Eni announces the results for the first quarter of 2012

Rome, April 27, 2012 – Eni, the international oil and gas company, today announces its group results for the first quarter of 2012[1] (unaudited).

Financial Highlights

- Adjusted operating profit: up 27% to €6.45 billion
- Adjusted net profit: up 13% to €2.48 billion
- Net profit: up 42% to €3.62 billion
- Cash flow: €4.19 billion

Operational Highlights

- Oil and natural gas production: down 0.6% to 1.674 mmboe/d. Excluding the impact of price effects, production was up by 0.2%
- Natural gas sales: down 5.3% to 30.61 billion cubic meters affected by weak demand
- New, relevant exploration success in Mozambique with Mamba North East 1 discovery
- Signed a strategic agreement with Rosneft in the Russian upstream offshore the Barents Sea and the Black Sea
- Started production at the giant Samburgskoye in Siberia
- Agreed the revision of the gas supply contracts with Gazprom
- Reached the agreements to start the divestment of Galp Energia
- Signed a contract for the exploration of one of the most attractive offshore basins in China
- Continuing exploration success in the Barents Sea

Paolo Scaroni, Chief Executive Officer, commented:
"In the first quarter of 2012, Eni delivered excellent results thanks to the ongoing recovery of production in Libya and higher oil prices, despite the difficult market environment facing Gas & Power, Refining & Marketing and the Chemical sector. During the period, we successfully renegotiated our supply contracts with Gazprom. In exploration, we have continued to deliver strong results with further important discoveries in Mozambique and in the Barents Sea. I'm very pleased with the agreement we have recently signed with Rosneft as it underpins our exploration opportunities for many years to come, further boosting our prospects for long-term growth".

(1) This press release represents the quarterly report prepared in compliance with Italian listing standards as provided by article 154-ter of the Italian code for securities and exchanges (Testo Unico della Finanza).

Financial Highlights

Fourth Quarter 2011	SUMMARY GROUP RESULTS	(€ million)	First Quarter 2011	2012	% Ch.
3,483	Operating profit		5,638	6,834	21.2
4,259	Adjusted operating profit [a]		5,099	6,452	26.5
1,289	**Net profit** [b]		**2,547**	**3,617**	**42.0**
0.36	- per share (€) [c]		0.70	1.00	42.9
0.97	- per ADR ($) [c] [d]		1.91	2.62	37.2
1,540	**Adjusted net profit** [a] [b]		**2,198**	**2,480**	**12.8**
0.43	- per share (€) [c]		0.61	0.68	11.5
1.16	- per ADR ($) [c] [d]		1.67	1.78	6.6

(a) For a detailed explanation of adjusted operating profit and net profit see paragraph "Reconciliation of reported operating and net profit to results on an adjusted basis" page 22.
(b) Profit attributable to Eni's shareholders.
(c) Fully diluted. Dollar amounts are converted on the basis of the average EUR/USD exchange rate quoted by the ECB for the periods presented.
(d) One ADR (American Depositary Receipt) is equal to two Eni ordinary shares.

Adjusted operating profit
In the first quarter of 2012, adjusted operating profit was €6.45 billion, up 26.5% from the first quarter of 2011. This was due to a better operating performance registered by the Exploration & Production Division (up 23.8%) driven by a robust oil price environment and an ongoing production recovery in Libya. The increased results of the Gas & Power Division (up 57%) were due to the stronger results posted by the Marketing activity which was driven by the economic benefits associated with the renegotiations of the gas supply contracts, some of which were renegotiated with retroactive economic benefit to the beginning of 2011. In addition, the Division benefited from an improved supply mix due to the recovery of Libyan supplies. These positives were partly offset by a slowdown in demand across Italy and Europe and rising competitive pressures, which squeezed unit margins. The Refining & Marketing Division and the Chemical segment both reported wider operating losses driven by rising supply costs for oil feedstock which were only partially transferred to product prices pressured by weak demand trends on their respective market outlets.

Adjusted net profit
In the first quarter of 2012, adjusted net profit was €2.48 billion, up 12.8% compared with a year ago, as a result of better operating performance. This positive effect was partly offset by higher finance charges (down €207 million) and higher consolidated tax rate (up approximately 6 percentage points) due to an increasing taxable profit earned by the Exploration & Production subsidiaries which incurred higher-than-average tax rates as well as a changed tax regime for certain Italian subsidiaries. This occurred as a result of the Italian budget law enacted in August 2011 which increased the Italian windfall tax levied on energy companies (the so-called Robin Tax) by 4 percentage points to 10.5% and enlarged its scope to include gas transport and distribution companies.

Capital expenditure
Capital expenditure for the first quarter amounted to €2.87 billion mainly related to continuing development of oil and gas reserves, the upgrading of rigs and offshore vessels in the Engineering & Construction segment and the upgrading of gas infrastructures. The Group also incurred expenditures of €0.25 billion to finance the acquisition of Nuon Belgium and joint venture projects.

Cash flow
Net cash generated by operating activities amounted to €4.19 billion, which was used to fund the financing requirements associated with capital expenditure and investments, and to pay down net borrowings[2] which were down by €0.61 billion from December 31, 2011 to €27.43 billion. Cash flow from operating activities benefited from a larger amount of trade receivables due beyond the end of the reporting period transferred to financing institutions (up by €329 million).

Financial Ratios
The ratio of net borrowings to shareholders' equity including non-controlling interest – leverage[3] – decreased to 0.43 at March 31, 2012 from 0.46 as of December 31, 2011. Return on Average Capital Employed (ROACE)[3] calculated on an adjusted basis for the twelve-month period ending on March 31, 2012 was 10% (vs. 11.4% as of March 31, 2011).

(2) Information on net borrowings composition is furnished on page 29.
(3) Non-GAAP financial measures disclosed throughout this press release are accompanied by explanatory notes and tables to help investors to gain a full understanding of said measures in line with guidance provided for by CESR Recommendation No. 2005-178b. See pages 29 and 30 for leverage and ROACE, respectively.

