2006 Results and Strategy

Milan, February 23rd, 2007

2006 Highlights

It has been another good year for Eni….

Let's start with the highlights

Yesterday we finalized the acquisition from Maurel & Prom of some important assets in Congo for 1.4 billion dollars. Stefano will give you more details about the value creation of these assets in our portfolio.

Last November we struck a landmark agreement with Gazprom which extends our gas contracts up to 2035 and opens up new exciting opportunities of upstream expansion in Russia.

During 2006, we maintained pleasing production growth despite the impact of our ongoing troubles in Nigeria and disruption in Venezuela.

The solid production performance of E&P together with continued growth in gas sales underpinned a healthy 14 percent increase in cash flow from operations and a 19 percent increase in free cash flow.

Our profits were the highest in our history. Both, the fourth quarter and the full year, are at the top end of expectations.

The total shareholders return has again in 2006 outperformed our European peer group as it has done over the last five years.

Today we will share with you our positioning in each division, and show how Eni has a unique platform to deliver growth in all its business segments.

Agenda

Moving now to our agenda for today, Marco will start by giving you more details of our 2006 performance.

I will then update you on our strategy

Stefano Cao, Domenico Dispenza and Mario Taraborrelli will outline how our strategy will be delivered in each of our divisions.

Finally, before our Q&A session, I will conclude with our cash allocation strategy.

So, over to Marco for the 2006 results.

2006 Preliminary Results

Marco Mangiagalli, CFO

Thank you Paolo and good afternoon.

I will now elaborate on our fourth quarter results, starting with a brief description of the market environment.

Market Environment

In the fourth quarter of 2006, Brent prices increased by about 5% compared to the fourth quarter of 2005, averaging 59.7 $/boe.

European refining margins averaged 2.2 $/bl in the fourth quarter of 2006, decreasing by 57% compared to the corresponding period of 2005.

Finally, the euro appreciated by 8.5% versus the US dollar compared to the fourth quarter of 2005.

Consolidated Results: Net Profit

Reported net profit in the fourth quarter of 2006 was 1.5 billion Euro, 28% lower than in 4Q'05. This result includes inventory losses for more than 200 million euro, and net negative special items for more than 600 million euro, on which I will comment in more detail when discussing the results for each division.
Adjusted net profit amounted to 2.4 billion euro, which was substantially in line with the fourth quarter of 2005. This performance is attributable to a 3% decrease in the adjusted operating result, which was partially offset by a lower adjusted tax rate, equal to 49,2% in the fourth quarter of 2006 (compared to 49,8% in Q405) and by a positive contribution from the valuation at fair value of certain embedded derivatives.

Finally, adjusted net profit for the full year 2006 increased by around 13% compared to 2005.

Consolidated Results: Operating Profit

The 3% decline in adjusted operating profit in the fourth quarter of 2006 is essentially attributable to the weaker performance of the R&M and E&P divisions, mainly as a consequence of:

- the weakening of the US dollar versus the euro;
- the sharp decrease in refining margins;
- higher costs.

These negative effects were partially offset by the very good performance of our Gas & Power division (up 42,6%) and by the strong results achieved by the petrochemical business (up 108%).

It is worth noting that, despite the weak 4th quarter market environment, the adjusted operating profit for the full year increased by around 17% compared to 2005, reflecting the strong overall performance achieved mainly in the E&P and G&P divisions as well as in the E&C sector.

Let's now look in more detail at each division's business performance.

E&P: Operating Profit

Reported operating profit for the E&P division amounted to 3.1 billion euro in the fourth quarter of 2006.

On an adjusted basis, the operating profit for the fourth quarter of last year amounted to 3.2 billion euro, down 10.8% compared to the fourth quarter of 2005, mainly as a consequence of:

- the impact of the appreciation of the Euro vs the US dollar
- higher exploration costs
- and higher operating costs and DD&A

These effects were partly offset by higher realization prices (denominated in US dollars) for Oil (+5%) & Gas (+11.2%).

If we turn to the full year, the adjusted operating profit totalled 15.8 billion euro, with an increase of 22%. (12*.9 billion euro in 2005*).

G&P: Operating Profit

Turning to the Gas & Power division, reported operating profit for the fourth quarter of 2006 increased by more than 100% to 1.3 billion euro (compared to 641 million euro in 4Q05). It is worth noting that 2005 results were negatively impacted by a non recurring item of 290 million euro related to a fine inflicted by the Italian Antitrust Authority. Adjusted operating profit amounted to 1.3 billion euro in the fourth quarter of 2006, up 42.6% on a like for like basis.

This performance was driven by:

- the partial recovery of the provisions made in 2005 and the more favourable treatment received under resolution 134;
- higher margins on gas sold, mainly as a consequence of the favourable scenario;
- higher sales internationally
- as well as higher volumes transported internationally

These positive effects were partially offset by lower gas volumes sold in Italy, due to the mild winter.

Full year 2006 adjusted operating profit reached 3.9 billion euro, up 10% compared to 2005 (3.5 billion euro)

R&P: Operating Profit

The R&M division reported an operating loss of 386 million euro in the fourth quarter of 2006, compared to an operating profit of 329 million euro in the same period of 2005.

