**1,161**	**833**

Financial information

Frequently Used Terms

For a reconciliation of Summarized Group Balance Sheet and Summarized Group Cash Flow Statement with the corresponding statutory tables see Eni's 2010 Annual Report, "Reconciliation of Summarized Group Balance Sheet and Statement of Cash Flows to Statutory Schemes" pages 88-90.

Summarized Group Balance Sheet

The Summarized Group Balance Sheet aggregates the amount of assets and liabilities derived from the statutory balance sheet in accordance with functional criteria which consider the enterprise conventionally divided into the three fundamental areas focusing on resource investments, operations and financing.
Management believes that this Summarized Group Balance Sheet is useful information in assisting investors to assess Eni's capital structure and to analyze its sources of funds and investments in fixed assets and working capital. Management uses the Summarized Group Balance Sheet to calculate key ratios such as Return On Capital Employed (ROACE) and the proportion of net borrowings to shareholders' equity (leverage) intended to evaluate whether Eni's financing structure is sound and well-balanced.

Summarized Group Balance Sheet (€ million)	Dec. 31, 2010	Dec. 31, 2011
Fixed assets		
Property, plant and equipment	67,404	73,578
Inventories - compulsory stock	2,024	2,433
Intangible assets	11,172	10,950
Equity-accounted investments and other investments	6,090	6,242
Receivables and securities held for operating purposes	1,743	1,740
Net payables related to capital expenditures	(970)	(1,576)
	87,463	**93,367**
Net working capital		
Inventories	6,589	7,575
Trade receivables	17,221	17,709
Trade payables	(13,111)	(13,436)
Tax payables and provisions for net deferred tax liabilities	(2,684)	(3,503)
Provisions	(11,792)	(12,735)
Other current assets and liabilities	(1,286)	281
	(5,063)	**(4,109)**
Provisions for employee post-retirement benefits	**(1,032)**	**(1,039)**
Net assets held for sale including related net borrowings	**479**	**206**
CAPITAL EMPLOYED, NET	**81,847**	**88,425**
Shareholders' equity:		
- Eni shareholders' equity	*51,206*	*55,472*
- Non-controlling interest	*4,522*	*4,921*
	55,728	**60,393**
Net borrowings	**26,119**	**28,032**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**81,847**	**88,425**

Net borrowings and leverage

Eni evaluates its financial condition by reference to **net borrowings**, which is calculated as total finance debt less: cash, cash equivalents and certain very liquid investments not related to operations, including among others non-operating financing receivables and securities not related to operations. Non-operating financing receivables consist of amounts due to Eni's financing subsidiaries from banks and other financing institutions and amounts due to other subsidiaries from banks for investing purposes and deposits in escrow. Securities not related to operations consist primarily of government and corporate securities.

Leverage is a measure used by management to assess the Company's level of indebtedness. It is calculated as a ratio of net borrowings which is calculated by excluding cash and cash equivalents and certain very liquid assets from financial debt to shareholders' equity, including non-controlling interest. Management periodically reviews leverage in order to assess the soundness and efficiency of the Group balance sheet in terms of optimal mix between net borrowings and net equity, and to carry out benchmark analysis with industry standards.

Net borrowings and leverage (€ million)	Dec. 31, 2010	Dec. 31, 2011
Total debt	27,783	29,597
- Short-term debt	*7,478*	*6,495*
- Long-term debt	*20,305*	*23,102*
Cash and cash equivalents	(1,549)	(1,500)
Securities held for non-operating purposes	(109)	(37)
Financing receivables for non-operating purposes	(6)	(28)
Net borrowings	**26,119**	**28,032**
Shareholders' equity including non-controlling interest	**55,728**	**60,393**
Leverage	**0.47**	**0.46**

Summarized Group Cash Flow Statement and Change in net borrowings

Eni's summarized Group cash flow statement derives from the statutory statement of cash flows. It enables investors to understand the link existing between changes in cash and cash equivalents (deriving from the statutory cash flow statement) and in net borrowings (deriving from the summarized cash flow statement) that occurred from the beginning of the period to the end of period. The measure enabling such a link is represented by the free cash flow which is the cash in excess of capital expenditure needs. Starting from free cash flow it is possible to determine either: (i) changes in cash and cash equivalents for the period by adding/deducting cash flows relating to financing debts/receivables (issuance/repayment of debt and receivables related to financing activities), shareholders' equity (dividends paid, net repurchase of own shares, capital issuance) and the effect of changes in consolidation and of exchange rate differences; and
(ii) change in net borrowings for the period by adding/deducting cash flows relating to shareholders' equity and the effect of changes in consolidation and of exchange rate differences. The free cash flow is a non-GAAP measure of financial performance.

Summarized Group Cash Flow Statement (€ million)	2009	2010	2011
Net profit	**5,317**	**7,383**	**7,803**
Adjustments to reconcile net profit to net cash provided by operating activities:			
- depreciation, depletion and amortization and other non monetary items	9,117	9,024	9,095
- net gains on disposal of assets	(226)	(552)	(1,170)
- dividends, interest, taxes and other changes	6,843	9,368	10,651
Changes in working capital related to operations	(1,195)	(1,720)	(2,176)
Dividends received, taxes paid, interest (paid) received during the period	(8,720)	(8,809)	(9,821)
Net cash provided by operating activities	**11,136**	**14,694**	**14,382**
Capital expenditures	(13,695)	(13,870)	(13,438)
Investments and purchase of consolidated subsidiaries and businesses	(2,323)	(410)	(360)
Disposals	3,595	1,113	1,912
Other cash flow related to capital expenditures, investments and disposals	(295)	228	627
Free cash flow	**(1,582)**	**1,755**	**3,123**
Cash flows of financial instruments not related to operations	396	(26)	41
Changes in short and long-term finance debt	3,841	2,272	1,104
Dividends paid and changes in non-controlling interests and reserves	(2,956)	(4,099)	(4,327)
Effect of changes in consolidation area and exchange differences	(30)	39	10
NET CASH FLOW FOR THE PERIOD	**(331)**	**(59)**	**(49)**