Operational highlights and trading environment

Fourth Quarter 2011	KEY STATISTICS		First Quarter 2011	2012	% Ch.
1,678	**Production of oil and natural gas**	(kboe/d)	**1,684**	**1,674**	**(0.6)**
896	- Liquids	(kbbl/d)	899	867	(3.6)
4,345	- Natural gas	(mmcf/d)	4,345	4,480	3.3
25.47	**Worldwide gas sales**	(bcm)	**32.33**	**30.61**	**(5.3)**
11.39	**Electricity sales**	(TWh)	**9.68**	**12.29**	**27.0**
2.80	**Retail sales of refined products in Europe**	(mmtonnes)	**2.64**	**2.53**	**(4.2)**

Exploration & Production

In the first quarter of 2012, Eni reported liquids and gas production of 1,674 kboe/d, representing a small decrease from the first quarter of 2011 (down by 10 kboe/d, or 0.6%) due to lower production entitlements in the Company's PSAs reflecting higher oil prices (down by approximately 14 kboe/d compared to the same quarter of the previous year). When excluding price effects, the production of the first quarter was marginally higher (up by 0.2%) driven by an ongoing recovery in Libyan production and start-up/ramp-up of new fields in Australia, Egypt and the United States. These positives were partly offset by the sale of interests in certain non strategic assets and limited unplanned production losses.

Gas & Power

In the first quarter of 2012, Eni's worldwide natural gas sales fell by 5.3% to 30.61 bcm from the first quarter of 2011, due to weak demand and rising competitive pressure. Volumes marketed on the domestic market registered an appreciable increase (up 1.4%) reflecting higher spot sales at certain Italian daily exchanges and growing volumes marketed in the residential segment due to strong seasonal factors. These increases were partly offset by a steep decline in sales to the power generation segment affected by the higher competitiveness of coal and growing use of renewable sources, and to the wholesalers segment.
Eni's sales volumes on the European market decreased by 5.5% reflecting increased competitive pressure and unfavourable weather conditions particularly in Benelux and the UK/Northern Europe (sales to hub), partly offset by higher sales in Germany/Austria, Turkey and France. Sales to importers to Italy experienced a substantial decrease (down 57.8%) due to the termination of certain supply contracts.

Refining & Marketing

In the first quarter of 2012, average European refining margins remained at unprofitable levels, notwithstanding a noticeable recovery from the same period of the last year (the benchmark margin on Brent crude averaged $2.92 per barrel in the quarter, up 67.8% from the first quarter of 2011 in the Mediterranean area). Ongoing trends in refining margins reflected weak industry fundamentals across Europe as high costs for oil feedstock were only partially transferred to refined products prices due to sluggish fuel demand and excess capacity. In addition, results for Eni's refining activities continued to be adversely impacted by rising costs of energy utilities indexed to oil prices and shrinking price differentials between light and heavy crudes. In the first quarter of 2012, Eni marketed lower volumes on its Italian retail network, down by 6.7%, reflecting weak fuel consumption. The Company implemented a number of commercial initiatives intended to preserve its market share which increased by 0.4 percentage points from last year to 30.4%. In the first quarter of 2012, retail sales in the European market increased by 2.9% mainly in Austria, Germany and Switzerland.

Currency

Results of operations for the first quarter of 2012 were positively impacted by the depreciation of the Euro vs the US dollar (down by 4.1%).

Portfolio developments

Mozambique

In March 2012, following the Mamba South and Mamba North discoveries, a new large exploration success was achieved in Mozambique with the discovery of Mamba North East 1 also located in Area 4. The discovery well encountered a reservoir which is estimated to hold a mineral potential of at least 10 Tcf of gas in place. The discovery further upgraded the potential of Area 4 to an estimated 40 Tcf of gas in place at least. For the year 2012, Eni plans to drill 4 additional wells in the Mamba complex to fully ascertain the mineral potential of the area.

Agreement with Rosneft

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

Gazprom

In March 2012, on the back of the existing strategic partnership, Eni and Gazprom signed an agreement renegotiating the terms of certain gas supply contracts. The recognition of the associated economic effects was retroactive to the beginning of 2011. The two partners also agreed a roadmap to start building the South Stream gas pipeline targeting a final investment decision by end of 2012.

Agreement for the divestment of interest in Galp

On March 29, 2012, Eni and the other relevant shareholders of the Portuguese company Galp Energia, Amorim Energia and Caixa Geral de Depòsitos SA, signed a number of agreements that amended the shareholders agreements currently in place between the three companies allowing Eni to commence the process of divesting its 33.34% interest in the Company.
The agreement provides for:

(i) the sale of Eni's 5% interest in Galp to Amorim Energia within 150 days from the signing of the agreements at a price of €14.25 a share;
(ii) the right for Eni to sell up to 18% of Galp shares on the market (which could potentially increase by 2% if convertible bonds are issued);
(iii) the sale of 5% of Eni's interest in Galp (on the market or to Amorim) will trigger the termination of the shareholders' agreements currently in place;
(iv) a pre-emption right granted to Amorim on the residual 10.34% shares of Galp owned by Eni through a combination of a call option on a 5% interest and a right of first refusal on the remaining 5.34%, or on the whole 10.34% in case Amorim does not exercise the call option.

Divestment of interest in Interconnector

On February 22, 2012, Snam and Fluxys G signed a preliminary agreement to purchase Eni's 16.41% interest in Interconnector (UK) Limited, its 51% interest in Interconnector Zeebrugge Terminal SCRL and its 10% interest in Huberator SA for a total consideration of €150 million. These companies own and operate the subsea gas pipeline that provides a bi-directional link between the UK (Bacton) and Belgium (Zeebrugge) hubs. IZT and Huberator are Belgian companies: IZT owns the Belgian compressor terminal at the Interconnector in Zeebrugge, and Huberator offers trading-related services in the Zeebrugge Gas Hub. The completion of the transaction is subject to certain conditions precedent and is expected to occur by the second half of 2012.

China

On April 2012, Eni and China National Offshore Oil Corporation (CNOOC) signed a Production Sharing Contract (PSC) for the exploration of Block 30/27, which has a high exploration potential and is located in one of the most attractive areas in the Chinese offshore. Eni will be the Operator of the project, with a 100% interest. In the case of a discovery, CNOOC has a back-in right of up to 51%.