This result includes an inventory loss of 386 million euro related to the marked reduction in Brent prices over the last quarter, a non recurring item of 109 million euro related to an Antitrust fine and net negative special items for 39 million euro mainly related to redundancy incentives (30 million euro) and provisions for risks and contingencies relative to environmental laws (27 million euro).

On an adjusted basis the operating profit decreased by 61% as a consequence of lower refining margins and lower volumes sold in Italy attributable to weaker demand for heating products as a result of the mild weather conditions. These negative effects were partially offset by higher refining yields, as a result of the high complexity of the refining process, which allows us to process more profitable crude oils.

If we turn to the full year, adjusted operating profit amounted to 790 million euro, down 34.9% on a like for like basis.

Other Businesses: Adjudest Operating Profit

In the fourth quarter of 2006 the Petrochemical business (Polimeri Europa) posted an adjusted operating profit of 154 million euro, compared to 74 million euro in 2005; the increase is mainly attributable to higher base chemical margins. In the full year 2006 Polimeri Europa's adjusted operating profit decreased by 16.1% compared to 2005.

In the Oil Field Services & Engineering sector, fourth quarter adjusted operating profit amounted to 152 million euro, versus 142 million euro in 2005; the 7% increase is mainly related to the higher contribution from the offshore drilling and construction activities, as well as to the improved performance of the engineering activities, mainly due to higher order profitability and the start up of new projects. On a yearly basis the Oil Field Services and Engineering sector recorded an increase in adjusted operating profit of around 62%.

The Other Activities segment reported an operating loss of 77 million euro, showing a small improvement compared to the fourth quarter of 2005. For the full year, the operating loss amounts to 299 million euro.

Finally, Corporate Activities posted an adjusted operating loss of 53 million euro. For the full year the operating loss amounts to 240 million euro.

Cash Generation Across Businesses

In 2006 the overall operating cash flow was 17 billion euro, with a significant 14% increase compared to 2005. This result was achieved thanks to the positive market environment and the robust industrial performance.

The highest contribution came from the upstream business accounting for 68% of the total - around 12 billion euro.

The G&P division generated an operating cash flow of around 3 billion euro 18% of the total.

The R&M contribution accounted for 8% of total cash flow generated (1.3 billion euro).

Use of Cash: Investments

Capital expenditure in 2006 reflected our strategic focus on growth in the core business. Capex for the full year amounted to 7.8 billion euro, up 6% compared to last year (7.4 billion euro).

In detail, we invested 5.2 billion euro (66% of the total) in the upstream sector, for the development of large projects in Kazakhstan, Angola, Egypt, Norway and Italy. Around 1.35 billion euro of this amount was invested in exploration activities.

Capital expenditure in the Gas & Power business amounted to 1.2 billion euro, mainly invested in the upgrade of the transportation and distribution network in Italy (785 million euro) and the development of our Powergen business (230 million euro).

Finally, investment in the R&M business amounted to around 650 million euro.

Financial investments totalled 95 million euro (compared to 146 million euro in 2005) mainly related to increases in the share capital of certain affiliates.

Use of Cash: Shareholders Returns

I would now like to say a few words on shareholder returns. In 2006 we distributed 5.8 billion euro in cash to our shareholders with a total yield for 2006 of 6.3%, among the highest in the sector.

The overall cash disbursement is composed of three elements:

- 2.4 billion euro as 2005 final dividend
- 2.2 billion euro as 2006 interim dividend
- And 1.2 billion euro spent on the share buyback. Regarding this last item let me remind you that from the beginning of our share buy back programme, we have bought 335 million shares, representing 8.36% of the share capital

At the bottom of the slide you can see that we returned around 60% of the 2006 free cash flow to our shareholders.

Financial Position

Despite the investments in the core business and cash returned to shareholders, we maintained a strong balance sheet. The net financial debt at 2006 year end was 6.8 billion euro (compared to 10.5 billion euro at 2005 year end) bringing our debt to equity ratio to 0.16.

Thank you for your attention and now I hand you over again to Paolo.

2007-2010 Strategy

Paolo Scaroni, CEO

…Thank you Marco

I am sure you remember this slide, which I first showed to you about 18 months ago in my first presentation as CEO of Eni.

Since then I have learned a great deal more about our company's potential.

This allows me to tell you with confidence that this strategy is as robust today as it was when it was first set. In fact, I am even more confident that our strategy will enable us to deliver growth in all three divisions.

Eni's Distinctive Strenghts

Our growth prospects rely on the distinctive qualities that characterize our company.

Like all oil majors we have a diverse portfolio. What is different about Eni is that we have a unique position in the world's fastest growing areas - countries such as Kazakhstan, Angola, Algeria and Libya – and exposure to some of the world's biggest oil and gas projects.

Our heritage of successful relationships with oil producing countries has established us as partner of choice for new ventures.

We are different because we have unrivalled access to engineering skills and technology, through Saipem and Snamprogetti and also through the expertise in our own business.

Finally, we are different because the strength of Eni's gas position in the Italian and European market results in a uniquely integrated model all the way down the supply chain.