Change in net borrowings (€ million)	2009	2010	2011
Free cash flow	**(1,582)**	**1,755**	**3,123**
Net borrowings of acquired companies		(33)	
Net borrowings of divested companies			(192)
Exchange differences on net borrowings and other changes	(141)	(687)	(517)
Dividends paid and changes in non-controlling interest and reserves	(2,956)	(4,099)	(4,327)
CHANGE IN NET BORROWINGS	**(4,679)**	**(3,064)**	**(1,913)**

ROACE

Return On Average Capital Employed for the Group, on an adjusted basis is the return on the Group average capital invested, calculated as ratio of net adjusted profit before non-controlling interests, plus net finance charges on net borrowings net of the related tax effect, to net average capital employed. The tax rate applied on finance charges is the Italian statutory tax rate of 34%. The capital invested, as of the period end, used for the calculation of net average capital invested is obtained by deducting inventory gains or losses in the period, net of the related tax effect. ROACE by Division is determined as ratio of adjusted net profit to net average capital invested pertaining to each Division and rectifying the net capital invested as of period-end, from net inventory gains or losses (after applying the business specific tax rate).

ROACE - Return On Average Capital Employed (€ million)	2009	2010	2011
Adjusted net profit	**6,157**	**7,934**	**7,912**
Exclusion of after-tax finance expenses/interest income	283	337	454
Adjusted net profit unlevered	**6,440**	**8,271**	**8,366**
Adjusted capital employed, net			
- at the beginning of period	66,886	73,106	81,847
- at the end of period	72,915	81,237	87,701
Adjusted average capital employed, net	**69,901**	**77,172**	**84,774**
Adjusted ROACE (%)	**9.2**	**10.7**	**9.9**

Pro-forma adjusted EBITDA

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization charges) on an adjusted basis is calculated by adding amortization and depreciation charges to adjusted operating profit, which is also modified to take into account the impact associated with certain derivatives instruments as detailed below. This performance indicator includes the adjusted EBITDA of Eni's wholly owned subsidiaries and Eni's share of adjusted EBITDA generated by certain associates which are accounted for under the equity method for IFRS purposes. The EBITDA reported by Regulated businesses in Italy is included according to Eni's share of equity in the parent company Snam SpA (55.53% as of December 31, 2011, which takes into account the amount of own shares held in treasury by the subsidiary itself) due to its listed company status. In order to calculate the EBITDA pro-forma adjusted, the adjusted operating profit of the Marketing business has been modified to take into account the impact of the settlement of certain commodity and exchange rate derivatives that do not meet the formal criteria to be classified as hedges under the IFRS. These are entered into by the Company in view of certain amounts of gas and electricity that the Company expects to supply at fixed prices during future periods.

The impact of those derivatives has been allocated to the EBITDA pro-forma adjusted relating to the reporting periods during which those supplies at fixed prices are recognized. Management believes that the EBITDA pro-forma adjusted is an important alternative measure to assess the performance of Eni's Gas & Power Division, taking into account evidence that this Division is comparable to European utilities in the gas and power generation sector. This measure is provided in order to assist investors and financial analysts in assessing the divisional performance of Eni Gas & Power, as compared to its European peers, as EBITDA is widely used as the main performance indicator for utilities. The EBITDA pro-forma adjusted is a non-GAAP measure under IFRS.

Production Sharing Agreements (PSA)

Contract in use in non OECD Countries, regulating relationships between States and oil companies with regard to the exploration and production of hydrocarbons. The mining concession is assigned to the national oil company jointly with the foreign oil company who has exclusive right to perform exploration, development and production activities and can enter agreements with other local or international entities. In this type of contract the national oil company assigns to the international contractor the task of performing exploration and production with the contractor's equipment and financial resources. Exploration risks are borne by the contractor and production is divided into two portions: "Cost Oil" is used to recover costs borne by the contractor, "Profit Oil" is divided between contractor and national company according to variable schemes and represents the profit deriving from exploration and production. Further terms and conditions may vary from one Country to the other.

Possible reserves

Possible reserves are those additional reserves that are less certain to be recovered than probable reserves.

Probable reserves

Probable reserves are those additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are as likely as not to be recovered.

Proved reserves

Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible, from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations, prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time. Existing economic conditions include prices and costs at which economic producibility from a reservoir is to be determined. The price shall be the average price during the 12-month period prior to the ending date of the period covered by the report, determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions. Reserves are classified as either developed and undeveloped. Proved developed oil and gas reserves are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared to the cost of a new well, and through installed extraction equipment and infrastructure operational at the time of the reserves estimate if the extraction is by means not involving a well. Proved undeveloped oil and gas reserves are reserves of any category that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.

Recoverable reserves
Amounts of hydrocarbons included in different categories of reserves (proved, probable and possible), without considering their different degree of uncertainty.

Reserves
Quantities of oil and gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. In addition, there must exist, or there must be a reasonable expectation that will exist, the legal right to produce or a revenue interest in the production, installed means of delivering oil and gas or related substances to market, and all permits and financing required to implement the project. Reserves can be: (i) developed reserves quantities of oil and gas anticipated to be through installed extraction equipment and infrastructure operational at the time of the reserves estimate; (ii) undeveloped reserves: oil and gas expected to be recovered from new wells, facilities and operating methods.

Reserve replacement ratio
Measure of the reserves produced replaced by proved reserves. Indicates the Company's ability to add new reserves through exploration and purchase of property. A rate higher than 100% indicates that more reserves were added than produced in the period. The ratio should be averaged on a three-year period in order to reduce the distortion deriving from the purchase of proved property, the revision of previous estimates, enhanced recovery, improvement in recovery rates and changes in the value of reserves – in PSAs – due to changes in international oil prices. Management also calculates this ratio by excluding the effect of the purchase of proved property in order to better assess the underlying performance of the Company's operations.

