

REPORT ON THE DEMERGER OF ENIPOWER S.P.A. (“ENIPOWER”) AND SUBSEQUENT TRANSFER OF PART OF ITS ASSETS TO ENI S.P.A. (“ENI”)

The Chief Executive Officer submits to the approval of the Board of Directors the project of partial demerger of EniPower S.p.A. (“EniPower”) in favour of Eni S.p.A. (“Eni”). The following report has been drawn up pursuant to Consob Regulation No. 11971 dated May 14, 1999, Annex 3A-Schedule 1.

1.a) Description of the demerger, of its reasons and of the operating objectives of the companies involved in the demerger and their related programs

The proposed partial demerger (“Demerger”) aims at an integrated gas-electricity business model in order to offer Eni middle-market and mass-market clients a “*dual offer*” of both natural gas supply (already present in Eni Gas & Power Division) and electricity supply (managed until December 31 2006 by EniPower).

In order to pursue such objective, the assets of Enipower unit “Marketing, Trading and Risk Management” (the “Unit”) will be transferred to Eni that, since January 1, 2007 already operates said activities on the basis of a lease contract which will be terminated on the date of effectiveness of the Demerger.

1.b) Description of the assets to be transferred from EniPower to Eni

The Demerger will be executed on the basis of the Annual Reports at December 31, 2006 of Eni and EniPower.

The assets and liabilities of the Unit will be transferred to Eni through the Demerger; said assets and liabilities and their book value at December 31, 2006 are the following:

	Book value
Cash	9,721,232,28
Other current assets	399,605,79
Property, plan and equipment	10,871,38
<i>Total assets</i>	<i>10,131,709,45</i>
Other current liabilities (**)	9,032,945,27
Provisions for benefits to employees	869,174.71
<i>Total liabilities</i>	<i>10,131,709,45</i>
Total equity to be demerged	0.00

(*) of which 344,715.40 euro referred to the positive fair value at December, 31 2006 of the derivative contracts on commodities signed by EniPower.

(**) negative fair value at December, 31 2006 of the derivative contracts on commodities signed by EniPower.

The above-mentioned assets and liabilities have been assessed on the basis of IFRS principles used for the financial statements at December 31, 2006 and will be transferred with the related subjective positions to Eni as beneficiary company on the basis of the related book values on the date of effectiveness of the Demerger. Therefore Eni will succeed to EniPower in the rights and duties of the demerged companies and in its relationships with third parties connected to the abovementioned assets and liabilities. The imbalance, if any, in these assets and liabilities that could arise in the period commencing on December 31, 2006 and ending on the date of effectiveness of the Demerger will be adjusted in cash.

The companies involved in the Demerger, pursuant to Article 2506-ter, second paragraph, of the Civil Code have appraised the effective value of the assets and liabilities to be transferred to Eni and of the assets and liabilities left to EniPower. According to the appraisal issued, the effective value of said assets and liabilities is not less than their respective book value.

As the net equity to be demerged is null, EniPower share capital and the other components of the shareholders' equity will not be reduced; consequently the book value of the participation recorded in Eni financial statements will not be reduced.

1.c) Criteria followed for the allocation of shares issued by Eni in order to give execution to the Demerger

As EniPower share capital is wholly owned by Eni, Eni shares will not be issued nor assigned.

Report on the demerger of Società Italiana per il Gas p.A. ("EniPower") and subsequent transfer of part of its assets to Eni S.p.A. ("Eni")

1.d) Comments of the Board of Directors on the existence of the withdrawal right for dissenting shareholders

1.e) If the withdrawal right occurs, indication of the persons allowed to and of the terms and conditions of its exercise and for the payment of the reimbursement and of the criteria used to determine it

The company objects of Eni already contain those of the Unit to be transferred through the Demerger; therefore they shall not be amended; the exercise of the withdrawal right shall not apply.

1.f) Estimates of the effects of the Demerger on the relevant shareholdings and on the control of the beneficiary company and of the company to be demerged following the Demerger

The Demerger will affect neither the relevant shareholdings of Eni and EniPower shareholdings nor Eni and EniPower control.

Eni and Enipower, pursuant to Article 2506-ter, second paragraph, of the civil code, have executed the appraisal of the current value of the net assets to be assigned to Eni and those left to Enipower. It results that the related values is not less than the related book values.

1.g) Effects of the Demerger on the pacts among the shareholders of the beneficiary company and of the company to be demerged mentioned in Article 122 of Legislative Decree 58/98

Eni doesn't know the existence of pacts among its shareholders. Eni is the sole shareholder of EniPower.

1.h) Description of the rights of the shares to be assigned to the shareholders of the demerged company

As explained in paragraph 1.c), as Eni is the beneficiary company of the Demerger and EniPower sole shareholder; therefore Eni shares will not be assigned.

1.i) Criteria used to determine the exchange ratio. Mention the appraisals, if any, of the current value of the net assets to be demerged and of Eni and the evaluation methods used

As explained in paragraph 1.c), as Eni is the beneficiary company of the Demerger and EniPower sole shareholder, Eni shares will not be assigned; therefore neither exchange ratio has been calculated nor appraisals of Eni and Enipower have been executed to this end.

1.l) Date as of EniPower operations will be charged, also for tax purposes, to Eni Financial Statements

Report on the demerger of Società Italiana per il Gas p.A. ("EniPower") and subsequent transfer of part of its assets to Eni S.p.A. ("Eni")

The Demerger will be effective, also for accounting and tax purposes, as of the date of the last deposit of the Deed of Demerger, pursuant to Article 2506-quarter, first Paragraph, of the Civil Code.

1.m) Tax consequences of the Demerger on the companies involved

The Demerger will not determine capital gains nor capital losses; therefore no tax liabilities will arise from its execution for Eni or EniPower.

To the Board members:

You are invited to:

- approve the project of partial demerger of EniPower S.p.A. on the basis of their respective Financial Statements at December 31, 2006;
- delegate any and all powers to the Chief Executive Officer and the General Director of Eni Gas & Power Division, to be used severally, directly or through attorneys-in-fact and in compliance with the current legislation, to: a) perform any and all necessary acts and fulfilment necessary to execute the demerger; b) do any and all acts necessary to execute, also through attorneys-in-fact, this resolution and provide, if necessary and possible pursuant to the current legislation, for those formal amendments to it as determined by competent Authorities in order to deposit it with the Companies Register.

The Chief Executive Officer
of Eni S.p.A.
Mr. Paolo Scaroni

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