November's agreement with Gazprom was a prime example of this integrated vision, linking into both our strength in exploration and production and our midstream and downstream gas.

The agreement lays the platform for partnership in upstream both in and outside Russia, long-term supply contracts to provide Russian gas into Europe and technological cooperation for long distance gas transportation.

2007-2010 Highlights

These unique strengths lay the ground for an exciting period of growth for our company.

In Exploration and Production we have confirmed our growth targets, which are among the most ambitious in the sector.

In Gas and Power we will leverage our position as Europe's leading gas company to achieve strong growth in cashflow. We will also do more to highlight the value of this division as a growing utility, which we regard as something of a hidden gem within Eni.

In Refining and Marketing we have a real opportunity to enhance profitability through a turnaround across both areas.

In addition to delivering growth, we will create more value by driving improved efficiency throughout our organization.

Today, we will give you more disclosure to improve your visibility on our growth potential.

I would like to address each division in some detail.

E&P: Long Term Growth

Turning first to E&P

Our target remains to grow production by 3% for the next seven years up to 2013. This is among the highest rates of growth in our peer group, as we maximise the value of our strong position in attractive regions such as Africa and the Caspian.

We are also renewing our exploration portfolio. Last year we achieved a 49% drilling success rate and added 152,000 km2 of new acreage to our portfolio. We expect to more than replace reserves through organic additions over the next four years.

Building a global LNG business will allow us to monetize our rich portfolio of gas reserves in countries such as Nigeria, Egypt, Australia and Indonesia. Our integrated business model gives us access to key consumers in Europe, the United States and Asia. We expect to achieve LNG sales in excess of 24 bcm by 2013 – an annual increase of 14 percent.

G&P: Robust Cash Generation

Moving to Gas & Power, many of you attended the seminar we held on the division in December…

We showed how we intend to build on our unique portfolio of long-term contracts, equity gas and LNG projects and to leverage direct access to our customer base.

At the time when other G&P businesses are seeking to have access to upstream assets, our G&P division has a fully integrated model that allows it to maximize value.

Our integrated supply, transport, distribution, storage and sales network, will continue to drive growth in the growing European gas market.

Our target is to maintain Italian gas sales at around 50 bcm to 2010, exploiting the full value of our customer base through the dual offer. In Europe our target is to grow our sales by 10 percent per year.

Our G&P division provides a stable, secure source of cash and of profits which are resilient and independent from oil prices. We have increased our 2010 target for the division's free cash flow, that is free cash after capex, to €2.1 billion.

R&M: Improving Profitability

Our Refining and Marketing division offers an exciting opportunity to enhance profitability…

There is a lot we can do to improve the performance of this division. We see potential to increase throughput, raise product quality, improve the service level and increase efficiency throughout our organization.

The new capex plan will touch every single refinery in Italy to reach the best in class performance in Europe and to increase our margins versus TRC Brent.

In Marketing, we will improve the service we offer to our customers enhancing the quality of our network and developing the non-oil business.

The implementation of this program will result in a 40% Ebit growth by 2010.

Disciplined Capex Increase

Our focus on growth throughout our three divisions demands increased capex.

Over the next four years ENI will invest €44.6 billion, an increase of €7.5 billion from last year's plan.

This will fund a disciplined, selective programme of capex, all of which will meet our strict financial criteria.

More than a third of the capex will go into PSA contracts which have a short pay back period, at this oil price. A further 16% will be invested in the regulated businesses which offer secure and stable returns.

First Round Efficiency Programme

This increase in spending makes it imperative that we maximise efficiency throughout our businesses

Eni can improve substantially in terms of efficiency. As a first step we will cut €1 billion of costs by streamlining our organization and processes as well as optimizing our procurement.

This is only the first step towards operational excellence – I am convinced that there is much more to be done on this front.

Finally, I would like to talk briefly about our disclosure. I am aware that you are looking for more detail from us in certain areas. During this presentation you will see the progress we have made and we look forward to receiving your feedback.

I will now hand over to Stefano to take you through our targets for the E&P division in more detail.

Exploration and Production

Stefano Cao, COO

Ladies and Gentlemen, good afternoon. My presentation will begin with some comments on the transaction mentioned at the beginning by Paolo which we announced yesterday and a brief update on some of the most significant results achieved in 2006. I will then review the future production trend, reserves and resources, capital investments and will update you on exploration activities, main development projects and certainly, last but not least, on Kashagan.

Acquisition of Producing Oil Assets in Congo

Yesterday we annouced the acquisition of operated asset in Congo, total cash consideration US$ 1434 mm, effective date January 1,2007.
The deal is subject to the approvals of the Congolese Authorities and the partners' waiver of their pre-emption right.

Closing is expected within 2007
I think that the deal is consistent with Eni's strategy of acquiring reserves and production in legacy countries where we can play a key role as operator and where Eni can add value by applying its core competencies.
We acquire growing production; with reserve upside by increasing recovery factor thanks to Eni operation skills and technology.
In 2007 we will implement a water injection program. On top of that, there is exploration potential.

Onshore Assets Acquired

The field falls under the category of "giants" with original oil in place of 1.4 billion boe of high quality oil.