Average reserve life index
Ratio between the amount of reserves at the end of the year and total production for the year.

Resource base
Oil and gas volumes contained in a reservoir as ascertained based on available engineering and geological data (sum of proved, probable and possible reserves) plus volumes not yet discovered but that are expected to be eventually recovered from the reservoir net of a risk factor (risked exploration resources).

Take-or-pay
Clause included in natural gas supply contracts according to which the purchaser is bound to pay the contractual price or a fraction of such price for a minimum quantity of gas set in the contract whether or not the gas is collected by the purchaser. The purchaser has the option of collecting the gas paid for and not delivered at a price equal to the residual fraction of the price set in the contract in subsequent contract years.

Conversion
Refinery process allowing the transformation of heavy fractions into lighter fractions. Conversion processes are cracking, visbreaking, coking, the gasification of refinery residues, etc. The ratio of overall treatment capacity of these plants and that of primary crude fractioning plants is the conversion rate of a refinery. Flexible refineries have higher rates and higher profitability.

Directors and officers

Eni's Board of Directors (*)

Giuseppe Recchi
Chairman

He has been Chairman of the Board of Eni since May 2011.
He is Vice Chairman of GE Capital SpA; member of the Board of Directors and the compensation and audit committees of Exor SpA (listed at Milan Stock Exchange); member of the European Advisory Board of Blackstone and member of the Massachussetts Institute of Technology E.I. External Advisory Board. He is also member of the executive committees of Confindustria (the Confederation of Italian Industries, where he is Chairman of the Foreign Investment Committee), Assonime (Association of Italian Joint Stock Companies), and Aspen Institute Italia; member of the Trilateral Commission; member of the Board of Directors of FEEM - Eni Enrico Mattei Foundation and of the Italian Institute of Technology. He graduated in Engineering at Polytechnic of Turin. In 1989 he started his career as an entrepreneur at Recchi SpA. From 1994 he has served as Executive Chairman of Recchi America Inc, the US branch of the Group and as Managing Director for the overseas activities of Ferrocemento - Recchi Group (now Condotte SpA). In 1999 he joined General Electric, where he held several managerial positions in Europe and in the USA. He served as Director of GE Capital Structure Finance Group; Managing director for Industrial M&A and Business Development for GE EMEA and as President & CEO of GE Italy. Until May 2011 he was President & CEO of GE South Europe.

Paolo Scaroni
Chief Executive Officer and General Manager

He has been Chief Executive Officer of Eni since June 2005.
He is currently Director of Assicurazioni Generali, Non-Executive Deputy Chairman of the London Stock Exchange Group, Director of Veolia Environnement. He is also member of the Board of Overseers of Columbia Business School, in New York, and Director of Fondazione Teatro alla Scala. After graduating in Economics and Business at the Luigi Bocconi University, in Milan, in 1969, he worked for three years at Chevron, and obtained an MBA from Columbia University, in New York, and continued his career at McKinsey. In 1973, he joined Saint Gobain, where he held a series of managerial positions in Italy and abroad, until his appointment as Head of the Glass Division in Paris in 1984. From 1985 to 1996 he was Deputy Chairman and Chief Executive Officer of Techint. In 1996, he moved to the UK and was Chief Executive Officer of Pilkington until May 2002. From May 2002 to May 2005 he was Chief Executive Officer and Chief Operating Officer of Enel. From 2005 to July 2006 he was Chairman of Alliance Unichem. In May 2004 he was decorated as Cavaliere del Lavoro. In November 2007 he was decorated as Officer of the Légion d'honneur.

Carlo Cesare Gatto

He has been a Director of Eni since May 2011. He graduated in Economics and Business at the Università degli Studi of Turin. He is a registered public auditor. He is currently Chairman of the Board of Statutory Auditors of RAI SpA, Natuzzi SpA and Difesa Servizi SpA, Chairman of the Board of Directors of DeaPrinting Officine Grafiche Novara 1901 SpA, and Chairman of Flenco Fluid System Srl and Director of Arcese Trasporti SpA.
He was teacher of Finance, Administration and Control at the Isvor Fiat SpA training institute.
In 1968 he was hired by Impresit as Chief Accountant, and managed, in Jordan, the finance department of the local branch. He joined the Fiat Group in 1969 where over the years he held a series of positions of increasing responsibility in the area of finance, administration and control. In 1993 he was the Italian Representative at the European Commission for the fiscal harmonisation of member States. In 1992 he was decorated as Cavaliere Ordine al Merito della Repubblica Italiana and, in 1995, as Ufficiale Ordine al Merito della Repubblica Italiana.

Alessandro Lorenzi

He has been a Director of Eni since May 2011.
He graduated in Political Science at the Università degli Studi of Turin. He is currently a founding partner of Tokos Srl, a consulting firm for securities investment, and Chairman of Società Metropolitana Acque Torino SpA. He began his career at SAIAG SpA. In 1975 he joined Fiat Iveco SpA where he held a series of positions. In 1983 he joined GFT Group where he was: Head of Administration, Finance and Control of Cidat SpA, a GFT SpA subsidiary (1983-1984), Central Controller of GFT Group (1984-1988), Head of Finance and Control of GFT Group (1989-1994) and Managing Director of GFT SpA, with ordinary and extraordinary powers over all operating activities (1994-1995).
In 1995 he was appointed Chief Executive Officer of SCI SpA In 1998 he was appointed Central Manager, and subsequently Director of Ersel SIM SpA. In 2000 he became Central Manager of Planning and Control at the Ferrero Group and General Manager of Soremartec. In May 2003 he was appointed CFO of Coin Group. In 2006 he became Central Corporate Manager at Lavazza SpA, becoming member of the Board of Directors from 2008 to June 2011. Until this date, he was also Director of LCS Srl as well as Chairman of COFINCAF SpA until May 2011.