Norway

In January 2012, Eni was awarded the operatorship of the PL657 license (Eni's interest 80%) located in the Barents Sea near the Goliat operated field (Eni's interest 65%). Any exploratory success will be supported by the existing facilities significantly reducing time-to-market.
In the first quarter of 2012, exploration activities yielded positive results in the PL532 license located in the Barents sea (Eni's interest 30%) with the appraisal of the Skrugard oil and gas discovery and with the new Havis oil and gas discovery. The total recoverable reserves of the PL532 license are estimated at approximately 500 mmbbl. Both fields are planned to be put in production by means of a fast-track synergic development.

Main production start ups

At the beginning of April 2012, Eni started production at the Marulk field (Eni 20%, operator) located in the Norwegian offshore with a production that is expected to peak at approximately 20 kboe/d in 2012 (4 kboe/d, net to Eni).
In April 2012, Eni started production at the Samburgskoye field, in Siberia, with an expected peak production of approximately 43 kboe/d (14 kboe/d, net to Eni).

Incident in the North Sea

On March 25, 2012, a gas leak following a well operation occurred at a wellhead platform of the Elgin/Franklin gas field (Eni's interest 21.87%) which is located in the UK North Sea. The field is operated by an international oil company which is taking all necessary steps to handle the situation. Eni is closely monitoring the situation to assess any possible liability which may arise from the incident.

Outlook

Eni expects the 2012 outlook to be challenging due to signs of a continuing economic slowdown, particularly in the euro-zone, and volatile market conditions. International oil prices will be supported by robust demand growth from China and other emerging economies, as well as ongoing geopolitical risks and uncertainties, partly offset by a recovery in the Libyan output. For short-term financial projections, Eni assumes a full-year average price of $113 a barrel for the Brent crude benchmark. Recovery perspectives look poor in the gas sector with gas demand expected to be soft due to slow economic activity and increasing competition from renewables; while the marketplace is well supplied. Against this backdrop, management expects ongoing margin pressures to continue in 2012 and reduced sales opportunities due to rising competition. Management foresees the persistence of a depressed trading environment in the European refining business. Refining margins are anticipated to remain at unprofitable levels due to high costs of oil supplies, sluggish demand and excess capacity. In this context, key volume trends for the year are expected to be the following:

- **Production of liquids and natural gas:** production is expected to grow compared to 2011 (in 2011 hydrocarbons production was reported at 1.58 million boe/d) driven by a progressive recovery in the Company's Libyan output to achieve the pre-crisis level, coming fully online by the second half of 2012. Excluding this important development, management still sees a moderate growth trajectory in production, boosted by new field start-ups at certain large projects in Algeria and offshore Angola and the joint gas development in Siberia. These increases will be partially offset by mature field declines and the impact of the shutdown of the Elgin-Franklin platform in the British section of the North Sea;
- **Worldwide gas sales:** management expects natural gas sales to be roughly in line with 2011 (in 2011, worldwide gas sales were reported at 96.76 bcm and included sales of both consolidated subsidiaries and equity-accounted entities, as well as upstream direct sales in the US and the North Sea). Against the backdrop of widespread weakness in demand, management is targeting to boost sales volumes and market share in Italy and to retain and develop its retail customer base; outside Italy the main engines of growth will be sales expansion in the key markets of France, Germany/Austria and Turkey and opportunities in the Far East. Management intends to leverage on an improved cost position due to the benefits of contract renegotiations, integration of recently-acquired assets in core European markets, development of the commercial offer through a multi-Country platform, and service excellence. Management is also planning to enhance trading activities to draw value from existing assets;
- **Refining throughputs on Eni's account:** management foresees refinery processed volumes to be in line with 2011 (in 2011 refining throughputs on our own account were reported at 31.96 million tonnes) in response to a negative trading environment. Management is planning to pursue process optimization measures by improving yields, cycle integration and flexibility, as well as efficiency gains by cutting fixed and logistics costs and energy savings in order to reduce the business exposure to the market volatility and achieve immediate benefits on the profit and loss. Enhancement of oil trading activities will help expand industrial margins;
- **Retail sales of refined products in Italy and the rest of Europe:** management foresees retail sales volumes declining from 2011 levels (in 2011, retail sales volumes in Italy and rest of Europe were reported at 11.37 million tonnes) dragged down by an expected sharp contraction in the domestic consumption of fuels. In Italy where a new wave of liberalization promises to spur competition, management intends to preserve the Company's market share by leveraging marketing initiatives tailored to customers' needs, the strength of the Eni brand targeting to complete the rebranding of the network, the development of non-oil activities and an excellent service. Outside Italy, the Company will grow selectively targeting stable volumes on the whole;
- **Engineering & Construction:** the profitability outlook for this business remains bright due to an established competitive position and a robust order backlog.

For the full year 2012, management expects a capital budget almost in line with 2011 (in 2011 capital expenditure amounted to €13.44 billion, while expenditures incurred in joint venture initiatives and other investments amounted to €0.36 billion). Management plans to continue spending on exploration to appraise the mineral potential of recent discoveries (Mozambique, Norway, Ghana and Indonesia) and investing large amounts in developing growing areas and maintaining field plateaus in mature basins. Other investment initiatives will target the upgrading of the gas transport and distribution networks, the completion of the EST project in the refining business, and strengthening selected petrochemicals plants. The ratio of net borrowings to total equity – leverage – is projected to improve from the level achieved at the end of 2011 assuming a Brent price of $113/barrel.

This press release for the first quarter of 2012 (unaudited) provides data and information on business and financial performance in compliance with article 154-ter of the Italian code for securities and exchanges ("Testo Unico della Finanza" – TUF). Results and cash flow are presented for the first quarter of 2012 and for the first quarter and the fourth quarter of 2011. Information on liquidity and capital resources relates to end of the period as of March 31, 2012, and December 31, 2011. Tables contained in this press release are comparable with those presented in the management's disclosure section of the Company's annual report and interim report. Quarterly accounts set forth herein have been prepared in accordance with the evaluation and recognition criteria set by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure set forth in Article 6 of the European Regulation (CE) No. 1606/2002 of the European Parliament and European Council of July 19, 2002.