A Value Accretive Transaction

The deal is value accretive:

We add 126 mboe of 2P reserves, with an investment of 10.7 $ per barrel and estimate a double digit production growth in 2007/2010.

This acquisition will allow our Congolese production to increase from 67 kboe/d in 2006 to approximately 100 kboe in 2010.

The transaction is EPS and CFPS accretive from 2007.

Having briefly commented on this transaction, I would like now to turn your attention to last year results.

2006 Results from Operations

In 2006, we achieved record results in a positive scenario thanks to production growth and good operational performances.

In particular, operating cash flow was 18% higher than 2005; net free cash flow, after capital expenditures, up more than 31% from last year.

In 2006, on a dollar per barrel basis, the operating cash flow and profit show a remarkable increase of 16% and 22%, respectively. A good result if we consider that operating costs have increased more than 14%.

It is worth mentioning an adjusted Roace of 37%: over 5 percentage points higher than 2005.

2006 Production Growth

One important element in support of such results was production growth.

In 2006, production increased by 1.9% versus 2005. More importantly, I would add that this increase was entirely organic and achieved in a very high oil price scenario, despite the negative impact of the unilateral termination of the Dacion contract in Venezuela. Excluding PSA effect and Dacion, organic growth is close to an impressive 6%.

In the fourth quarter 2006, the growth rate is 3.2% compared to 2005, net of the PSA effect and Dacion.

2006 Production Variance

The composition of growth in 2006 versus 2005 is illustrated in this slide; starting from the left you can see:

- **PSA effect** due to higher oil price.
- **Venezuela/Nigeria** due to the Dacion termination (*-46 kboe/d*) in Venezuela and political unrest in Nigeria (*-30 kboe/d*).
- **Depletion** affecting fields producing in 2005.
- Depletion and disruption in Venezuela and Nigeria were entirely offset by **Growth** mainly related to ramp up of fields that had their start up in 2005 (*Bahr Essalam, Kizomba B, Bonga, and Elephant, among others*).

Then we have the new start-ups such as Belize-Benguela-Lobito-Tomboco in Block 14 (Angola), Bonny LNG train 5 (Nigeria) and Ida/Ika/Katarina (Croatia) accounting for a total of 37 kboe/d.

As you can see, growth plus start ups account for more than double the depletion.

In 2006, the gross production operated by Eni increased by more than 7% vs 2005.

2006 Exploration Successes and Main Starts-ups

In 2006, exploration successes contributed for a total of about 700 million boe of exploration reserves. Positive contribution came from legacy countries such as Nigeria, Angola, Egypt and Kazakhstan as well as from Gom, the UK and Italy.

As you can notice, most of the discoveries are operated by Eni.

As for the 2006 start-ups, they are expected to produce approximately 70 kboe/d in 2007. Once again, the new growth comes from core areas.

2007-2013 Production Growth

Let’s now look at the future.
Since the beginning of this century, each single year we have been delivering a consistent and solid growth, one of the highest in the sector and, more importantly, largely organic.

Boosting production in the medium and long term in a higher oil price scenario remains our key priority. Leveraging on the high quality of our portfolio, we target a 3% production increase in 2006/2010 and forecast a further 3% in 2010/2013.

This production profile is based on the Brent scenario shown at the bottom of this slide. For the long term, we are using a price deck of 40 $/bl real term, higher than the 30 $/bl of the previous plan.

In 2007, production is expected to be substantially flat compared to 2006, mainly due to impact of Venezuela, the continuing disruption in Nigeria and the pace of the new wave of projects in coming on stream.

Production Renewal

In 2006/2010, depletion will mainly affect fields in mature areas. This will be partially offset by growing fields, among which the most important ones are Bahr Essalam, Bonga, Kristin, Temsah, Cerro Falcone in Val d’Agri, Karachaganak and Tombua-Landana. The net result is a portfolio depletion limited to an overall rate of 3%.

In 2010, new production will account for 22% of total. Main new fields will be: Mondo, Saxi-Batuque in Angola, Bl. 208 in Algeria, Blacktip in Australia, Kashagan, Longhorn in Gom, Nikaitchuq and Oooguruk in Alaska, Seth and Taurt in Egypt.

The 2013 production target will be achieved by relying on growth and new start-ups such as Karachaganak phase 3 and Kashagan, Damietta 2 LNG in Egypt, Brass LNG in Nigeria, Shoei in the UK and Goliat in Norway.

Long Term Growth

With this slide, I wish to show a dynamic view on how our production portfolio moves over the years.

In 2007/2013, the natural decline of existing producing assets (light blue colour) is counteracted by:

- improving the recovery factor thanks to advanced/innovative technology;
- exploiting satellite fields;

and (orange colour)

- new start ups of a variety of projects under execution, including deep water in West Africa and in new areas such as Alaska, and
- new production from successful exploration throughout the portfolio and in particular the Barents Sea and the Gulf of Mexico.

Long life projects (dark blue colour) include Karachaganak, the Western Libyan gas project, Belaym and Port Fouad in Egypt, Asgard and Ekofisk in Norway, Elgin Franklin in the UK, HBN in Algeria and Val d'Agri in Italy and account for about 45% of current and future production.

They represent the solid backbone of our portfolio.