Paolo Marchioni

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

Roberto Petri

He has been a Director of Eni since May 2011. Born in 1949. He has a degree in Law from the Università degli Studi Gabriele D'Annunzio, of Chieti and Pescara. Since 2007, he has been part of the Board of Directors of the Ravenna Festival and since 2011, Chairman of the Board of Directors for the company Italimmobili Srl. In 1976, he was hired by Banca Nazionale del Lavoro (BNL) and filled a number of roles therein. In 1990 he was appointed Commercial Manager of Banca Popolare and in 1994 moved to the Cassa di Risparmio

(*) Appointed by the Ordinary Shareholders' Meeting held on May 5, 2011, for a three-year period. The Board of Directors appointed Paolo Scaroni Chief Executive Officer. The Board mandate will expire with the shareholders' meeting approving the financial statements for the year ending December 31, 2013.

di Ravenna Group (Carisp Ravenna and Banca di Imola), where he held the same role. From 2001 and 2006, he was Chief Secretary to the Under-Secretary of Defence, where he was mainly involved with the Department's contacts with the defence industry and international relations. From 2008 to 2011, he was Chief Secretary at the Ministry of Defence. From 2003 to 2006, he was Director of Fintecna SpA and from 2005 to 2008 Director of Finmeccanica SpA.

Alessandro Profumo

He has been a Director of Eni since May 2011. He graduated in Business Administration at the Università Luigi Bocconi of Milan. He is currently Chairman of Appeal Strategy & Finance Srl and member of the Supervisory Board of Sberbank. He is also a member of the Board of Directors of Bocconi University in Milan and of the Fondazione Arnaldo Pomodoro. He began his career in 1977 at the Banco Lariano, becoming Branch Manager in Milan. In 1987 he joined McKinsey where he was Project Manager in the strategy area for the finance sector. In 1989 he was appointed Head of relations with financial institutions and integrated development projects at Bain, Cuneo e Associati (now Bain & Company). In 1991 he left the field of company consultancy to join RAS, Riunione Adriatica di Sicurtà. In 1994 he joined Credito Italiano. In 1997 he was appointed Chief Executive Officer of Credito Italiano and subsequently of Unicredit, a position he held until September 2010. On an international level he was Chairman of the European Banking Federation and Chairman of the IMC Washington. In May 2004 he was decorated as Cavaliere del Lavoro.

Mario Resca

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

Francesco Taranto

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

Board Committees

Internal Control Committee:
Alessandro Lorenzi - *Chairman*,
Carlo Cesare Gatto, Paolo Marchioni
and Francesco Taranto

Compensation Committee:
Mario Resca - *Chairman*,
Carlo Cesare Gatto, Roberto Petri
and Alessandro Profumo

Nominations Committee:
Giuseppe Recchi - *Chairman*,
Alessandro Lorenzi,
Alessandro Profumo and Mario Resca

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

Board of Statutory Auditors

Ugo Marinelli - *Chairman,*
Roberto Ferranti, Paolo Fumagalli,
Renato Righetti, Giorgio Silva, Francesco Bilotti
and Maurizio Lauri

External Auditors

Reconta Ernst & Young SpA

Group Officers

Paolo Scaroni
Chief Executive Officer and General Manager

Claudio Descalzi
Exploration & Production Chief Operating Officer

Umberto Vergine
Gas & Power Chief Operating Officer

Angelo Fanelli
Refining & Marketing Chief Operating Officer

Alessandro Bernini
Chief Financial Officer

Salvatore Sardo
Chief Corporate Operations Officer

Stefano Lucchini
Senior Executive Vice President for Public Affairs and Communication

Massimo Mantovani
Senior Executive Vice President for General Counsel Legal Affairs

Salvatore Meli
Executive Vice President for Research and Technological Innovation

Marco Petracchini
Senior Executive Vice President for Internal Audit

Roberto Ulissi
Senior Executive Vice President for Corporate Affairs and Governance

Raffaella Leone
Executive Assistant to the Chief Executive Officer

Remuneration [a]

The Eni Remuneration System is defined consistently with the recommendations of the Borsa Italiana's Code as transposed in the Eni Code.

Pursuant to Article 84-quater of Consob Decision No. 11971 of May 14, 1999, and subsequent modifications, the table below reports individual remuneration earned in 2011 by each Member of the Board of Directors and Chief Operating Officers. The overall amount earned by Statutory Auditors and other Managers with strategic responsibilities is reported too.

Remuneration earned by Directors, Statutory Auditors, Chief Operating Officers, and other Managers with strategic responsibilities

(€ thousand)

Name	Office	Term of office	Office expiry [*]	Fixed remuneration	Committee membership remuneration	Variable non-equity remuneration: Bonuses and other incentives	Variable non-equity remuneration: Profit sharing	Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration [**]	Severance indemnity for end of office or termination of employment
Board of Directors												
Roberto Poli	Chairman	01.01 - 05.05	05.2011	262		375				637		1,000
Giuseppe Recchi	Chairman	05.06 - 12.31	04.2014	500						500		
Paolo Scaroni	CEO and General Manager	01.01 - 12.31	04.2014	1,430		3,439		15		4,884	175	1,000
Alberto Clô	Director	01.01 - 05.05	05.2011	40	16					56		
Paolo Andrea Colombo	Director	01.01 - 05.05	05.2011	40	13					53		
Carlo Cesare Gatto	Director	05.06 - 12.31	04.2014	75	32					107		
Alessandro Lorenzi	Director	05.06 - 12.31	04.2014	75	38					113		
Paolo Marchioni	Director	01.01 - 12.31	04.2014	115	39					154		
Roberto Petri	Director	05.06 - 12.31	04.2014	75	24					99		
Alessandro Profumo	Director	05.06 - 12.31	04.2014	75	29					104		
Marco Reboa	Director	01.01 - 05.05	05.2011	40	16					56		
Mario Resca	Director	01.01 - 12.31	04.2014	115	45					160		
Pierluigi Scibetta	Director	01.01 - 05.05	05.2011	40	13					53		
Francesco Taranto	Director	01.01 - 12.31	04.2014	115	45					160		
Board of Statutory Auditors				435					85	520		
Chief Operating Officers												
Claudio Descalzi	E&P Division	01.01 - 12.31		754		1,167		15	595	2,531	24	
Domenico Dispenza	G&P Division	01.01 - 12.31		740		1,339		13		2,092	41	2,844
Angelo Fanelli	R&M Division	01.01 - 12.31		541		504		14		1,059	14	
Other Managers with strategic responsibilities [***]				3,910		4,988		96	120	9,114	166	
				9,377	**310**	**11,812**		**153**	**800**	**22,452**	**420**	**4,844**

