



Appropriate conduct

Due to the complex scenario in which Eni operates, the Board of Directors has deemed it appropriate to provide a clear definition of the value system that Eni recognizes, accepts and upholds and the responsibilities that Eni assumes within its group and externally in order to ensure that all Group activities are conducted in compliance with laws, in a context of fair competition, with honesty, integrity, correctness and in good faith, respecting the legitimate interests of shareholders, employees, suppliers, customers, commercial and financial partners and the communities where Eni operates. All those working for Eni, without exception or distinction, are committed to observing these principles within their function and responsibility and to make others observe them. The belief of working for the advantage of Eni cannot be a justification for behaviors contrary to such principles. These values are stated in a "Code of Conduct" whose observance by employees is evaluated by the Board of Directors, based on the annual report of the Guarantor for the Code of Conduct. The Code of Conduct is published in Eni's internet site (www.eni.it).

In its meeting of January 20, 2000 Eni's Board of Directors resolved to adopt the Self-discipline Code of Listed Companies (the "Code") and, pursuant to a thorough review of the matter, underscored how Eni's organizational model is essentially in line with the principles expounded in the Code, as well as with related recommendations issued by Consob.

In accordance with the request of Borsa Italiana SpA, in particular the "Guidelines for the preparation of the yearly report on corporate governance" of February 12, 2003, follows information on Eni's corporate governance system. In preparing this report account has been taken also of the "Guide to the preparation of the report on corporate governance" published by Assonime and Emittenti Titoli SpA in March 2004.



Eni's organizational structure

Eni's organizational structure follows the traditional model of companies in which management is exclusively entrusted to the Board of Directors, which is the central element of Eni's corporate governance system. Monitoring functions are entrusted to the Board of Statutory Auditors and accounting control is entrusted to external auditors appointed by the Shareholders' Meeting.

The Board of Directors delegated specific powers to the Chairman and Managing Director, who are the representatives of the company according to article 25 of Eni's by-laws.

In accordance with internationally accepted principles of corporate governance, the Board of Directors established committees with consulting and proposing functions.



Competencies

According to its decision of September 17, 2003, in addition to exclusive competencies entrusted to it by art. 2381 of the Civil Code, the Board of Directors has reserved the following tasks:

1. to define corporate governance rules for the Company and Group companies, including the appointment, definition of functions and regulations of Board Committees;
2. to define guidelines for the internal control system, based on indications provided by the relevant Board Committee, and to monitor the effectiveness and modes of managing main corporate risks;
3. to examine and approve the main features of corporate and Group organization, checking the effectiveness of the organization and administration setup prepared by the Managing Director;
4. to determine – on proposal of the Managing Director – strategic guidelines and objectives at the Company and Group level;
5. to examine and approve multi-annual strategic, industrial and financial plans at the Company and Group level;
6. to examine and approve yearly budgets of Divisions, of the Company and the consolidated Group budget;
7. to evaluate and approve quarterly accounts and related disclosures and any other period accounts and related disclosures provided for by the law and to compare quarterly results with planned results;
8. to evaluate the general trends in operations with specific attention to possible conflicts of interest;
9. to examine and approve strategically relevant agreements;
10. to receive from Directors entrusted with specific powers timely reports describing the activities performed under such powers and the most relevant transactions, according to a specific previously agreed definition, and any atypical or unusual relations and transactions with related parties;
11. to receive from Board Committees periodic reports on activities performed, according to previously agreed definitions and timetables;
12. to attribute, modify and revoke powers to Directors, defining their limits and modes of execution, determining the compensation related to such powers, after consultation with the Board of Statutory Auditors. To deliver guidelines to empowered Directors and to recall to itself transactions included in the delegated power;
13. to approve, based on the indications of the relevant Committee, the adoption and implementation of share incentive plans and to define the compensation criteria of top managers;
14. to appoint, revoke and delegate powers to general managers, on proposal of the Managing Director and in agreement with the Chairman;
15. to decide major sale and purchase transactions of the Company and to provide a pre-emptive evaluation of those concerning Group companies, in particular:
 - a) sale and purchase transactions as well as conferral of real estate, investments, companies of amounts exceeding euro 50 million;
 - b) capital expenditure in tangible and intangible assets with great significance for the Group in terms of strategic impact and risks, and however all those of amounts

exceeding euro 100 million, as well as any portfolio and exploration initiatives of the Exploration & Production segment in new areas;

- c) the provision of loans from Eni or its subsidiaries to third parties;
 - d) the provision from Eni of personal and real guarantees to third parties in the interest of Eni or its subsidiaries of amounts exceeding euro 50 million;
 - e) the provision of loans from Eni or its subsidiaries to affiliates as well as of real and personal guarantees on their bonds of amounts exceeding euro 50 million and, in any case, if the amount is not proportional to the stake held in the affiliate;
16. to examine and decide any proposal of the Managing Director concerning voting and appointment of members of the Board of Directors and the Board of Statutory Auditors of major subsidiaries;
17. to formulate all the proposals of decisions to be presented to the Shareholders' Meeting.

Delegate powers

The Board entrusted the Chairman with powers to conduct strategic international relations and the Managing Director with all managing powers except those that cannot be delegated and those reserved to the Board.

In accordance with article 27 of Eni's by-laws, the Chairman chairs Shareholders' Meetings, convenes and chairs Board of Directors meetings and oversees the implementation of decisions made by it.

In accordance with article 23 of Eni's by-laws, the Chairman and the Managing Director report timely to the Board of Statutory Auditors, at least quarterly and at each Board meeting, on activities performed and major transactions of Eni and its subsidiaries, in particular on those in which they have a direct or indirect interest.

In accordance with article 2391 of the Italian Civil Code, Directors inform other Directors and the Board of Statutory Auditors of any interest they may have, directly or on behalf of third parties, in any transaction of Eni.