These long life projects include fields with more than 300 Mboe which ensure a long and material production plateau, profitability and robust cash flow.

It goes without saying that, among the new long life projects contributing beyond the four-year plan, Kashagan is the most important one.

Noteworthy is also the build up of Karachaganak phase 3 and the upgrading of Western Libyan gas project. They constitute a solid production base for the long term growth.

In green, at the top, you can see the contribution of integrated LNG projects, adding still un-booked reserves and monetizing equity gas in legacy areas in a worldwide growing demand and through an integrated chain from upstream resources to customer.

Proved Reserves and Resources

Let me now spend some time dealing with hydrocarbon reserves and resources.

Future growth is secured by an overall resource base of about 25 billion barrels at the price deck of 40 $/bl, consistently with our long term assumptions. These figures include proven, probable and possible reserves plus risked exploration.

These resources represent a life index of more than 38 years, while 12.5 billion boe of proven and probable reserves represent more than 19 years and 7 bn boe of proven reserves 10,8 years.

This large resource base underpins the expectations of sustainable growth.

For 2006, SEC proved reserves are 6.4 billion boe and organic replacement is 65%, with a life index of 10.0 years.

On a proforma at 40 $/bl, the 2004-2006 average organic replacement is 106%.

Capex

Total capex in 2007-2010 is about 31 billion euro (including not consolidated investments). Compared with the previous plan, capex rises by 5.3 billion euro, of which nearly 60% is due to new activities and about 40% to inflation cost.

In particular,

Exploration: the 51% growth (*euro 1.5 bln*) refers to additional spending in core areas and brand new regions.

Development: 30% of the 22.5 bln euro development capex (*euro 6.7 bln*) is allocated to actions counteracting the decline in mature areas, 34% (*euro 7.7 bln*) to secure growth in 2007-2010, and the remaining 36% (*euro 8.1 bln*) to support long term growth beyond 2010.

Exploration

Even more than in the recent past, exploration becomes an area of strong focus and effort.

The cornerstones of the strategy are:

- a selective approach, by maintaining a strict policy in *assessing opportunities;*
- concentration in core areas: approximately 70% of the planned investment in 10 countries.
- pursuit of the full potential in new regions.

More investments have been allocated to this plan. The average is euro 1.1 billion per year, of which only 12% concerns new ventures (i.e. activities in acreage not yet acquired).

Approximately 380 exploration and appraisal wells are planned, of which 120 in 2007.

To secure the tools, we have contracted in advance deepwater rigs to cover most of the activities until 2012. In addition, we have entered into a Worldwide Marine seismic agreement to avoid shortage of seismic vessels.

Successful Exploration and Portfolio Renewal…

The exploration reserves discovered in 2003-2006 are approximately 700 million boe per year for a cumulative amount of 2.8 billion. These reserves are well above the cumulative production in the same period (*2.4 billion boe*) shown by the dark blue column on the top right of the slide.

In the past four years, the average rate of SEC exploration success is approximately 50%.

Furthermore, in 2006 we acquired 152,000 sq km of new net acreage, of which 99% operated. About 70% of the total acreage has been renewed in the last three years.

New acreage is located in core countries in North Africa, West Africa, Brazil, Norway and the US and in new, highly potential areas, such as Mali, Mozambique and Timor East.

… Exploration Contribution to Future Production

New discoveries will fuel new production. The amount of 4 billion boe concerns projects that, today, are either close to development sanction or under appraisal. For those close to sanction, the start up is expected in 2010-13. Production contribution beyond the 4-year plan is well spread: from the North Sea and Italy to West and North Africa.

2007-2013 Key Starts Ups

In the coming years, new production is well defined and visible and, more importantly, entirely organic.

New long life projects, integrated LNG projects and new start ups in conventional oil in core areas will boost our growth.

In total, the new start ups as of 2007 will generate approximately 450 kboe/d of new production in 2010 and approximately 700 kboe/d in 2013.

New production is well spread from a geographical view point, from legacy areas to new regions and from mature areas to high potential hydrocarbon basins.

North Caspian Sea PSA Kashagan

Finally Kashagan!

After the conclusion of the offshore reconfiguration, we can now say that project start up will be in the third quarter of 2010.

Overall 60% of the development of Tranches 1 and 2 is now completed. In particular, onshore plant and pipeline are in progress, development drilling is ongoing with 2 rigs in D island and 1 rig in A island. The re-injection compressors have been tested, reaching the new world record of 820 bars.

As a result of the reconfiguration, the on-shore design has been confirmed, while certain enhancements have been identified off-shore which do not alter the original development concept based on islands and barge-mounted facilities.

Capex to reach 300,000 barrels/day is US $ 19 billion versus US $ 10.3 billion, in real terms 2007, upon sanction in 2004.

This cost increase is driven by three factors which have broadly equivalent weight, 1/3 each:

- the cost increase of material and services and the weakening of the US dollar;
- an underestimation of the cost to conduct off-shore operations in the shallow/ultra shallow waters of the North Caspian Sea due to the lack of benchmark. Kashagan even today remains the only off-shore development in the ultra shallow water of the North Caspian Sea;
- the enhancements to the original lay-out.
  On the other hand, the engineering review of the offshore lay-out has identified opportunities to produce a further 50,000 barrels/day above the target rate without additional offshore facilities.