(*) For directors appointed by the Shareholders' Meeting of May 5, 2011, the term of office expires with the Shareholders' Meeting approving the financial statements for the year ending December 31, 2013.
(**) This refers to the 2011 pro-rata value (from January 1 to July 30) of the granting of the 2008 stock option plan in accordance with the breakdown provided for by the accounting standards.
(***) Managers who, during the course of the year and with the Chief Executive Officer and Chief Operating Officers of Eni's divisions were permanent members of the management committee and those who report directly to the Chief Executive Officer (ten managers).

In particular:

- the column "Fixed remuneration" reports, following the criteria of competence, fixed remuneration and fixed salary from employment due for the year, gross of social security and tax expenses to be paid by the employee; it excludes lump-sum expense reimbursements and attendance fees, as they are not envisaged.
  Details on compensation are provided in the notes, as well as separate indication of any indemnities or payments referred to the employment relationship;
- the column "Committees membership remuneration" reports, following the criteria of competence, the compensation due to the Directors for participation in the Committees established by the Board. In the notes, compensation for each Committee on which each Director participates is indicated separately;
- the column "Variable non-equity remuneration - Bonuses and other incentives" reports the incentives paid during the year due to the vesting of the relative rights following the assessment and approval of the relative performance results by the relevant company bodies, in accordance with that specified, in greater detail, in the Table "Monetary incentive plans for Directors, Chief Operating Officers, and other Managers with strategic responsibilities"; the column "Profit sharing", does not include any figures, as no form of profit-sharing is envisaged;
- the column "Non-monetary benefits" reports, in accordance with competence and taxability criteria, the value of fringe benefits awarded;
- the column "Other remuneration" reports, in accordance with the criteria of competence, any other remuneration deriving from other services provided;
- the column "Total" reports the sum of the amounts of all the previous items;

(a) For detailed information on Eni's remuneration policy and compensation see the "Remuneration Report 2012" available on Eni's website under the sections Governance and Investor relations.

- the column "Fair value of equity remuneration" reports the fair value of competence of the year related to the existing stock option plans, estimated in accordance with international accounting standards which assign the relevant cost in the vesting period;
- the column "Severance indemnities for end of office or termination of employment" reports the indemnities accrued, even if not yet paid, for the terminations which occurred during the course of financial year considered or in relation to the end of the office and/or employment.

The structure of Eni's management remuneration system is made up of:
(i) fixed remuneration;
(ii) short-term variable incentives tied to a target incentive level (performance=100) and a maximum level (performance=130), set at 110% and 155% respectively of the total fixed remuneration, based on the economic/ financial performance and operational results achieved by Eni in the previous year;
(iii) long-term variable component consisting of two distinct plans:
- Deferred Monetary Incentive Plan (DMI) with three annual awards, starting in 2012, in relation to the performance of the Company measured in terms of EBITDA. The said Plan maintains the same performance conditions and characteristics as described above for the Plan of the Chief Executive Officer and General Manager. For Chief Operating Officers and other Managers with Strategic Responsibilities the base incentive to be assigned at target level is differentiated by the grade of the role up to a maximum equal to 40% of the fixed remuneration. The incentive to be paid at the end of the three-year period in question is determined as a percentage between zero and 170% of the value awarded, in relation to the results achieved;
- Long-Term Monetary Incentive Plan (LTMI), envisaged for critical managerial staff. This Plan maintains the same performance conditions and characteristics as envisaged in the Plan of the Chief Executive Officer and General Manager. For Chief Operating Officers and other Managers with Strategic Responsibilities the base incentive to be awarded at target level is differentiated by the grade of the role up to a maximum equal to 50% of the fixed remuneration. The incentive to be paid at the end of the three-year period in question is determined as a percentage between zero and 130% of the value awarded, in relation to the results achieved. Studies regarding possible changes to the current Performance conditions of the Plan are in course, in order to take into account the specific structure of the Eni business portfolio with respect to that of the peer group in question;

(iv) benefits: For the Chief Executive Officer and General Manager, unchanged from the previous mandate and the policy enacted in 2011, insurance-related benefits are envisaged and, in particular, in respect of that envisaged in the national collective labour agreement and the additional company agreements for Eni senior managers, enrolment in the complementary retirement plan (FOPDIRE) as well as in the additional health plan (FISDE) are envisaged, together with the use of a company car.

The following table sets out long term variable components.

			Bonuses of the year		Bonuses of previous years			Other bonuses
Name	Office	(€ thousand)	paid/ payable	deferred	no longer payable	paid/ payable [a]	still deferred	
Roberto Poli	Chairman		375					
Paolo Scaroni	CEO and General Manager		2,110	3,234		1,329	6,791	
Claudio Descalzi	Chief Operating Officer E&P Division		537	672		280	962	350
Domenico Dispenza [b]	Chief Operating Officer G&P Division		453		246	886		
Angelo Fanelli	Chief Operating Officer R&M Division		345	487		159	564	
Other Managers with strategic responsibilities [c]			2,587	2,829		1,751	3,977	650
			6,407	**7,222**	**246**	**4,405**	**12,294**	**1,000**

(a) Payment relating to deferred monetary incentive granted in 2008 related to EBITDA performance in the three-year period 2008-2010.
(b) In charge until December 31, 2011. As of January 1, 2012, Umberto Vergine has been appointed as Gas & Power Chief Operating Officer.
(c) Managers who, during the course of the year and with the Chief Executive Officer and Division Chief Operating Officers, were permanent members of the Company Management Committee and the ones who report directly to the Chief Executive Officer (ten managers).