Non-GAAP financial measures and other performance indicators disclosed throughout this press release are accompanied by explanatory notes and tables to help investors to gain a full understanding of said measures in line with guidance provided by recommendation CESR/05-178b.

Eni's Chief Financial Officer, Alessandro Bernini, in his position as manager responsible for the preparation of the Company's financial reports, certifies pursuant to rule 154-bis paragraph 2 of Legislative Decree No. 58/1998, that data and information disclosed in this press release correspond to the Company's evidence and accounting books and entries.

Cautionary statement
This press release, in particular the statements under the section "Outlook", contains certain forward-looking statements particularly those regarding capital expenditures, development and management of oil and gas resources, dividends, allocation of future cash flow from operations, future operating performance, gearing, targets of production and sales growth, new markets, and the progress and timing of projects. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements, depending on a variety of factors, including the timing of bringing new fields on stream; management's ability in carrying out industrial plans and in succeeding in commercial transactions; future levels of industry product supply; demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; development and use of new technology; changes in public expectations and other changes in business conditions; the actions of competitors and other factors discussed elsewhere in this document.
Due to the seasonality in demand for natural gas and certain refined products and the changes in a number of external factors affecting Eni's operations, such as prices and margins of hydrocarbons and refined products, Eni's results from operations and changes in net borrowings for the first quarter of the year cannot be extrapolated on an annual basis.

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This press release for the first quarter of 2012 (unaudited) is also available on the Eni web site **eni.com**.

Quarterly consolidated report

Summary results for the first quarter of 2012

(€ million)

Fourth Quarter 2011		First Quarter 2011	First Quarter 2012	% Ch.
30,102	**Net sales from operations**	**28,779**	**33,475**	**16.3**
3,483	**Operating profit**	**5,638**	**6,834**	**21.2**
(136)	Exclusion of inventory holding (gains) losses	(669)	(412)	
912	Exclusion of special items	130	30	
4,259	**Adjusted operating profit**	**5,099**	**6,452**	**26.5**
	Breakdown by division:			
4,200	*Exploration & Production*	*4,120*	*5,100*	*23.8*
385	*Gas & Power*	*958*	*1,504*	*57.0*
(271)	*Refining & Marketing*	*(176)*	*(228)*	*(29.5)*
(154)	*Chemicals*	*(12)*	*(162)*	..
390	*Engineering & Construction*	*342*	*374*	*9.4*
(69)	*Other activities*	*(45)*	*(46)*	*(2.2)*
(19)	*Corporate and financial companies*	*(84)*	*(81)*	*3.6*
(203)	*Impact of unrealized intragroup profit elimination* [a]	*(4)*	*(9)*	
(288)	Net finance (expense) income [b]	(83)	(290)	
332	Net income from investments [b]	265	184	
(2,533)	Income taxes [b]	(2,671)	(3,559)	
58.9	*Tax rate (%)*	*50.6*	*56.1*	
1,770	**Adjusted net profit**	**2,610**	**2,787**	**6.8**
1,289	**Net profit attributable to Eni's shareholders**	**2,547**	**3,617**	**42.0**
(70)	Exclusion of inventory holding (gains) losses	(474)	(279)	
321	Exclusion of special items	125	(858)	
1,540	**Adjusted net profit attributable to Eni's shareholders**	**2,198**	**2,480**	**12.8**
	Net profit attributable to Eni's shareholders			
0.36	per share (€)	0.70	1.00	42.9
0.97	per ADR ($)	1.91	2.62	37.2
	Adjusted net profit attributable to Eni's shareholders			
0.43	per share (€)	0.61	0.68	11.5
1.16	per ADR ($)	1.67	1.78	6.6
3,622.7	**Weighted average number of outstanding shares** [c]	**3,622.5**	**3,622.7**	
3,177	**Net cash provided by operating activities**	**4,185**	**4,195**	**0.2**
3,894	**Capital expenditure**	**2,875**	**2,871**	**(0.1)**

(a) This item mainly pertained to intra-group sales of commodities, services and capital goods recorded in the assets of the purchasing business segment as of the end of the period.
(b) Excluding special items.
(c) Fully diluted (million shares).

Trading environment indicators

Fourth Quarter 2011		First Quarter 2011	First Quarter 2012	% Ch.
109.31	Average price of Brent dated crude oil [a]	104.97	118.49	12.9
1.348	Average EUR/USD exchange rate [b]	1.367	1.311	(4.1)
81.09	Average price in euro of Brent dated crude oil	76.79	90.38	17.7
2.52	Average European refining margin [c]	1.74	2.92	67.8
3.13	Average European refining margin Brent/Ural [c]	3.35	3.26	(2.7)
1.87	Average European refining margin in euro	1.27	2.23	75.6
8.92	Price of NBP gas [d]	9.09	9.34	2.8
1.5	Euribor - three-month euro rate (%)	1.1	1.0	(11.8)
0.5	Libor - three-month dollar rate (%)	0.3	0.5	66.7

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

Group results

Net profit attributable to Eni's shareholders for the first quarter of 2012 was €3,617 million, an increase of €1,070 million from the first quarter of 2011, up 42%. The result was driven by an improved operating performance (up 21.2%) which was mainly reported by the Exploration & Production Division on the back of stronger oil prices and an ongoing recovery in Libyan activities, and the Gas & Power Division reflecting the economic benefits associated with the renegotiations of certain gas supply contracts, some of which were effective from the beginning of 2011. These positives were partly offset by lower results incurred by the oil and chemical downstream businesses. Also the Group net profit was boosted by an extraordinary gain amounting to €835 million recorded on Eni's interest in Galp. This was recognized in connection with a capital increase made by Galp's subsidiary Petrogal whereby a new shareholder, Sinopec, subscribed its share by contributing a cash amount fairly in excess of the net book value of the interest acquired.
These positives were partly offset by higher net finance and exchange rate charges (down €207 million) due to an increased average net finance debt, and fair value losses recorded on certain derivatives on interest rates which did not meet the formal criteria for hedging accounting provided by IAS39. Net profit was also impacted by higher income taxes (down €833 million) reflecting higher taxable profit. However, the Group reported tax rate decreased by approximately one percentage point reflecting the aforementioned extraordinary gain on the Galp interests which was a non taxable item, partly offset by a higher share of taxable profit reported by subsidiaries of the Exploration & Production Division which incurred higher-than average tax rates as well as a changed tax regime for certain Italian subsidiaries as a result of the Italian budget laws enacted in August 2011 which increased by 4 percentage points to 10.5% the Italian windfall tax levied on energy companies (the so-called Robin Tax) and enlarged its scope to include gas transport and distribution companies (an overall amount of €89 million).