Appointment

In accordance with article 17 of Eni's by-laws, the Board of Directors is made up by 3 to 9 members. The present Board of Directors is made up by 8 members elected by the Shareholders' Meeting of May 30, 2002 for a three-year term, their mandate expires with the Meeting convened to examine financial statements as of December 31, 2004. The Minister for Economy and Finance chose not to appoint one member of the Board, in agreement with the Minister of Productive Activities, as per article 6 of Eni's by-laws. The appointment of the Board of Directors (except for the Director appointed by the Economy and Finance Minister in agreement with the Minister of Productive Activities) calls for a list vote. Only shareholders who, alone or with others represent at least 1% of voting shares at an ordinary meeting have the right to present lists for the appointment of directors and auditors, as well as the Board of Directors (that never made use of this right). Each shareholder can present or participate in presenting only one list. Companies controlling a shareholder and joint controlled companies cannot present, nor participate in presenting other lists, meaning by subsidiaries the companies described in article 2359, line 1 of the Civil Code.

The lists must be deposited at Eni's headquarters at least ten days before the date set for the Shareholders' Meeting on first call (20 days in case of the Board of Directors presenting a list) and published on newspapers with national distribution and must include a resume of each candidate.

Board members must comply with the honorability and independence requirements provided for by applicable regulations, as well as the professionalism and experience required for performing their duties with efficacy and efficiency, to which they are expected to dedicate adequate time and resources.

Composition

The current Board of Directors is formed by the Chairman, Roberto Poli, the Managing Director, Vittorio Mincato, and directors, Mario Giuseppe Cattaneo, Alberto Clô, Renzo Costi, Dario Fruscio, Guglielmo Antonio Claudio Moscato and Mario Resca. Roberto Poli, Vittorio Mincato, Dario Fruscio, Guglielmo Antonio Claudio Moscato and Mario Resca were candidates included in the list of the Ministry of Economy and Finance; Mario Giuseppe Cattaneo, Alberto Clô and Renzo Costi, were in the list presented by institutional investors coordinated by Arca SGR SpA. The Secretary of the Board of Directors is Piergiorgio Ceccarelli, a manager employee of Eni.

Based on information received, follows information on positions held in other Board of Directors or Boards of Statutory Auditors of listed companies, financial or insurance or large companies by members of Eni's Board of Directors. Their professional curriculum is available on Eni's internet site.

Roberto Poli

Chairman of the Board of Directors of Poli e Associati SpA; Board member of Mondadori SpA, Fininvest SpA, Merloni Termosanitari SpA and G.D. SpA; general partner of Brafim SpA.

Mario Giuseppe Cattaneo

Chairman of the Board of Directors of CBI Factor SpA; Board member of Unicredito Italiano SpA, Luxottica Group SpA, Banca Lombarda SpA and Fin. Bansel SpA.

Alberto Clô

Board member of ASM Brescia SpA, De Longhi SpA, Italcementi SpA and Società Autostrade SpA.

Mario Resca

Board member of Mondadori SpA. Special manager of the Cirio Del Monte Group, under special management.

On February 28, 2005, Eni's Board of Directors, in accordance with the provisions of the Code, evaluated the statements presented by Board members and established that non executive Board members and the Chairman are independent as they do not have any economic relationship with Eni and Eni Group companies, with the Managing Director and with the Ministry of Economy and Finance, Eni's major shareholder, such as to bias their autonomous judgment nor are they close relatives of the Managing Director. The Managing Director of Eni is an employee of Eni.

Eni's by-laws do not indicate a specific frequency of meetings. In 2004 the Board of Directors met 18 times (19 in 2003) for an average length of four hours per meeting. The public is informed of the dates of meetings convened for the approval of interim results, of periodic reports as provided for by applicable laws as well as the dates of Shareholders' Meetings.

Functioning

The Board of Directors defined the rules for the calling of its meetings; in particular, the Chairman convenes Board meetings, and, in concert with the Managing Director, defines agenda items. Notice is sent by mail, fax or e-mail within five days of the meeting's date, at least 24 hours in advance in case of urgency. Eni's by-laws allow meetings held by teleconference, provided that all participants can be identified and are allowed to participate in real time. The meeting is deemed held in the location where Chairman and Secretary are present.

Board members receive in advance adequate and thorough information on all issues subject to Board evaluation and resolutions, except for urgent cases and those for which confidentiality is deemed necessary. In 2004 on average 90% of Board members participated to Board meetings and 88% of independent non executive Board members.

Compensation

Board member compensation is determined by the Shareholders' Meeting, while remuneration levels of the Chairman and Managing Director are determined by the Board of Directors, based on proposals of the Compensation Committee and after consultation with the Board of Statutory Auditors. In line with Consob provisions, the section "Other Information" of Eni SpA statutory financial statements indicates: (i) compensation paid to Board members, Statutory Auditors and General Managers; (ii) subscription rights for Eni shares assigned within three years for no consideration (stock grant) and stock options attributed to the Managing Director and to General Managers; (iii) number of shares of Eni SpA and of Eni companies held by Board members, Statutory Auditors and General Managers. Information as per (i) and (ii) are included also in the notes to Eni SpA's statutory financial statements.