Overall remuneration of key management personnel

Remuneration of persons responsible of key positions in planning, direction and control functions of Eni Group companies, including executive and non-executive Directors, Chief Operating Officers and other managers with strategic responsibilities in charge at December 31, 2011, amounted to €34 million, as described in the following table:

(€ million)	2010	2011
Fees and salaries	20	21
Post employment benefits	1	1
Other long-term benefits	10	10
Indemnity upon termination of the office	2	2
	33	**34**

Eni share performance in 2011

As of December 31, 2011, the Company's share capital was €4,005,358,876, fully paid-up and represented by 4,005,358,876 ordinary registered shares, each with a nominal value of €1.00.

The average number of shares outstanding in the period, considering the treasury shares in Eni's portfolio, was 3,622,616,182 (3,622,454,738 in 2010).

In the last session of 2011, the Eni share price, quoted on the Italian Stock Exchange, was €16.01, down 2.1 percentage points from the price quoted at the end of 2010 (€16.34).

The Italian Stock Exchange is the primary market where the Eni share is traded. During the year the FTSE/MIB index, the basket including the 40 most important shares listed on the Italian Stock Exchange, decreased by 25.2 percentage points.

At the end of 2011, the Eni ADR listed on the NYSE was $41.27, down 5.6% compared to the price registered in the last session of 2010 ($43.74). One ADR is equal to two Eni ordinary shares. In the same period the S&P 500 index increased by 5.5% percentage points.

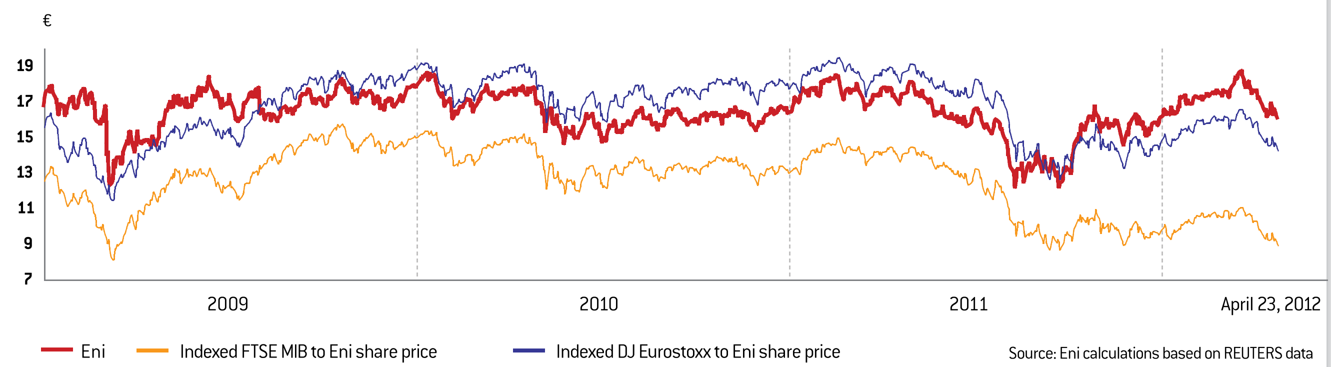
Eni market capitalization at the end of 2011 was €58 billion (€59.2 billion at the end of 2010), confirming Eni as the first company for market capitalization listed on the Italian Stock Exchange.

Eni share was one of the more liquid of the Italian market. Shares traded during the year totalled almost 5.9 billion, with an average number of shares traded daily of 22.9 million (20.7 million in 2010).

The total trade value of Eni share amounted to approximately €92 billion (€86 billion in 2010), equal to a daily average of €355 million.

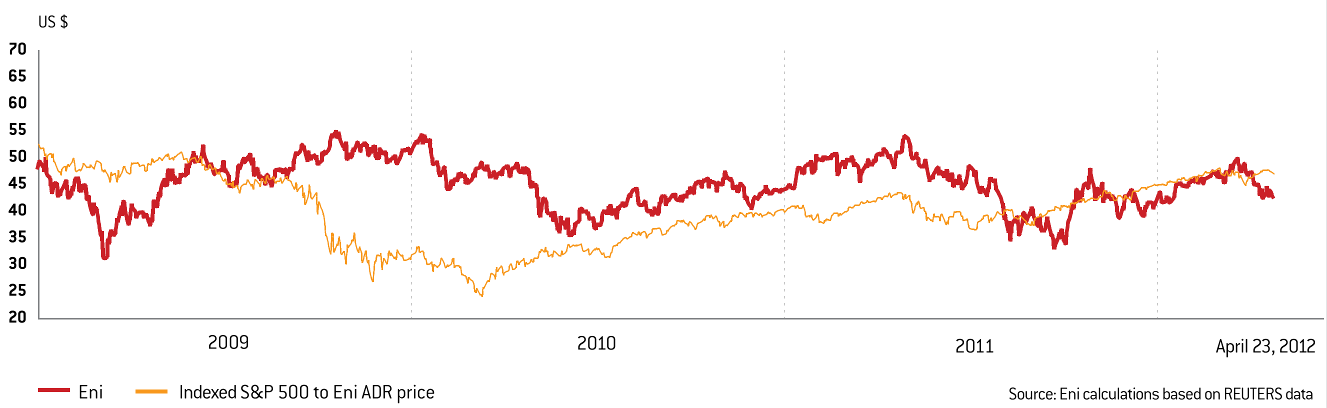
Share information		2009	2010	2011
Market quotations for common stock on the Mercato Telematico Azionario (MTA)				
High	(€)	18.35	18.56	18.42
Low	(€)	12.30	14.61	12.17
Average daily close	(€)	16.59	16.39	15.95
Year-end close	(€)	17.80	16.34	16.01
Market quotations for ADR on the New York Stock Exchange				
High	(US$)	54.45	53.89	53.74
Low	(US$)	31.07	35.37	32.98
Average daily close	(US$)	46.36	43.56	44.41
Year-end close	(US$)	50.61	43.74	41.27
Average daily traded volumes	(million of shares)	27.9	20.7	22.8
Value of traded volumes	(€ million)	461.7	336.0	355.0