Adjusted net profit attributable to Eni's shareholders amounted to €2,480 million, an increase of €282 million from the first quarter of 2011, up 12.8%. Adjusted net profit was calculated by excluding an inventory holding gain amounting to €279 million and special gains of €858 million, resulting in a net negative adjustment of €1,137 million.

Special items in operating profit (charges of €30 million) related mainly to: (i) negative fair value evaluation of certain commodity derivatives which did not meet the formal criteria for hedge accounting provided by IAS39 (amounting to €18 million); (ii) write down of capital expenditures incurred in the period relating to assets impaired in previous reporting periods in the Refining & Marketing Division (€11 million); (iii) provisions for redundancy incentives (€10 million). These negatives were partly offset by marginal gains (€26 million) recognized on the divestment of assets in the Exploration & Production Division.
Special charges in net profit mainly related to the extraordinary gain (€835 million) recorded on Eni's interest in Galp and a write-up (€52 million) of an investment in a joint venture that was impaired in previous reporting periods and within the limit of impaired amounts, as a binding sale and purchase agreement has been signed with a buyer.

Results by Division

The increase in the Group adjusted net profit reported in the first quarter of 2012 reflected higher adjusted operating profit achieved by the Exploration & Production, Gas & Power and Engineering & Construction divisions. The Refining & Marketing and Chemical divisions reported lower results.

- The **Exploration & Production** Division reported an adjusted operating profit of €5,100 million, an increase of €980 million or 23.8%, on the back of stronger oil and gas prices in dollar terms (up by 17.9% on average) driven by a robust oil environment and an ongoing recovery in Libyan activities. Adjusted net profit amounted to €1,997 million which was up by 8.9% from the first quarter of 2011. This result was negatively influenced by an increased adjusted tax rate (up by 4.6 percentage points) due to a higher share of taxable profit reported in countries with higher taxation.

- The **Gas & Power** Division reported an adjusted operating profit of €1,504 million, increasing by €546 million, or 57%, from the first quarter of 2011. The increase is attributable to the Marketing business which almost tripled the result of the first quarter of 2011 (up by €551 million) driven by the economic benefits associated with the renegotiations of gas supply contracts. The recognition of the associated economic effects was retroactive to the beginning of 2011 for a number of these agreements. The Division also benefited from an improved supply mix due to the recovery of Libyan supplies. These positives were partly offset by weak demand in Italy and in Europe and mounting competitive pressures which squeezed selling margins. The Regulated businesses in Italy performed fairly well recording a 3.4% increase in results, while the International transport activities reported a lower operating performance (down by 20.7%) reflecting the asset divestments that occurred in 2011. Adjusted net profit for the Gas & Power segment increased by €273 million, or 35.8%.

- The **Engineering & Construction** business reported a strong operating performance which was up by €32 million or 9.4% to €374 million from the first quarter of 2011. This reflected higher revenues and better margins on the works executed in the quarter. Adjusted net profit increased to €270 million, up by 4.2%.

- The **Refining & Marketing** Division reported sharply lower adjusted operating losses which were down €52 million, or 29.5%. The higher loss was driven by a depressed trading environment and poor demand for fuels due to weak underlying fundamentals. Management pursued initiatives intended to boost efficiency and optimize refinery cycles in order to cope with an unprofitable margin scenario. Adjusted net loss amounted to €145 million down by €48 million from the first quarter 2011.

- The **Chemical** sector reported substantial operating losses down to €162 million from a near break-even situation reported in the first quarter of 2011. The negative performance was impacted by surging costs for oil feedstock which squeezed unit margins as product demand tracked a recessionary environment. This was particularly true for basic chemical commodities with the benchmark cracker margin falling in negative territory. Adjusted net loss for the quarter widened to €114 million, down by €109 million from a year ago.

Liquidity and capital resources

Summarized Group Balance Sheet [4]

(€ million)

	Dec. 31, 2011	March 31, 2012	Change
Fixed assets			
Property, plant and equipment	73,578	73,048	(530)
Inventories - Compulsory stock	2,433	2,567	134
Intangible assets	10,950	10,994	44
Equity-accounted investments and other investments	6,242	7,227	985
Receivables and securities held for operating purposes	1,740	1,660	(80)
Net payables related to capital expenditures	(1,576)	(1,246)	330
	93,367	**94,250**	**883**
Net working capital			
Inventories	7,575	7,737	162
Trade receivables	17,709	21,013	3,304
Trade payables	(13,436)	(13,250)	186
Tax payables and provisions for net deferred tax liabilities	(3,503)	(5,739)	(2,236)
Provisions	(12,735)	(12,717)	18
Other current assets and liabilities	281	241	(40)
	(4,109)	**(2,715)**	**1,394**
Provisions for employee post-retirement benefits	**(1,039)**	**(1,029)**	**10**
Net assets held for sale including net borrowings	**206**	**248**	**42**
CAPITAL EMPLOYED, NET	**88,425**	**90,754**	**2,329**
Shareholders' equity:			
- Eni shareholders' equity	55,472	58,115	2,643
- Non-controlling interest	4,921	5,213	292
	60,393	**63,328**	**2,935**
Net borrowings	**28,032**	**27,426**	**(606)**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**88,425**	**90,754**	**2,329**
Leverage	**0.46**	**0.43**	**(0.03)**

The appreciation of the euro versus the US dollar recorded at March 31, 2012 from December 31, 2011 (the EUR/USD exchange rate was 1.336 as of March 31, 2012, as compared to 1.294 as of December 31, 2011, up by 3.2%) reduced net capital employed, net equity and net borrowings by €1,163 million, €1,041 million, and €122 million respectively, as a result of exchange rate translation differences at March 31, 2012.