On May 30, 2002 the Shareholders' Meeting determined the annual compensation of the Chairman (euro 250,000) and of Board members (euro 68,000). The Shareholders' Meeting of May 28, 2004, increased directors compensation to euro 100,000. In its meeting of May 30, 2002 the Shareholders' Meeting also determined a variable compensation up to a maximum of euro 80,000 for the Chairman and euro 20,000 for each Board member to be paid in accordance with Eni's positioning as compared to the other seven major international oil companies for market capitalization in terms of total return to shareholders in the reference year. The variable portion of compensation is paid to the Chairman for euro 80,000 or euro 40,000 and to each Board member for euro 20,000 or euro 10,000, respectively, if Eni's return to shareholders is rated first or second, or third or fourth in the rating of return to shareholders of the seven major oil companies. Below fifth position no variable compensation is paid. In the meeting of July 6, 2004, the Board confirmed that Eni in 2003 rated fifth in the mentioned positioning, therefore no variable compensation was paid. In addition, Board members receive euro 1,000 for the participation to each meeting of the Board and of Board committees, along with any expense incurred for performing their duties.

With reference to the powers delegated to the Chairman and Managing Director, the Board of Directors determined their compensation, made up of a fixed and a variable part.

The variable part of the compensation of Chairman and Managing Director, as well as the variable part of the compensation of Eni's top management (General Managers of divisions and managers holding positions directly reporting to the Chairman and Managing Director) is related to the achievement of specific economic and operating objectives (profitability, efficiency, strategic projects) and share price objectives (price of Eni shares, comparative total return to shareholders). With reference to Eni's performance in 2003, 43% of the remuneration of the Chairman and of the Managing Director was variable, 40% of that of the top management. The variable part of compensation includes, beside the monetary component, Eni's stock grant plans (see specific information on stock options and stock grants in Note 29 to Eni's consolidated financial statements, below).

Compensation of directors, statutory auditors and general managers

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

Pursuant to Consob Decision No. 11971 of May 14, 1999, as amended, compensation of Directors of Eni, statutory auditors and general managers of Eni's divisions is reported in the table below, which includes all the persons who held a position in 2004, also for a fraction of the year.

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

(thousand euro)

Name	Position	Term of appointment	Expiry of appointment ⁽¹⁾	Compensation for position	Non cash benefits	Bonuses and other incentives ^(*)	Other compensation	Total
Board of Directors								
Roberto Poli	Chairman	01.01-31.12	30.05.05	520	7	142		669
Vittorio Mincato	Managing Director	01.01-31.12	30.05.05	509		735	922	2,166
Mario Giuseppe Cattaneo	Board Member	01.01-31.12	30.05.05	108				108
Alberto Clò	Board Member	01.01-31.12	30.05.05	110				110
Renzo Costi	Board Member	01.01-31.12	30.05.05	110				110
Dario Fruscio	Board Member	01.01-31.12	30.05.05	102				102
Guglielmo Moscato	Board Member	01.01-31.12	30.05.05	112				112
Mario Resca	Board Member	01.01-31.12	30.05.05	105				105
Board of Statutory Auditors								
Andrea Monorchio	Chairman	01.01-31.12	30.05.05	114				114
Luigi Biscozzi	Statutory Auditor	01.01-31.12	30.05.05	91			46 ⁽²⁾	137
Paolo Andrea Colombo	Statutory Auditor	01.01-31.12	30.05.05	91			32 ⁽³⁾	123
Filippo Duodo	Statutory Auditor	01.01-31.12	30.05.05	90			54 ⁽⁴⁾	144
Riccardo Perotta	Statutory Auditor	01.01-31.12	30.05.05	90			45 ⁽⁵⁾	135
General Managers								
Gilberto Callera	R&M Division	01.01-13.04				798	243	1,041 ⁽⁶⁾
Stefano Cao	E&P Division	01.01-31.12				280	644	924
Luciano Sgubini	G&P Division	01.01-31.12				353	574	927
Angelo Taraborrelli	R&M Division	14.04-31.12				129	317	446
				2,152	7	1,863	2,877	6,899

(*) Related to performance in 2003.

(1) Appointment expires with the Shareholders' Meeting approving Eni's financial statements for 2004.

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

(3) Includes compensation for appointment as statutory auditor of Saipem SpA.

(4) Includes compensation for appointment as statutory auditor of Snamprogetti SpA, Chairman of the Board of Statutory Auditors of CEPAV (Consorzio Eni per l'Alta Velocità) Uno and Chairman of the Board of Statutory Auditors of CEPAV (Consorzio Eni per l'Alta Velocità) Due from February 24, 2004.

(5) Includes compensation for appointment as statutory auditor of Enifin SpA and Chairman of the Board of Statutory Auditors of Snam Rete Gas SpA from April 27, 2004.

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



Board committees

In order to carry out its tasks more effectively, the Board of Directors has instituted three advisory Committees: the Internal Control Committee and Compensation Committee, formed exclusively by independent, non-executive Board members, and the International Oil Committee in which also the Managing Director participates. Board members, as said above, receive euro 1,000 for each participation in Board committees.

The Committees are formed as follows:

Internal Control Committee: Mario Giuseppe Cattaneo (Chairman), Alberto Clô, Renzo Costi and Guglielmo Antonio Claudio Moscato.

Compensation Committee: Mario Resca (Chairman), Mario Giuseppe Cattaneo, substituted in February 2004 by Roberto Poli, and Renzo Costi.

International Oil Committee: Alberto Clô (Chairman), Dario Fruscio, Vittorio Mincato and Guglielmo Antonio Claudio Moscato.

The Code suggests the creation of a “Nominating Committee” in the companies with shares held widely by the public, especially when the Board notices that shareholders find it difficult to prepare proposals for appointments. This committee has not been formed in consideration of the shareholding characteristics of Eni and of the fact that Directors are appointed on the basis of candidate lists submitted by shareholders or by the Board of Directors.

Internal Control Committee

The Internal Control Committee, established by the Board of Directors in 1994, based on the decisions adopted by the Board on October 18, 2000 and November 7, 2003, holds functions of supervision, counsel and proposal in the area of monitoring general management issues.