Eni share price in Milan (December 31, 2008 - April 23, 2012)



Source: Eni calculations based on REUTERS data

Eni ADR price in New York (December 31, 2008 - April 23, 2012)

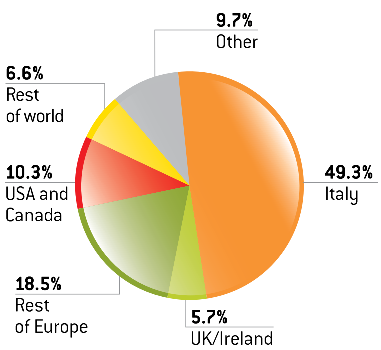


Source: Eni calculations based on REUTERS data

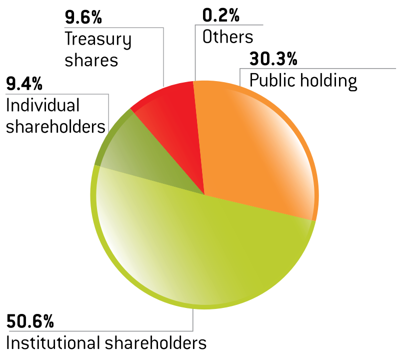
Share data		2009	2010	2011
Net profit pertaining to Eni:				
- per share [a]	(€)	1.21	1.74	1.89
- per ADR [a] [b]	(US$)	3.36	4.62	5.27
Adjusted net profit pertaining to Eni:				
- per share [a]	(€)	1.44	1.90	1.92
- per ADR [a] [b]	(US$)	4.01	5.04	5.36
Dividend:				
- per share [c]	(€)	1.00	1.00	1.04
- per ADR [b]	(US$)	2.79	2.65	2.90
Pay-out	(%)	83	57	55
Dividend yield [d]	(%)	5.8	6.1	6.6
Total shareholder return (TSR)	(%)	13.7	(2.2)	5.1
Number of shares outstanding:				
- at year end [e]	(million)	3,622.4	3,622.5	3,622.7
- average (fully diluted) [f]	(million)	3,622.4	3,622.5	3,622.5
Market capitalization [g]	(€ billion)	64.5	59.2	58.0

(a) Ratio of net profit and average number of shares outstanding in the year, assuming dilution. Dollar amounts are converted on the basis of the average EUR/USD exchange rate quoted by the ECB for the periods presented.
(b) One ADR (American Depositary Receipt) is equal to two Eni ordinary shares.
(c) Dividend per share pertaining to the year. This dividend is paid in two tranches. An interim dividend is paid in the same year, as approved by the Board; the balance to the full year dividend is paid in the following calendar year (after approval by the Annual Shareholders' Meeting).
(d) Ratio of dividend for the period to the average price of the Eni shares recorded on the Italian Stock Exchange in December.
(e) Excluding treasury shares.
(f) Calculated by excluding own shares in portfolio.
(g) Number of outstanding shares by references price at year end.

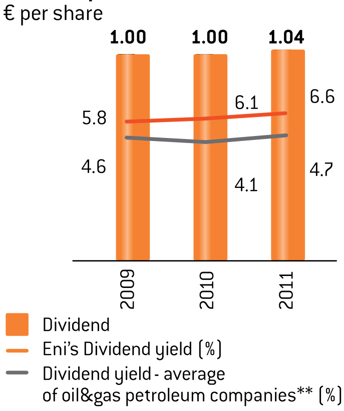
Shares distribution by geographic area *



Distribution of shareholders by type *



Dividend per share
€ per share



* As of September 22, 2011 being 2011 interim dividend payment date.
** Refers to: BP, Chevron, ConocoPhilips, Exxon Mobil, Royal Dutch Shell and Total.

Dividends

Eni announces dividends on its ordinary shares in terms of euros. For the fiscal year 2011, the Annual Shareholders' Meeting convened on May 8, 2012, is due to approve a dividend proposal made by the Board of Directors to pay a €1.04 a share dividend for 2011. Eni paid an interim dividend for fiscal year 2011 amounting to €0.52 per share to shares on the register at the ex-dividend date (September 19, 2011). Following shareholders approval, the balance of €0.52 to the 2011 dividend is scheduled for payment on May 24, 2012 (being the ex-dividend date May 21, 2012). Holders of ADRs will receive €1.04 per ADR, payable late in May 2012 being May 23, 2012 the ex-dividend date.

Eni intends to continue paying interim dividends in the future. Holders of ADRs receive their dividends in US dollars. The rate of exchange used to determine the amount in dollars is equal to the official rate recorded on the date of dividend payment in Italy (May 24, 2012). On ADR payment date, Bank of New York Mellon (until January 17, 2012 the depositary bank was JPMorgan Chase Bank, NA) pays the dividend less the amount of any withholding tax under Italian law (currently 27%) to all Depository Trust Company Participants, representing payment of Eni SpA's gross dividend. By submitting to Bank of New York Mellon certain required documents with respect to each dividend payment, US holders of ADRs will enable the Italian Depositary bank and JPMorgan as ADR Depositary to pay the dividend at the reduced withholding tax rate of 15%. US shareholders can obtain relevant documents as well as a complete instruction packet to benefit from this tax relief by contacting Bank of New York Mellon at 1.201.680.6825.

Publications

1 **Annual Report 2011** a comprehensive report on Eni's activities and financial and sustainability results for the year.