Fixed assets amounted to €94,250 million, representing an increase of €883 million from December 31, 2011 reflecting capital expenditure incurred in the period (€2,871 million) and an increased book value of Eni's interest in Galp due to the extraordinary gain recorded in the period, which were partly offset by depreciation, depletion, amortization and impairment charges (€2,347 million) and lower exchange rate translation differences.

Net working capital amounted to a negative €2,715 million, representing an increase of €1,394 million mainly due to higher trade receivables (up €3,304 million) reflecting seasonal gas sales, partly offset by increased tax payables and provisions for net deferred tax liabilities accrued in the quarter (down €2,236 million).

Net assets held for sale including related liabilities (€248 million) related to non strategic assets in the Refining & Marketing and Exploration & Production Divisions.

Shareholders' equity including non controlling interest of €63,328 million increased by €2,935 million, reflecting comprehensive income for the period (€2,922 million) which consisted of net profit for the period (€ 3,924 million) partly offset by negative foreign currency exchange differences.

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

Summarized Group Cash Flow Statement [5]

(€ million)

Fourth Quarter 2011		First Quarter 2011	First Quarter 2012	Change
1,519	**Net profit**	**2,959**	**3,924**	**965**
	Adjustments to reconcile net profit to cash provided by operating activities:			
3,101	- depreciation, depletion and amortization and other non monetary items	2,003	1,269	(734)
(1,094)	- net gains on disposal of assets	(19)	(25)	(6)
2,823	- dividends, interest, taxes and other changes	2,907	3,872	965
268	Changes in working capital related to operations	(1,729)	(2,012)	(283)
(3,440)	Dividends received, taxes paid, interest (paid) received during the period	(1,936)	(2,833)	(897)
3,177	**Net cash provided by operating activities**	**4,185**	**4,195**	**10**
(3,894)	Capital expenditure	(2,875)	(2,871)	4
(140)	Investments and purchase of consolidated subsidiaries and businesses	(41)	(245)	(204)
1,578	Disposals	26	52	26
340	Other cash flow related to capital expenditure, investments and disposals	(195)	(262)	(67)
1,061	**Free cash flow**	**1,100**	**869**	**(231)**
(18)	Borrowings (repayment) of debt related to financing activities	(67)	(2)	65
(829)	Changes in short and long-term finance debt	(637)	(362)	275
(269)	Dividends paid and changes in non-controlling interest and reserves	5	(6)	(11)
14	Effect of changes in consolidation and exchange differences	(28)	(9)	19
(41)	**NET CASH FLOW FOR THE PERIOD**	**373**	**490**	**117**

Change in net borrowings

(€ million)

Fourth Quarter 2011		First Quarter 2011	First Quarter 2012	Change
1,061	**Free cash flow**	**1,100**	**869**	**(231)**
	Net borrowings of acquired companies		(2)	(2)
(192)	Net borrowings of divested companies			
(359)	Exchange differences on net borrowings and other changes	63	(255)	(318)
(269)	Dividends paid and changes in non-controlling interest and reserves	5	(6)	(11)
241	**CHANGE IN NET BORROWINGS**	**1,168**	**606**	**(562)**

Net cash provided by operating activities (€4,195 million) funded cash outflows relating to capital expenditure totalling €2,871 million and financing the acquisition of Nuon in Belgium and joint venture projects (€245 million), with the surplus being used to pay down finance debt (down by €606 million). Cash flow from operating activities was improved by a larger cash inflow of €329 million associated with transferring trade receivables due beyond the end of the quarter to factoring institutions (€2,108 million), while the previous quarter benefitted from transferring €1,779 million of trade receivables due beyond December 31, 2011 to same institutions.

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

Other information

Continuing listing standards provided by Article No. 36 of Italian exchanges regulation about issuers that control subsidiaries incorporated or regulated in accordance with laws of extra-EU Countries.
Certain provisions have been recently enacted regulating continuing Italian listing standards of issuers controlling subsidiaries that are incorporated or regulated in accordance with laws of extra-EU Countries, also having a material impact on the consolidated financial statements of the parent company. Regarding the aforementioned provisions, as of March 31, 2012, ten of Eni's subsidiaries – Burren Energy (Bermuda) Ltd, Eni Congo SA, Eni Norge AS, Eni Petroleum Co Inc, NAOC-Nigerian Agip Oil Co Ltd, Nigerian Agip Exploration Ltd, Trans Tunisian Pipeline Co Ltd, Burren Energy (Congo) Ltd, Eni Finance USA Inc and Eni Trading & Shipping Inc – fall within the scope of the new continuing listing standard. Eni has already adopted adequate procedures to ensure full compliance with the new regulation.

Financial and operating information by Division for the first quarter of 2012 is provided in the following pages.

Exploration & Production

Fourth Quarter 2011	RESULTS	(€ million)	First Quarter 2011	First Quarter 2012	Change
7,936	**Net sales from operations**		**7,474**	**9,343**	**25.0**
4,169	**Operating profit**		**4,106**	**5,090**	**24.0**
31	Exclusion of special items		14	10	
49	*- asset impairments*				
(35)	*- gains on disposal of assets*		*(17)*	*(12)*	
29	*- provision for redundancy incentives*		*2*	*1*	
(30)	*- re-measurement gains/losses on commodity derivatives*		*29*	*21*	
18	*- other*				
4,200	**Adjusted operating profit**		**4,120**	**5,100**	**23.8**
(58)	Net financial income (expense) [a]		(57)	(63)	
176	Net income (expense) from investments [a]		117	43	
(2,624)	Income taxes [a]		(2,347)	(3,083)	
60.8	*Tax rate (%)*		*56.1*	*60.7*	
1,694	**Adjusted net profit**		**1,833**	**1,997**	**8.9**
	Results also include:				
1,876	- amortization and depreciation		1,588	1,817	14.4
	of which:				
340	exploration expenditure		266	398	49.6
243	*- amortization of exploratory drilling expenditures and other*		*163*	*283*	*73.6*
97	*- amortization of geological and geophysical exploration expenses*		*103*	*115*	*11.7*
2,690	**Capital expenditure**		**1,952**	**2,018**	**3.4**
	of which:				
525	*- exploratory expenditure* [b]		*236*	*358*	*51.7*
	Production [c] [d]				
896	Liquids [e]	(kbbl/d)	899	867	(3.6)
4,345	Natural gas	(mmcf/d)	4,356	4,480	3.3
1,678	**Total hydrocarbons**	(kboe/d)	**1,684**	**1,674**	**(0.6)**
	Average realizations				
100.42	Liquids [e]	($/bbl)	95.36	111.54	17.0
7.14	Natural gas	($/mmcf)	5.99	7.33	22.4
72.58	**Total hydrocarbons**	($/boe)	**66.62**	**78.54**	**17.9**
	Average oil market prices				
109.31	Brent dated	($/bbl)	104.97	118.49	12.9
81.09	Brent dated	(€/bbl)	76.79	90.38	17.7
94.07	West Texas Intermediate	($/bbl)	93.98	102.99	9.6
117.60	Gas Henry Hub	($/kcm)	146.91	86.52	(41.1)