In the meeting of November 7, 2003, the Board approved the Committee’s regulation and specified its functions (the regulation is available on Eni’s internet site). In its meeting of November 28, 2003, the Board appointed Mario Giuseppe Cattaneo Chairman of the Internal Control Committee.

In the course of 2004 the Internal Control Committee convened 15 times, with an average participation of 88% of its members, and has accomplished the following: (i) reviewed the audit programs prepared by Eni SpA’s and Group companies’ internal audit functions; (ii) reviewed and evaluated results of Eni SpA’s and Group companies’ internal auditing procedures; (iii) monitored the initiatives taken by Eni and the results of action undertaken after being informed of improper payments on the part of representatives of suppliers of EniPower to a manager of said company; (iv) met with top level representatives of administrative functions in the main subsidiaries, chairmen of boards of statutory auditors and partners responsible for external audit companies to examine the essential features of 2003 financial statements with specific reference to extraordinary transactions and relations among functions entrusted with controls at Eni SpA and its subsidiaries; (v) analyzed the competencies attributed to it by the Board of Directors with the approval of the new regulation; (vi) examined the results of an analysis on audit structures in other Italian Group companies; (vii) monitored the activities devised by Eni for the application of the “Model of organization, management and control” as per Legislative Decrees No. 231/2001 and No. 61/2002; (viii) examined reports received on the activity of the newly established internal monitoring unit as per Legislative Decree No. 231/2001; (ix) examined the implications related to the definition of a procedure on the treatment of anonymous reports; (x) examined the results of the bid for the conferral of the function of external auditors for the 2004-2006 period and expressed to the Board its favorable opinion for the appointment of PricewaterhouseCoopers as external auditor for 2004-2006 financial statements; (xi) examined the audit plans for 2004 financial statements and the reports required by document No. 260 of audit principles “Comments on events related to audits addressed to persons responsible for corporate governance”, as well as the activities

performed by the Groups' external auditors in 2004; (xii) reviewed the situation appointments conferred in 2002 and 2003 by Eni and its consolidated subsidiaries and affiliates to external auditors registered with Consob and related subjects; (xiii) reviewed the situation of appointments of external auditors of main group companies, the relevant accounts and the opinions contained in the reports of external auditors of Eni's Italian subsidiaries; (xiv) monitored the appointment of additional functions to companies belonging to the network of the external auditors, expressing its opinion.

Compensation Committee

The Compensation Committee, established by the Board of Directors in 1996, proposes incentive schemes for managers and the yearly remuneration of the Chairman and Managing Director to the Board of Directors and overviews the criteria used in determining compensation of the Group's top management.

In 2004, the Committee met 5 times, with an average participation of 93% of its members, and accomplished the following: (i) proposed a regulation for the Committee that was approved by the Board in its meeting of February 26, 2004; in the same meeting the Board appointed Mario Resca as Chairman of the Committee; (ii) reviewed the objectives of the 2004 Group Performance and Incentive Plan and the results of the 2003 plan; examined the assignation schemes of the stock option and stock grant plans for 2004 to be approved by the Board of Directors; (iii) presented a proposal concerning the variable part of the remuneration of the Chairman and Managing Director; (iv) examined the positioning in terms of compensation of the Groups' top management and the criteria of the annual remuneration policy.

International Oil Committee

The International Oil Committee established by the Board of Directors in 2002, is entrusted with the monitoring of trends in oil markets and the study of their aspects. In its meeting of May 11, 2004, the Board appointed Alberto Clô as Chairman of the Committee.

In 2004 the International Oil Committee met three times, with an average participation of 100% of its members. The first meeting was dedicated to the analysis of "Hydrocarbon reserves: generalities and Eni's evaluation methods" with specific attention to the technical, economic and regulatory aspects of the booking of proved reserves of oil and gas and Eni's behavior in this area. The second meeting was focused on "The gas bubble in Europe and Italy" with specific attention to the balance of supply and demand in Italy and Europe by 2010. During the third meeting, the discussion concerned "A comparison of scenarios: dynamics of prices of oil and energy sources". Special attention was paid to the methodological approach for the construction of future price scenarios for oil and gas and the evaluation of their impact of Eni's capital expenditure policies.



Board of Statutory Auditors and other control entities

Board of Statutory Auditors

The Board of Statutory Auditors, in accordance with article 149 of Legislative Decree No. 58/1998, monitors the respect of laws, of Eni's memorandum of association, of the principles of proper administration, the adequacy of the company's organizational structure for the parts concerning administration and accounting, internal controls and Eni's administration and accounting systems, as well as its reliability in presenting information properly and the adequacy of regulations imposed to subsidiaries according to article 114, line 2 of the mentioned decree.

The Board of Statutory Auditors comprises five auditors and two substitute auditors, all (except the chairman) appointed by the Shareholders' Meeting of May 30, 2002 for a three-year term, their mandate expires with the Meeting convened to examine financial

statements as of December 31, 2004. The Chairman was appointed on May 29, 2002 with decree of the Minister of Economy and Finance in consultation with the Minister for Productive Activities, in accordance with article 6 of Eni's by-laws. Statutory Auditors are appointed in accordance with articles 17 and 28 of Eni's by-laws, which call for a list vote in order to ensure presence of representatives of minority equity interests. Auditors are autonomous and independent even from the shareholders who elected them. The lists of candidates include a resume of each candidate and are deposited at the company's headquarters at least 10 days before the date of the Shareholders' Meeting on first call and are published on national newspapers.

Article 28 of Eni's by-laws, consistently with the provisions contained in the Decree of the Minister of Justice No. 162 of March 30, 2000, states that at least two auditors and one substitute auditor are chosen among chartered auditors and must have performed auditing activities for at least three years and that auditors not provided with these requirements must be chosen among those provided with the level of professionalism described in Decree No. 162/2000. For the purposes of said Decree, the by-laws define as related subjects commercial law, corporate economy and finance, engineering and geology. Eni's auditors are all chartered auditors.

