Good afternoon ladies and gentlemen, welcome to our first quarter results conference call.

Before I take you through the financial results, let me give you an update on the status of our operations in Libya.

As you all know, the situation in the country remains uncertain. So far, the conflict has forced the shutdown of several of our producing sites, as well as the closure of the Greenstream pipeline. These shutdowns reduced production by 129 kboe/d compared to the first quarter of last year, an impact which was partially offset by improved performance year-on-year.

Wafa is currently the only field in operation, with an output that, as of April 1st, has been of about 50-55 kboe/d, entirely destined to local power generation. This is down from a production of around 90kboe/d in early March. Each day in which production remains at current reduced levels will cause a 600boe decrease in full-year average daily production.

We are constantly monitoring the progress of this highly volatile situation. Our assets have suffered no damage and we are technically able to resume production quickly once the situation stabilizes.

And now, on to our results.

In the first quarter of 2011, the macro environment was positive compared to the same period of last year. The Brent price averaged 105 dollars a barrel, up 38% compared to the first quarter of 2010.

The average European refining margin Brent/Ural was 3.30 $/bbl. While it remained depressed compared to historical trends, it was higher than in the corresponding period of last year.
Finally, the euro depreciated slightly versus the US dollar compared to the corresponding period last year. Moving to our results, adjusted operating profit in the first quarter amounted to 5.1 billion euro, up 18% year-on-year. This result is mainly due to the strong contribution of the Exploration & Production, which was partially offset by lower results in Gas & Power and Refining & Marketing.

Adjusted net profit for the fourth quarter was 2.2 billion euro, up 22% year on year. This result also reflects a lower adjusted tax rate (down by 2.5 percentage points to 50.5%).

In the first quarter of 2011, Eni’s hydrocarbon production amounted to 1,684 kboe/d, a decrease of 8.6% compared to Q1 2010.

This negative operating result was principally due to the ongoing instability in Libya, which reduced production by 129 kboe/d compared to the first quarter of 2010. Furthermore, PSA entitlements were negatively affected by the sharp increase in the oil price, with an estimated impact of 32 kboe/d.

The increase in the oil price, however, boosted the division’s adjusted operating profit, which amounted to over 4.1 billion euro, up 32% compared to the first quarter of last year.

In Gas & Power, overall gas volumes sold, including consolidated and associated companies, totalled 31.6bcm, up around 9% year on year. However, adjusted operating profit decreased by 24% compared to the same period of 2010, due to the sharply lower results delivered by the Marketing business.

G&P adjusted proforma Ebitda for the first quarter of 2011 was just over 1 billion euro, compared to 1.4 billion euro in the first quarter of 2010.

International Transportation results showed a 4% increase.

The Regulated businesses generated 393 million euro, up 4% versus the corresponding period of last year. The increase is mainly due higher returns of new capital expenditures and efficiency actions.

Adjusted pro-forma Ebitda in the Marketing and Power business was negatively impacted by increasing competitive pressure in Italy and Europe as well as unfavourable climate and scenario effects. Furthermore, the ongoing situation in Libya reduced volumes to shippers and affected margins, owing to the substitution of recently renegotiated Libyan gas with that from Russia and Algeria.

It’s worth reminding you that first quarter results do not include any benefits from renegotiations, although these will be retroactive once agreements are finalized.
Turning now to R&M, in the first quarter of 2011 the division reported an adjusted operating loss of 148 million euro, versus a loss of 94 million euro in the same period of last year.

The poor performance reflected an unfavourable scenario due to high costs for oil feedstock. The result was partially offset by the improved profitability of Eni’s complex refineries, helped by widening price differentials between sweet and sour crudes, higher pricing premiums for gasoline and gasoil compared to fuel oil. Utilization rates were up 9 percentage points year-on-year and Refining also benefited from improved efficiency, the synergic integration of refineries and optimization of supply.

Marketing was affected by a rapid rise in the cost of distillates that could not be immediately transferred to final prices, and by lower retail sales in Italy. These negatives were partly offset by higher sales on European networks. In the first quarter of 2011, the Petrochemical business reported an adjusted operating loss of 12 million euro, compared to a loss of 59 million euro in the first quarter of 2010. This improvement was driven by higher selling prices, mainly for ethylene and propylene, only partially offset by higher feedstock costs.

Saipem delivered adjusted operating profits of 342 million euro, up 18% versus Q1 2010.

Other Activities and Corporate showed an aggregate loss of 129 million euro, in line with the results reported in the first quarter of 2010.

In the first quarter of 2011, operating activities generated cash flows of 4.2 billion euro.

The cash flow generated financed outflows of 3.1 billion euro, predominantly capex for 2.9 billion euro.

Net financial debt, as at the end of March, amounted to 25 billion euro, a reduction of 1.2 billion euro versus December 2010. The debt to equity ratio decreased to 0.44 when compared to 0.47 at the year end, despite a negative translation difference, charged to equity, of approximately 1.9 billion euro caused by the euro/dollar exchange rate registered at the end of March.

Thank you for your attention and now, together with Claudio Descalzi and Domenico Dispenza, I would be happy to answer any questions you may have.