(a) Excluding special items.
(b) Includes exploration bonuses.
(c) Supplementary operating data is provided on page 38.
(d) Includes Eni's share of production of equity-accounted entities.
(e) Includes condensates.

Results

In the first quarter of 2012, the Exploration & Production Division reported an adjusted operating profit amounting to €5,100 million, representing an increase of €980 million from the first quarter of 2011, up 23.8%. The positive performance was driven by increasing oil and gas dollar realizations (up 17% and 22.4%, respectively) driven by a robust oil environment, and an ongoing recovery in Libyan activities. These positives were partly offset by rising expenses incurred in connection with an ongoing growing effort in exploration activities.

Special charges excluded from adjusted operating profit amounted to €10 million in the quarter and mainly related to losses on fair value evaluation of certain derivatives embedded in the pricing formulas of long-term gas supply agreements and gains on disposal of non-strategic assets.

First-quarter adjusted net profit increased by €164 million to €1,997 million (up by 8.9%) from the first quarter of 2011 due to an improved operating performance partly offset by a higher tax rate (up approximately 5 percentage points) due to a higher share of taxable profit reported in countries with higher taxation.

Operating review

Eni reported liquids and gas production of 1,674 kboe/d for the first quarter of 2012 with a slight decrease from the first quarter of 2011 (down 10 kboe/d, or 0.6%) due to lower entitlements in Company's PSAs due to higher oil prices (with an overall effect of approximately 14 kboe/d compared to the year-earlier quarter). When excluding price effects, the production of the first quarter was broadly unchanged (up 0.2% from the first quarter of 2011) supported by the resumption of Libyan production and start-up/ramp-up of new fields in Australia, Egypt and the United States. These positives were partly offset by the sale of interests in certain non strategic assets and limited unplanned production losses. The share of oil and natural gas produced outside Italy was 89%.

Liquids production (867 kbbl/d) decreased by 32 kbbl/d, or 3.6%, due to lower entitlements in the Company's PSAs and mature field declines in particular in the United Kingdom. These negatives were partly offset by the resumption of Libyan production and start-up/ramp-up of new fields in Australia and Norway.

Natural gas production (4,480 mmcf/d) increased by 124 mmcf/d (up 3.3%) due to the ramp-up of Libyan operations and organic growth in Australia, Norway and Egypt. Decreases were registered in the Gulf of Mexico.

Gas & Power

Fourth Quarter 2011	RESULTS	(€ million)	First Quarter 2011	2012	% Ch.
10,617	**Net sales from operations**		**10,614**	**12,122**	**14.2**
326	**Operating profit**		**910**	**1,485**	**63.2**
(49)	Exclusion of inventory holding (gains) losses		(41)	13	
108	Exclusion of special items:		89	6	
6	*- environmental charges*		*1*	*2*	
153	*- asset impairments*				
(9)	*- gains on disposal of assets*			*(4)*	
56	*- risk provisions*				
32	*- provision for redundancy incentives*		*3*	*4*	
(163)	*- re-measurement gains/losses on commodity derivatives*		*80*		
33	*- other*		*5*	*4*	
385	**Adjusted operating profit**		**958**	**1,504**	**57.0**
(169)	*Marketing*		*288*	*839*	*191.3*
523	*Regulated businesses in Italy*		*554*	*573*	*3.4*
31	*International transport*		*116*	*92*	*(20.7)*
4	Net finance income (expense) [a]		5	4	
103	Net income from investments [a]		116	118	
(159)	Income taxes [a]		(316)	(590)	
32.3	*Tax rate (%)*		*29.3*	*36.3*	
333	**Adjusted net profit**		**763**	**1,036**	**35.8**
585	**Capital expenditure**		**279**	**271**	**(2.9)**
	Natural gas sales	(bcm)			
9.30	Italy		11.98	12.15	1.4
16.17	International sales		20.35	18.46	(9.3)
13.96	- Rest of Europe		18.28	16.31	(10.8)
1.46	- Extra European markets		1.32	1.45	9.8
0.75	- E&P sales in Europe and in the Gulf of Mexico		0.75	0.70	(6.7)
25.47	**WORLDWIDE GAS SALES**		**32.33**	**30.61**	**(5.3)**
	of which:				
22.10	- Sales of consolidated subsidiaries		28.77	27.19	(5.5)
2.62	- Eni's share of sales of natural gas of affiliates		2.81	2.72	(3.2)
0.75	- E&P sales in Europe and in the Gulf of Mexico		0.75	0.70	(6.7)
11.39	**Electricity sales**	(TWh)	**9.68**	**12.29**	**27.0**
18.86	**Gas volumes transported in Italy**	(bcm)	**23.55**	**22.48**	**(4.5)**

(a) Excluding special items.