Finally, engineering for subsequent phases is ongoing.

Safety of personnel, mitigation of the impact on the unique and fragile environment in which we operate have been and will remain key drivers while progressing the development of this unique asset. Like in the past, we will incorporate any lesson learnt and develop technology to the extent they can help in improving the overall sustainability of this flagship project.

North Caspian Sea PSA

Having said that, Kashagan has an outstanding upside.

Thanks to high well productivity we now project a plateau production of at least 1.5 million barrels/day, 25 % higher than the 1.2 million bpd postulated in the original development plan. I would also draw your attention to the fact that the tested production capacity of the first 3 wells already exceeds the definition of Kashagan Commercial Production, i.e. 75,000 bpd, what we normally refer to as “first oil”.

Higher production also means additional volumes of associated gas. We are confident that the opportunity to monetize this gas is forthcoming as the market develops. Both higher plateau and sales of associated gas contribute to increasing value and reserves.

The appraisal drilling campaign continues on West and Neck areas of the Kashagan field in order to acquire the information necessary to optimize the next stages of development.

Outside Kashagan the appraisal campaign is continuing successfully within its satellites.

A positive well has been drilled on Kairan, and based on the results of the last appraisal, Kalamkas is much larger than anticipated.

Kashagan and the satellite fields have enormous potentiality.

Last but not least when looking at upsides, the 15 exploration and appraisal wells drilled so far have all been positive. This 100% rate of success is not only very encouraging, but represents an outstanding and unprecedented result as other Operations in the North Caspian Sea have not enjoyed the some degree of success.

Transportation System: Samsun-Ceyhan

As I have discussed about the potential of Kashagan and its satellite discoveries, I would like to briefly illustrate one of the initiatives we are pursuing to secure an efficient access to the markets.

This is the Samsun-Ceyhan by-pass project, managed by a joint venture between Eni and Çalik Enerji. The by-pass route has been selected after a careful screening of a number of alternatives designed to circumvent the Turkish Straits. The selected route has been chosen mainly because:

- the existing terminal in Ceyhan is a large hub already receiving the Iraqi and BTC pipelines. It offers significant commercial advantages given its location in the Mediterranean Sea and a possibility of loading VLCCs tankers;
- the system is environmentally friendly; the loading and un-loading terminals will be built close to existing terminals (Bluestream in Samsun, BTC in

Ceyhan) and it will non generate additional tankers traffic through the Aegean Sea.

The Feasibility Study and site surveys have been completed; the construction licence has been issued and we have now entered FEED. The Project is open to potential new partners and we are having discussions with a number of interested parties.

Addressing Industry Challenges

Kashagan is a transforming project and indeed Eni has already been transformed since the award of the operatorship in 2001. Managing a unique project such as Kashagan means having the capability to train and engage the best and most skilled resources, both local and international, to improve the effectiveness and efficiency of the whole system, to maximize the contribution of the local content and finally to speed up the decision making process.

To deliver that, technological innovation, human resources and knowledge management need to be transformed into a single process. That is what Kashagan is giving us and that is what our fellow producing countries will continue to look for: Oil and Gas players that can offer the most advanced solutions and an efficient and effective organization in operating, developing and exploiting complex and challenging projects in a sustainable manner.

This is the best way for international oil companies to continue playing a pivotal role vis a vis national oil companies and the host countries.

That is what we are delivering and what we will continue delivering in the coming years.

Thank you for your attention.

Gas & Power
Domenico Dispenza, COO

Good afternoon ladies and gentlemen.
In my presentation I will first comment on 2006 results. We will then go through the 2007-2010 strategic guidelines.

2006 Highlights

2006 has been a record year, both in terms of operating performance and economic results. Gas sales grew by 4%, totaling 97 bcm. This growth was driven by increased sales in Europe, where we are N. 1 with a market share of around 18%.

Financially, adjusted operating profit reached 3.9 billion euro, up 10% compared to 2005, and operating cash flow stood at 3.1 billion euro.

Adjusted pro forma EBITDA hit 4.9 billion euro, representing an increase of 13% on the previous year. This result has been mainly driven by our strong performance in Supply & Marketing, which generated an EBITDA of 2.5 billion euro, up 34% year-on-year. This strong growth can be attributed to the higher volumes sold, to the favourable energy market scenario and to the higher margins achieved.

G&P: Targets

Eni's G&P Division has committed itself to pursuing even more challenging goals for the years to come.

Our first goal is to increase international gas sales. Last year we set a target for total gas sales to exceed 100 bcm in 2009. Our new target is to bring total gas sales to above 105 bcm by 2010. This growth will be entirely organic and will be achieved by fully exploiting our past investments.

We intend to maintain a strong position in the Italian market. This is our second main objective.

A new efficiency program, the expansion in Europe and the positive contribution, from 2008, from power generation will enhance a strong cash flow generation. We set a new challenging free cash flow target of 2.1 billion euro by 2010, with a potential upside to 2.2 billion euro if we assume a delay in the Italian LNG terminals start up.