2 **Annual Report on Form 20-F 2011** a comprehensive report on Eni's activities and results to comply with the reporting requirements of the US Securities Exchange Act of 1934 and filed with the US Securities and Exchange Commission.

3 **Fact Book 2011** a report on Eni's businesses, strategies, objectives and development projects, including a full set of operating and financial statistics.

4 **Remuneration Report 2012** a report on Eni's compensation and remuneration policies pursuant to rule 123-ter of Legislative Decree No. 58/1998.

5 **Corporate Governance Report 2011** a report on the Corporate Governance system adopted by Eni pursuant to rule 123-bis of Legislative Decree No. 58/1998.

These and other Eni publications are available on Eni's internet site **eni.com**, in the section "Publications" (eni.com/sites/ENI_en_IT/documentation/documentation.page?type=bilrap&lef tbox=documentazione&doc_from=hpeni_left). Shareholders may receive a hard copy of Eni's publications, free of charge, by filling in the request form found in the section "Publications" or through an email request addressed to segreteriasocietaria.azionisti@eni.com or to investor.relations@eni.com. Any other information relevant to shareholders and investors can be found at Eni's website under the "Investor Relations" section.

Financial calendar

The dates of the Board of Directors' meetings to be held during 2012 in order to approve/review the Company's quarterly and semi-annual, and annual preliminary results are the following:

Results for the first quarter of 2012	**April 26, 2012**
Results for the second quarter and first half of 2012 and proposal of interim dividend for the financial year 2012	**July 31, 2012**
Results for the third quarter of 2012	**October 29, 2012**
Preliminary full-year results for the year ending December 31, 2012 and dividend proposal for the financial year 2012	**February 2013**

Energy conversion table

Oil
(average reference density 32.35 ƒAPI, relative density 0.8636)

1 barrel	(bbl)	158.987 l oil[a]	0.159 m^3 oil	162.602 m^3 gas		5,550 ft^3 gas
				5,800,000 btu		
1 barrel/d	(bbl/d)	~50 t/y				
1 cubic meter	(m^3)	1,000 l oil	6.29 bbl	1,033 m^3 gas		36,481 ft^3 gas
1 tonne oil equivalent	(toe)	1,160.49 l oil	7.299 bbl	1.161 m^3 oil	1,187 m^3 gas	41,911 ft^3 gas

Gas

1 cubic meter	(m^3)	0.976 l oil	0.00636 bbl	35,314.67 btu		35,315 ft^3 gas
1,000 cubic feet	(ft^3)	27.637 l oil	0.1742 bbl	1,000,000 btu	27.317 m^3 gas	0.02386 tep
1,000,000 British thermal unit	(btu)	27.4 l oil	0.17 bbl	0.027 m^3 oil	28.3 m^3 gas	1,000 ft^3 gas
1 tonne LNG	(tGNL)	1.2 toe	8.9 bbl	52,000,000 btu		52,000 ft^3 gas

Electricity

1 megawatthour=1,000 kWh	(MWh)	93.532 l oil	0.5883 bbl	0.0955 m^3 oil	94.448 m^3 gas	3,412.14 ft^3 gas
1 teraJoule	(TJ)	25,981.45 l oil	163.42 bbl	25.9814 m^3 oil	26,939.46 m^3 gas	947,826.7 ft^3 gas
1,000,000 kilocalories	(kcal)	108.8 l oil	0.68 bbl	0.109 m^3 oil	112.4 m^3 gas	3,968.3 ft^3 gas

(a) l oil: liters of oil.

Conversion of mass

	kilogram (kg)	pound (lb)	metric ton (t)
kg	1	2.2046	0.001
lb	0.4536	1	0.0004536
t	1,000	22,046	1

Conversion of length

	meter (m)	inch (in)	foot (ft)	yard (yd)
m	1	39.37	3.281	1.093
in	0.0254	1	0.0833	0.0278
ft	0.3048	12	1	0.3333
yd	0.9144	36	3	1

Conversion of volumes

	cubic foot (ft^3)	barrel (bbl)	liter (lt)	cubic meter (m^3)
ft^3	1	0	28.32	0.02832
bbl	5.615	1	159	0.158984
l	0.035311	0.0063	1	0.001
m^3	35.3107	6.2898	10^3	1

Abbreviations

/d	per day
/y	per year
bbbl	billion barrels
bbl	barrels
bboe	billion barrels of oil equivalent
bcf	billion cubic feet
bcm	billion cubic meters
bln liters	billion liters
bln tonnes	billion tonnes
boe	barrels of oil equivalent
EPC	Engineering Procurement Construction
EPIC	Engineering Procurement Installation Construction
FPSO	Floating Production Storage and Offloading
FSO	Floating Storage and Offloading
GWh	gigawatthour
LNG	liquefied natural gas
LPG	liquefied petroleum gas
kbbl	thousand barrels
kboe	thousand barrels of oil equivalent
km	kilometers
ktonnes	thousand tonnes
mmbbl	million barrels
mmboe	million barrels of oil equivalent
mmcf	million cubic feet
mmcm	million cubic meters
mmtonnes	million tonnes
no.	number
NGL	Natural Gas Liquids
PSA	Production Sharing Agreement
TWh	terawatthour

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Tax identification number: 00484960588
Branches:
San Donato Milanese (Milan) – Via Emilia, 1
San Donato Milanese (Milan) – Piazza Ezio Vanoni, 1

Publications
Financial Statement pursuant to rule 154-ter paragraph 1
of Legislative Decree No. 58/1998
Annual Report
Annual Report on Form 20-F
for the Securities and Exchange Commission
Fact Book (in Italian and English)
Eni in 2011 (in English)
Interim Consolidated Report as of June 30 pursuant
to rule 154-ter paragraph 2 of Legislative Decree No. 58/1998
Corporate Governance Report pursuant to rule 123-bis
of Legislative Decree No. 58/1998 (in Italian and English)
Remuneration Report pursuant to rule 123-ter
of Legislative Decree No. 58/1998 (in Italian and English)

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