The Board of Statutory Auditors is made up of the Chairman, Andrea Monorchio, four auditors, Luigi Biscozzi, Paolo Andrea Colombo, Filippo Duodo and Riccardo Perotta, and two substitute auditors, Fernando Carpentieri and Giorgio Silva. The resumes of auditors are published in Eni's web site. Paolo Andrea Colombo, Filippo Duodo and Fernando Carpentieri were candidates in the list of the Ministry of Economy and Finance; Luigi Biscozzi, Riccardo Perotta and Giorgio Silva were candidates in the list presented by institutional investors coordinated by Arca SGR SpA.

Statutory auditors receive in advance adequate and thorough information on all issues subject to Board evaluation and resolutions. Eni's by-laws allow meetings held by teleconference.

On May 30, 2002 the Shareholders' Meeting determined the yearly compensation for the Chairman of the Board of Statutory Auditors and each Auditor amounting to euro 87,000 and euro 58,000 respectively and euro 1,000 for the presence to each meeting, as well as payment of reasonable attendance expenses.

External Auditors

As provided for by Italian laws, external auditors must be a chartered company and are appointed by the Shareholders' Meeting. Eni's external auditors, PricewaterhouseCoopers SpA, were appointed by the Shareholders' Meeting of May 28, 2004 for a three-year term ending with the Meeting approving financial statements for 2006.

Court of Accounts

Eni is subject also to review by the Court of Accounts, in the person of a Magistrate delegated to control, Luigi Schiavello (alternate Angelo Antonio Parente).



Significant differences in corporate governance practices as per Section 303A.11 of the New York Stock Exchange Listed Company Manual

Foreword

Eni's shares are listed on the Mercato Telematico Azionario managed by Borsa Italiana SpA and as American Depositary Receipts (ADR) on the New York Stock Exchange (NYSE). Under Section 303A.11 of the Listed Company Manual issued by the NYSE Eni is required to: (i) comply with Rule 10A-3 under the Securities Exchange Act of 1934 concerning the composition and responsibilities of the *audit committee*, before July 31, 2005; (ii) disclose

any significant ways in which its *corporate governance* practices differ from those followed by US domestic companies under the NYSE listing standards; (iii) promptly notify the NYSE in writing if any Eni's executive officer becomes aware of any material non compliance with any applicable provision of Section 303A; (iv) submit an executed Written Affirmation annually in the form specified by the NYSE.

Corporate governance standards followed by Italian listed companies are set forth in the Civil Code and in the Legislative Decree No. 58 of February 24, 1998, "Single text containing the provisions concerning financial intermediation" (Testo unico delle disposizioni in materia di intermediazione finanziaria, the "TUF") as well as by the Self-discipline Code of listed companies (the "Code") issued by the Committee for corporate governance of listed companies. As discussed below, Italian *corporate governance* standards differ for certain aspects from NYSE standards.

The civil code and the TUF assign specific binding and irrevocable powers and responsibilities to company's corporate bodies. The Code, based on this regulatory framework, provides recommendations on *corporate governance* intended to reflect generally accepted best practices. Although these recommendations are not binding, Borsa Italiana SpA requests listed companies to publish an Annual Report on corporate governance which contains, besides a general description of the *corporate governance* system adopted, also any recommendation that was not followed and the reasons for this choice. Eni adopted the self-discipline code.

Eni's organizational structure follows the traditional Italian model of companies which provides for two main separate corporate bodies, the Board of Directors and the Board of Statutory Auditors to whom are respectively entrusted management and monitoring duties. This model differs from the US unitary model which provides for the Board of Directors as the sole corporate body responsible for management and, through an *audit committee* established within the same Board, for monitoring.

Below is a description of the most significant differences between *corporate governance* practices followed by US domestic companies under the NYSE standards and those followed by Eni.

Independent Directors

NYSE Standards. Under NYSE standards listed US companies' Boards must have a majority of independent directors. A director qualifies as independent when the Board affirmatively determines that such director has no certain material relationship (commercial, industrial, banking, consultancy, etc.) with the listed company (and its subsidiaries), either directly, or indirectly. In particular, a director is not deemed independent if he/she or an immediate family member has a certain specific relationship with the issuer, its auditors or companies that have material business relationships with the issuer (e.g. he/she is an employee of the issuer or a partner/employee of the auditor). In addition, a director cannot be considered independent in the three-year "cooling-off" period following the termination of any relationship that compromised a director's independence.

Eni Standards. In Italy, the Code recommends that the Board of Directors includes an adequate number of independent non-executive directors "in the sense that they: a) do not entertain, directly or indirectly or on behalf of third parties, nor have recently entertained business relationships with the company, its subsidiaries, the executive directors or the shareholder or group of shareholders who controls the company of a significance able to influence their autonomous judgement; b) neither own, directly or indirectly or on behalf of third parties, a quantity of shares enabling them to control the company or exercise a considerable influence over it nor participate in shareholders' agreements to control the company; c) are not immediate family members of executive directors of the company or of persons in the situations referred to in points a) and b)." The independence of directors is periodically

reviewed by the Board of Directors keeping into account the information provided by the directors themselves. The Code also recommends that to evaluate independence “in the case of earlier business dealings, reference should be made to the previous financial year and for work relationships and functions of executive director, to the three preceding financial years.”

The Code provides for a qualitative evaluation, that considers the whole of the relationships held, in order to check as the case may be if the existing relationships between the issuer and the director are such to impair the director’s independence.

In 2004, Eni’s Board of Directors judged that the Chairman and its non-executive members comply with the independence standards, as provided for by the Code.