Unrivalled Supply Portfolio

In the context of rising gas demand and increasingly tight markets in Europe, Eni enjoys a very strong position, due to an unrivalled supply portfolio and access to a wide-reaching infrastructure network.

We buy gas in all the key gas regions serving Europe and we can count on a direct upstream presence in 8 out of 10 of our gas supplying countries.

We rely not only on supply diversification, but also on long-term availability of gas. The recent agreement with Gazprom, which extends all our gas contracts to 2035, has significantly increased the "life index" of our main contracts from 14 to 23 years.

Finally, we have attractive contractual structures and terms, that makes our wholesale margin changes only slightly with variations in Brent prices.

Unique Infrastructure

Eni has the largest transportation and storage infrastructure in Europe.

Our transportation capacity presently amounts to 125 bcm/ year.

Additional capacity of 13 bcm will be available by 2008 on TAG and TTPC pipelines, with a further 3 bcm becoming available by 2010 on Greenstream.

As for storage, we can rely on 13 bcm of capacity in Italy through Stogit.

Our global LNG position is well balanced in terms of availability of gas, assets and capacity, both from a liquefaction and a regasification perspective.

In short, we have direct access to every key gas consuming or producing country in and around Europe.

Growth in International Sales

Natural gas demand in OECD Europe is expected to increase by around 2.7% per annum over the coming years, exceeding 700 bcm in 2015. The growth in gas demand, combined with a decline in the region's gas reserves, will determine an increase in European net gas imports.

Thanks to its unique portfolio, Eni has a privileged position in a European market, which, in my view, will remain substantially tight for the next years.

This will allow the division to grow its European gas sales significantly.

In the **Iberian Peninsula**, by 2010, our market share will be of 16%.

In **France** we sold 1 bcm of gas in 2006. Our ambitious target is to reach a market share of about 9% in 2010.

In **Turkey,** our gas sales to Botas will grow at an annual rate of 15%, reaching a market share of 18% in 2010.

In **Germany,** we will reach a 7% market share in 2010.

Finally, our target in the **UK** and **North West Europe Hubs** is to reach gas sales of 8 bcm by 2010, with a market share of 3% in UK.

All in all, in 2010 Eni's European gas sales (combining G&P and E&P) will reach 57 bcm.

Maintain Strength in Domestic Market

Our second main target for the coming years is maintaining a strong position in the Italian market.

We expect to stabilize our sales volumes in the region of 50 bcm in 2010, relying on three main levers.

The first is the exploitation of the expected growth in Italian gas demand.

Secondly, we intend to capture the full value throughout the gas value chain, targeting in particular the most profitable customers.

Finally, we plan to improve our offers building on advanced risk management techniques, tailoring to the customer's specific needs, reinforcing customer loyalty.

Our efforts will focus mainly on the launch of the dual offer optimizing our portfolio and boosting our sales of both gas and electricity.

Leveraging on our large customer base we aim to increase the number of dual customers over the next four years starting from scratch to reach over 1 million in 2010. This is a very ambitious target.

Increase Operational Efficiency

The third main target of the G&P Division for the next few years is increasing operational efficiency. We plan to save 200 million euro through the implementation of an efficiency programme involving all G&P activities.

In the Italian Mass market, we plan a 30% reduction in the cost to serve by 2010.

In the distribution segment, our target is to achieve a 25% increase in the number of gas meters per employee by 2010. The Efficiency Plan includes a careful management of our concession portfolio.

Finally, in power generation, we aim to achieve a 26% reduction in powergen capacity unavailability.

Free Cash Flow Generation Target

Now I would like to focus on a key target in our plan: cash generation.

As Paolo said before, the G&P division provides a stable, secure source of cash generation, independent of energy price volatility, which contributes to provide Eni with a solid dividend cover.

Last year we set the ambitious target of achieving free cash flow generation of 1,9 billion euro in 2009. Today, we can confidently increase our 2010 free cash flow generation target to €2.1 billion, notwithstanding the competitive pressure in the Italian market.

This robust cash generation will cover our strong and selective investment programme...

2007-2010 Capex Plan

Over the 2007-2010 period we will invest around 6.7 billion euro in the G&P Division - an increase of 2.4 billion euro compared to the 2006-2009 plan.

The previous plan allowed for the deconsolidation of Snam Rete Gas in 2008/9. Today we consolidate Snam Rete Gas over the four year plan.

77% of our capex will be devoted to growth, 87% will be invested in regulated or semi-regulated businesses, which offer attractive and stable returns, with very low risks.

Only 4% of the total investment will go to marketing activities which, despite the low capital employed, generate more than 70% of the free cash flow of the G&P division.

Finally 10% of the planned capex will be invested in power-generation, to finance the completion of our programme.

Thank you for your attention. Now I hand you over to Mario.

Refining & Marketing

Mario Taraborrelli, COO

Thank you Domenico
Good afternoon Ladies and Gentlemen.

2006 Highlights

Let's start with the 2006 operational results.

In Refining ,

our conversion index increased from 56% in 2005 to 57% in 2006, well above the European average of 38%. This was also due to the start-up of the gassification unit in Sannazzaro, which allows us to capture incremental margin.

After two years of running at full capacity, the refining throughput slightly declined as a result of extensive planned maintenance and the upset at the Priolo refinery where we had a processing agreement which was terminated at the end of last year.

Finally, we made progress in testing our proprietary EST technology on key crudes to gain a competitive edge on the access and exploitation of ultra heavy and sour feed-stocks as well as non-conventional oil.

Moving to Marketing,

Overall retail sales in Europe were flat.

In Italy, we maintained our market share of almost 30%, in spite of stronger competition and our commercial focus on margins.

In other European countries, sales increased by 4%.

R&M Targets

We see significant turnaround potential in all our business lines, through a more efficient organization, process streamlining and cost savings.

To achieve this target we have kicked-off some specific projects which are now underway.

<u>In Refining</u> our target is to increase throughput to 43 million tons by 2013. Over the same period we will increase our conversion index to 61% and achieve a middle distillate yield of 46%.

<u>In Marketing</u> our target is to grow European retail sales by about 2.4% a year in the context of a 2% growth in overall demand, and to increase the average throughput per site from the current 2.5 million litres per annum to 2.7 in 2010.

Achieve Best in Class Performance

In Refining we plan significant investments to bring our refineries in line with the best performance levels in Europe. These investments, under 2006 scenario assumptions, will increase our spread margin vs TRC Brent by around 30% in 2010 and by more than 40% in 2013.

We will create integrated logistic platforms (HUB model) to optimized the integration of the various segments of the business from the refinery to the service station.

Specific efficiency programs targeting maintenance, energy consumption and general expenses will provide cost savings of about 100 mln €.

We confirm that our two main projects – the upgrading of the Taranto and Sannazzaro refineries – are on track.

We expect the Taranto upgrade to become operational between 2009 and 2010.

In Sannazzaro, the start up of the new units is expected by 2009 and the realization of a 1.2 Mln tons/y "EST unit" will be completed by 2013.

Finally, we plan significant investments at our other refineries, aimed at improving their competitive position through both capacity expansion and efficiency enhancements.

These will enable Eni to strengthen its presence in Italy and to play a pivotal role in the Mediterranean market.

Enhance Retail Network Performance

In marketing, I would like to set out our action plan to improve the performance of our retail network.

First, we will implement efficiency programmes on investments, maintenance and overhead costs.

Second, we will grow our EBIT by:

- Broadening our non oil offering and increasing the number of service stations with non oil activities from the current 55% up to 80% by 2010.
- Enhancing our loyalty programme, with incentives tailored to different customer segments.
- Growing our presence in selected markets where we can leverage on strong brand awareness and logistic advantages

This will allow us to grow sales in Europe by 2.4% per annum, reaching a total volume of 17.4 billion litres in 2010, and to match European best practice in terms of efficiency and service level.

Disciplined Capex Plan

Finally, I would like to provide you with more detail on our capex plan.

We will spend 4.3 billion euro on our refining and marketing activities between 2007 and 2013, up 26% compared to the previous four-year plan. Investments in refining and logistics will account for 69% of the total, while the rest will be invested in commercial activities.

Based on our long-term planning assumptions, we expect returns of around 15% in a mid-cycle scenario. Moreover, we expect these investment to break even in poor market conditions, with TRC Brent at 1-2$/bbl.

The new plan is a high potential turnaround for the Eni R&M strategy, based on a more favorable scenario for the downstream business and on the partial mitigation of some constraints in Italian market.

Not only it envisages significant capital expenditures, but above all, it envisages a deep re-engineering of all our business and a strong commitment on efficiency.

No doubt the implementation of our turnaround plan will lay the foundations for further expansion.

Thank you very much for your attention.
I now hand you over to Paolo for his final remarks.

Cash Allocation and Final Remarks

Paolo Scaroni, CEO

Let me now conclude with cash allocation and some final thoughts.

Cash Allocation Priorities

One of the most notable features in our performance over the next four years will be our ability to generate significant cashflow from operations. Our priority, in allocating this cash, remains capital expenditure to drive long-term organic growth in all our businesses. We will continue to apply tight financial discipline to our investment decisions.

Secondly, we will return significant amounts of cash to shareholders through an attractive and sustainable flow of dividends.

Finally, we will use excess cash (after capex and dividends) to continue our programme of share buybacks.

We remain focused on maintaining a solid financial structure and a double A credit rating.

Attractive Dividend & Buy Back

Yesterday the Board proposed a dividend of 65 euro cents per share for the second half of 2006. An interim dividend of 60 euro cents per share has already been paid in October 2006.

This gives a total dividend for 2006 of 125 cents per share, an increase of 13.6% on 2005.

This is among the most attractive yields in the sector.

Final Remarks

I would like to finish this presentation by saying that Eni has great potential.

We have consistently delivered on our targets and we are confident we will continue to do so over the coming years.

Our integrated model will enable us to take full advantage of our outstanding position in upstream, to drive strong growth in gas and power, and to revitalise our performance in refining and marketing.

Our commitment to growth and to removing inefficiencies throughout the business will generate robust cash flows which will create superior value for shareholders.

Thank you for your attention and now we will be pleased to answer your questions