Meetings of non executive directors

NYSE Standards. Non-executive directors, including those who are not independent, must meet at regularly scheduled executive sessions without management. Besides, if the group of non-executive directors includes directors who are not independent, independent directors should meet separately at least once a year.

Eni Standards. Neither Eni’s non-executive directors nor Eni’s independent directors must meet separately, under the Code’s *corporate governance* rules.

Audit Committee

NYSE Standards. Listed US companies must have an *audit committee* that satisfies the requirements of Rule 10A-3 under the Securities Exchange Act of 1934 and that complies with the further provisions of the Sarbanes-Oxley Act and of Section 303A.07 of the NYSE Listed Company Manual.

Eni Standards. In its meeting of March 22, 2003, Eni’s Board of Directors, making use of the exemption provided by Rule 10A-3 for non-US private issuers, has identified in the Board of Statutory Auditors the body that, starting from June 1st, 2005, will be performing, to the extent permitted by Italian legal or listing requirements, the functions assigned by SEC rules and the Sarbanes-Oxley Act to the *audit committees* of US registrants (see paragraph Corporate Governance - Board of Statutory Auditors). Under Section 303A.07 *audit committees* of US companies hold further functions and responsibilities which are not mandatory for non-US private issuers and which therefore are not included in the list of functions shown in the paragraph quoted above.

Nominating/corporate governance committee

NYSE standards. US listed companies must have a *nominating/corporate governance committee* (or equivalent body) composed entirely of independent directors that are entrusted, among others, with the responsibility to identify individuals qualified to become board members and to select or recommend director nominees for submission to the shareholders’ meeting, as well as to develop and recommend to the Board of Directors a set of *corporate governance* guidelines.

Eni Standards. This provision is not applicable to non-US private issuers. The Code allows listed companies to have within the Board of Directors a committee for directors’ nominees proposals, above all when the Board of Directors detects difficulties in the shareholders’ submission of nominees proposals, as could happen in publicly-owned companies. Eni has not set up a *nominating committee*, considering the nature of its shareholding as well as the circumstance that, under Eni by-laws, directors are appointed by the Shareholders’ Meeting based on lists presented by shareholders or by the Board of Directors.

Eni's shareholders

Eni SpA's share capital at December 31, 2004 amounted to euro 4,004,424,476, fully paid and was represented by 4,004,424,476 ordinary shares of nominal value euro 1 each. Shares are not divisible and give right to one vote. Shareholders can exercise the rights provided by the law.

According to article 6 of Eni's by-laws, no single shareholder can hold Eni shares amounting to more than 3% of Eni's share capital, except for the Italian Government. If this threshold is surpassed no additional votes can be cast at meetings.

Based on information available and received in accordance with Consob decision No. 11971/1999, as of December 31, 2004, shareholders holding more than 2% of Eni's share capital were:

Shareholders	Shares held	% of capital
Ministry of Economy and Finance	813,443,277	20.31
Cassa Depositi e Prestiti SpA	400,288,338	10.00
Eni SpA (own shares)	234,394,888	5.85

Shareholders by area

Shareholders	Number of shareholders	Number of shares	% of capital ⁽¹⁾
Italy	357,456	2,333,748,844	58.30
UK and Ireland	1,182	198,402,870	4.96
Other EU	4,332	820,532,168	20.50
USA and Canada	1,488	274,321,612	6.85
Rest of world	1,573	135,054,733	3.37
Own shares at the dividend date		232,710,909	5.81
Other	n.a.	8,250,740	0.21
Total	366,031	4,003,021,876	100.00

Shareholders by amount of shares held

Shareholders	Number of shareholders	Number of shares	% of capital ⁽¹⁾
>10%	1	813,443,277	20.32
3%-10%	1	400,288,338	10.00
2%-3%	2 ⁽²⁾	193,505,326	4.83
1%-2%	4	258,618,718	6.46
0.5%-1%	12	364,906,835	9.12
0.3%-0.5%	18	274,936,676	6.87
0.1%-0.3%	55	356,368,524	8.90
≤ 0.1%	365,938	1,099,992,533	27.48
Own shares at the dividend date		232,710,909	5.81
Other	n.a.	8,250,740	0.21
Total	366,031	4,003,021,876	100.00

(1) At the dividend payment date, June 24, 2004 (ex-dividend date was June 21, 2004).

(2) Shareholders Banca Caboto and Banca Intesa informed that they reduced their interests below the 2% threshold (from 2.4 to 1.3% and from 2.4 to 0.4%, respectively).



Special powers of the State - golden share - Legislative Decree on savings

Eni's by-laws in article 6.2, which applies article 2, line 1 of Law Decree No. 332 of May 31, 1994, modified and converted into Law No. 474 of July 30, 1994, attribute to the Minister for Economy and Finance, in agreement with the Minister of Productive Activities, the following special powers: (a) approval or disapproval of the acquisition of material interests representing at least 3% of the share capital of Eni SpA having the right to vote at ordinary Shareholders' Meetings; (b) approval or disapproval of shareholders' agreements or other arrangements (as defined by article 122 of Legislative Decree No. 58 of February 24, 1998) involving 3% or more of the share capital of Eni SpA having the right to vote at ordinary Shareholders' Meetings; (c) veto power with respect to shareholders' resolutions to dissolve Eni SpA, to cause a transfer, merger or demerger, to transfer the registered office of Eni SpA outside Italy, to change the corporate purposes or to amend or modify any of the special powers described in this section; (d) appointment of a Board member and an auditor. The Minister of Economy and Finance made use of the powers described under (a) in order to allow a merchant bank to own shares of Eni SpA to be resold on the market following a tender offer, but it never made use of the powers described under (b) and (c).

The exercise of these special powers is regulated by the mentioned law and by a Decree of the President of the Council of Ministers of June 10, 2004.

Article 4, line 227 of Law No. 350 of December 24, 2003 changed article 2, line 1 of Law Decree No. 332 of May 31, 1994 converted with modifications into Law No. 474 of July 30, 1994 concerning the exercise of special powers by the Government in privatized State companies (the so called golden share) exercised by the Minister for Economy and Finance and by the Minister for Productive Activities. The changes – aimed to adjusting these powers to the observations made by the European Union concerning the compatibility of rules introduced by Law No. 474/1994 with the principles of free circulation of capitals – can be summarized as follows: (a) opposition – no longer approval or disapproval as a condition for the exercise of voting rights and other rights with a non financial content – to the acquisition of relevant interests (5% or more of the share capital of Eni SpA having the right to vote at ordinary Shareholders' Meetings) by those entities that are subject to the limit imposed by article 3 of Legislative Decree No. 332 of May 31, 1994 converted with modifications into Law No. 474 of July 30, 1994; (b) opposition – no longer approval or disapproval – to shareholders' agreements or other arrangements (as defined by article 122 of Legislative Decree No. 58 of February 24, 1998) involving 5% or more of the share capital of Eni SpA having the right to vote at ordinary Shareholders' Meetings; (c) veto power – duly motivated by the case of prejudice to the interests of the State – with respect to shareholders' resolutions to dissolve Eni SpA, to cause a transfer, merger or demerger, to transfer the registered office of Eni SpA outside Italy, to change the corporate purposes or to amend or modify any of the special powers described in this section; (d) appointment of a Board member without voting right.

The introduction of these new regulations into Eni's by-laws is subject to the issuing of a specific Decree by the Minister of Economy and Finance and by the Minister of Productive Activities.

On March 3, 2005 the House of Deputies of the Italian Parliament passed a preliminary approval of the so called "Draft Law on the protection of savings and the regulation of financial markets" aimed at guaranteeing greater transparency of regulated markets and enhancing the protection of savings. The bill, among other things, states that the Chairman of the Board of Statutory Auditors is elected by the Shareholders' Meeting among the auditors appointed by the minority of shareholders and that by-laws must be amended within twelve months from the entry into force of the bill, that, however, needs to be approved by the Senate.



Shareholders' Meetings

The Shareholders' Meeting is the institutional meeting point of shareholders and the management of the company. During meetings shareholders can request information on issues in the agenda and on the general management of the company. Information is provided within the limits of confidentiality of price sensitive information.

The ordinary Shareholders' Meeting performs the functions described in article 2364 of the Civil Code and the extraordinary Shareholders' Meeting the ones described in article 2365, besides the others provided for by other laws.

With the aim of facilitating the attendance of shareholders, calls for meetings are published on Italian and foreign newspapers, Eni's by-laws allow vote by correspondence and the collection of powers of attorney in articles 13 and 14. On December 4, 1998 Eni approved a regulation for its meetings, available on Eni's internet site, in order to guarantee an efficient deployment of meetings, in particular the right of each shareholder to express his opinion on the items in the agenda.



Investor relations and information processing

In concert with the launch of its privatization process, Eni adopted a communication policy, confirmed by the Code of Conduct, aimed at promoting an ongoing dialogue with institutional investors, shareholders and the markets to ensure systematic dissemination of exhaustive complete, transparent, selective and prompt information on its activities, with the sole limitation imposed by the confidential nature of certain information. Information made available to investors, markets and the press is provided in the form of press releases, regular meetings with institutional investors and the financial community and the press, in addition to general documentation released and constantly updated on Eni's internet site. Investor and shareholder relations are handled by special Eni functions.

Relations with investors and financial analysts are held by the Investor Relations office. Information is available on Eni's web site and can be requested to the investor.relations@eni.it mailbox.

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

Relations with shareholders are held by the Corporate Secretary office. Information is available on Eni's web site and can be requested to the segreteria.societaria.azionisti@eni.it mailbox and the toll-free number 800940924.

Information regarding period reports and major events/transactions is promptly released to the public, also through the internet site. A specific section of Eni's site contains all press releases, procedures concerning corporate governance, presentations provided in meetings with the press and financial analysts, notices to shareholders and bond holders and information concerning shareholders' and bond holders' meetings, including proceeds thereof. Documents available to the public free of charge are mailed on request.

Eni is aware that financial information plays a crucial role in the functioning of capital markets and in the creation and maintenance of satisfying relationships between the company and its increasingly wide area of stakeholders. Eni is also aware that investors' trust in listed companies is one of the essential elements for the functioning of global economy. Investors must be able to rely on the absolute moral integrity of persons responsible of key positions in companies and on their respect of corporate codes of conduct, procedures and rules. Eni's commitment to provide investors and markets with truthful, complete, transparent, timely and selective financial information is confirmed by its Code of Conduct,

that identifies the fundamental values for the deployment of its activities in the completeness and transparency of information, the formal and substantial legitimacy of behavior of its employees at any organizational level and the clarity and truthfulness of its accounting, in accordance with laws and regulations in force.

On December 18, 2002, Eni's Board of Directors approved a "Procedure for the disclosure of information to the market concerning Group activities" published on Eni's internet site. The procedure acknowledges Consob guidelines and the "Guidelines for information to the market" issued in June 2002 by the Ref Forum on company information, defines the requirements for disclosure to the public of price sensitive events (materiality, clarity, homogeneity, information symmetry, consistency and timeliness) and the information flows for acquiring data from Group companies and providing adequate and timely information to the Board and the market on price sensitive events. It also contains sanctions applied in case of violation of its rules.

Eni's Code of Conduct defines confidentiality duties upheld by Group employees relating to the treatment of sensitive information.



Internal dealing

In compliance with the provisions contained in the Rules of the markets organized and managed by Borsa Italiana SpA (the Italian Stock Exchange) and in Consob's Resolution 13655 of July 9, 2002, as amended, on December 18, 2002 Eni's Board of Directors has approved the Code of Conduct for Internal Dealing (published on Eni's internet site) concerning transactions involving financial instruments issued by Eni SpA and its listed subsidiaries. This Code, in force from January 1, 2003, contains the provisions that govern public disclosure obligations and limitations regarding transactions involving financial instruments issued by Eni and by its listed subsidiaries executed on their own behalf by relevant persons. Relevant persons have been identified to be: (i) Board members and statutory auditors of Eni, the Magistrate of the Court of Accounts delegate inspector; (ii) the managers directly reporting to the Chairman and the Managing Director of Eni and the managers directly reporting to the aforementioned first line of managers.

According to the Code, the market has to be informed at the end of each calendar quarter about the operations carried out by relevant persons if their amount in each calendar quarter exceeds euro 35,000 (the limit set by the Rules of the Italian Stock Exchange is euro 50,000), while the market has to be informed without delay of transactions if their amount exceeds 175,000 in each three-month calendar period (the limit set by the Rules of the Italian Stock Exchange is euro 250,000).

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

The Code on Internal Dealing prohibits relevant persons from carrying out transactions on the financial instruments issued by Eni SpA and its listed subsidiaries in the fifteen working days preceding the meetings of the Board of Directors of Eni SpA convened to review the financial statements and the preliminary results as well as, if not announced in the previous cases, the meeting of the Board resolving on the dividend proposal to the Shareholders' Meeting. This prohibition does not apply to the option exercise in connection with stock option and stock grant plans, provided that shares are not sold in said periods.

Legislative Decree No. 231/2001

In the meetings of December 15, 2003 and January 28, 2004 the Board of Directors approved a “Model for organization, management and control according to Legislative Decree No. 231/2001” which defines and regulates the administrative responsibility of persons, companies and partnerships, according to article 11 of Law No. 300 of September 29, 2000 and established a monitoring unit. The principles of the “231 model” are published on Eni’s internet site. The criteria for the preparation of this model are those included in a guidebook prepared by Confindustria. The model was transmitted to all Group companies for application.

Follow the tables included in the “Handbook for the preparation of the report on corporate governance” issued by Assonime and Emittente Titoli SpA in March, 2004.

Structure of the Board of Directors and its Committees

Members	Board of Directors					Internal Control Committee		Compensation Committee		International Oil Committee	
	executive	non executive	independent	%attendance	other appointments	members	%attendance	members	%attendance	members	%attendance
Chairman											
Roberto Poli		X	X	100	6			X	100		
Managing Director											
Vittorio Mincato	X			100	-					X	100
Directors											
Mario Giuseppe Cattaneo (*)		X	X	78	5	X	93				
Alberto Clò (*)		X	X	89	4	X	80			X	100
Renzo Costi (*)		X	X	83	-	X	87	X	80		
Dario Fruscio		X	X	83	-					X	100
Guglielmo Moscato		X	X	95	-	X	93			X	100
Mario Resca		X	X	89	2			X	100		
Number of meetings in 2004		18					15		5		3

(*) Designated by the minority list.

The Code suggests the creation of a “Nomination Committee” in the companies with shares held widely by the public, especially when the Board notices that shareholders find it difficult to prepare proposals for appointments. This committee has not been formed in consideration of the shareholding characteristics of Eni and of the fact that Directors are appointed on the basis of candidate lists submitted by shareholders or by the Board of Directors.

Board of Statutory Auditors

Members	% attendance	Number of other appointments
Chairman		
Andrea Monorchio	78	-
Auditors		
Luigi Biscozzi (*)	94	-
Paolo Andrea Colombo	89	3
Filippo Duodo	94	-
Riccardo Perotta (*)	89	2
Alternates		
Fernando Carpentieri		-
Giorgio Silva (*)		-
Number of meetings in 2004		18

(*) Designated by the minority list.

For presenting a list, the shareholder or group of shareholders must hold at least 1% of voting shares in an ordinary shareholders' meeting.

Other information to be disclosed under the Self-discipline Code

	Yes	No
System of delegated powers and transactions with related parties		
The Board of Directors delegated powers defining:		
a) limitations	X	
b) exercise	X	
c) periodicity of information	X	
The Board of Directors reserved examination and approval of relevant transactions (including transactions with related parties)	X	
The Board of Directors defined guidelines for identifying relevant transactions	X	
Such guidelines are described in the report	X	
The Board of Directors defined procedures for examination and approval of transactions with related parties		X (*)
Such procedures are described in the report		X (*)
Procedures for the latest appointment of Directors and Statutory Auditors		
Lists of candidate directors were deposited at least 10 before the date set for appointment	X	
Lists were accompanied by sufficient information on candidates	X	
Candidates to the role of director disclosed information that qualified them as independent	X	
Lists of candidate auditors were deposited at least 10 before the date set for appointment	X	
Lists were accompanied by sufficient information on candidates	X	
Meetings		
The company approved regulations of meetings	X	
The regulations are attached to the report (indication of where to find it online is provided)	X	
Internal Control		
The company appointed persons responsible for internal control	X	
Such persons do not report to managers of operating divisions	X	
Internal office responsible of internal control (art. 9.3 of the code)		Internal Audit
Investor relations		
The company appointed an investor relations manager	X	
Information on investor relations manager (telephone, address, e-mail) and unit		Investor Relations (**)

(*) Procedures will be prepared after the publication by Consob of the general principles as per art. 2391 bis of the Civil Code introduced by Legislative Decree No. 310 of December 28, 2004.

(**) Eni SpA - Piazza Vanoni, 1 - San Donato Milanese (Milan) 20097 Italy - Tel. 02 52051651 - Fax 02 52031929.