Results

In the first quarter of 2012, the Gas & Power Division reported higher adjusted operating profit of €1,504 million, up €546 million or 57%, compared with the first quarter of 2011. This was due to the Marketing business that reported a substantial profit increase (almost tripling the first quarter of 2011 results) driven by the economic benefits associated with the renegotiations of gas supply contracts, some of which were retroactive to the beginning of 2011. Operating results of Regulated Businesses in Italy increased by up 3.4% compared with the first quarter of 2011, while International transport results were down by 20.7% due to the divestment finalized in 2011 of the Company's interests in the entities engaged in the international transport of gas in Europe.

Special charges excluded from operating profit amounted to €6 million for the first quarter and mainly related to provisions for redundancy incentives (€4 million).

Adjusted net profit for the first quarter of 2012 was €1,036 million, an increase of €273 million from the first quarter of 2011 (up by 35.8%) due to a better operating performance.

Operating review

Marketing
In the first quarter of 2012, the Marketing business registered an adjusted operating profit of €839 million, almost tripling the €288 million reported in the first quarter of 2011 in spite of continuing weak fundamentals, demand/supply imbalances and rising competitive pressures. The drivers of the stronger 2012 performance were:
(i) the benefits associated with the renegotiations of gas supply contracts, some of which were retroactive to the beginning of 2011;
(ii) an improved supply mix due to the restart of Libyan supplies;
(iii) stronger seasonal sales driven by unusual winter weather conditions.
These positives were partly offset by volumes losses incurred in certain profitable market segments in the Italian power generation utilities and Belgium due to competitive pressures and inter-fuel competition, as well as lower profitability of gas sales indexed to hub benchmarks pressured by rising oil-linked supply costs.

Management tracks an alternative performance measure to assess the underlying performance of the Marketing business, which is the EBITDA pro-forma adjusted (for further details see page 18) that includes Eni's share of results of associates. This performance indicator confirmed the business trends due to the above mentioned drivers as explained in the review of the operating profit.

Sales of natural gas for the first quarter of 2012 were 30.61 bcm, a decrease of 1.72 bcm from the first quarter of 2011, down 5.3%, due to weak demand on the back of a cyclical downturn and growing competitive pressure. Sales included Eni's own consumption, Eni's share of sales made by equity-accounted entities and upstream sales in Europe and in the Gulf of Mexico.
Sales volumes in the Italian market amounted to 12.15 bcm, a slight increase of 0.17 bcm or 1.4% from the year-ago quarter, due to higher spot sales at certain Italian exchanges (up 0.86 bcm) and higher volumes marketed to residential users (up by 0.14 bcm) leveraging on a larger customer portfolio and strong seasonal sales. Those increases were partly offset by lower volumes sold to power generation (down 0.42 bcm), due to lower demand for electricity and a shift to renewable sources and coal, and to wholesalers (down 0.36 bcm) due to increased competitive pressures. Sales to industrials also decreased by 0.12 bcm.
Sales to importers in Italy posted a steep decline down by 1.07 bcm or 57.8% due to the termination of certain supply contracts.
Sales in Europe decreased by 0.90 bcm, down 5.5%, due to a sharp fall in volumes sold in Benelux (down 1.38 bcm), affected by strong competitive pressure and unusual winter weather, and UK/Northern Europe (down 0.62 bcm, mainly sales to hub). These negative trends were partly offset by growth in Germany/Austria (up 0.74 bcm), Turkey (up 0.27 bcm) and France (up 0.25 bcm).
Sales on markets outside Europe followed a positive trend (up 0.13 bcm) due to positive LNG sales in the Far East, in particular Japan.

NATURAL GAS SALES BY MARKET

(bcm)

Fourth Quarter 2011		First Quarter 2011	First Quarter 2012	% Ch.
9.30	**ITALY**	**11.98**	**12.15**	**1.4**
1.38	- Wholesalers	2.24	1.88	(16.1)
1.61	- Italian exchange for gas and spot markets	1.60	2.46	53.8
1.75	- Industries	1.99	1.87	(6.0)
0.27	- Medium-sized enterprises and services	0.46	0.41	(10.9)
0.78	- Power generation	1.17	0.75	(35.9)
1.89	- Residential	2.87	3.01	4.9
1.62	- Own consumption	1.65	1.77	7.3
16.17	**INTERNATIONAL SALES**	**20.35**	**18.46**	**(9.3)**
13.96	**Rest of Europe**	**18.28**	**16.31**	**(10.8)**
0.42	- Importers in Italy	1.85	0.78	(57.8)
13.54	- European markets	16.43	15.53	(5.5)
1.87	*Iberian Peninsula*	*2.04*	*1.93*	*(5.4)*
2.00	*Germany/Austria*	*2.07*	*2.81*	*35.7*
2.44	*Benelux*	*4.63*	*3.25*	*(29.8)*
0.74	*Hungary*	*1.07*	*0.99*	*(7.5)*
2.20	*UK/Northern Europe*	*1.67*	*1.05*	*(37.1)*
2.06	*Turkey*	*1.86*	*2.13*	*14.5*
1.78	*France*	*2.55*	*2.80*	*9.8*
0.45	*Other*	*0.54*	*0.57*	*5.6*
1.46	**Extra European markets**	**1.32**	**1.45**	**9.8**
0.75	**E&P sales in Europe and in the Gulf of Mexico**	**0.75**	**0.70**	**(6.7)**
25.47	**WORLDWIDE GAS SALES**	**32.33**	**30.61**	**(5.3)**

Electricity sales were 12.29 TWh in the first quarter of 2012, increasing by 27% from the first quarter of 2011, due to retail client base growth and higher volumes traded on the Italian power exchange (up 0.31 TWh) despite sluggish demand in Italy.

Regulated businesses in Italy

In the first quarter of 2012, these businesses reported an adjusted operating profit of €573 million, increasing by €19 million, or up 3.4%, from the corresponding period of 2011. This increase was mainly due to the Transport business results (up €12 million, or 3.7%) reflecting the recognition in tariffs of new investments.

Volumes of gas transported in Italy in the first quarter of 2012 of 22.48 bcm decreased from the first quarter of 2011, reflecting a drop in domestic gas demand.

In the first quarter of 2012, 0.36 bcm of gas were input to Company's **storage** deposits (up 0.19 bcm from the first quarter of 2011) while 4.92 bcm were supplied (up 0.60 bcm). This increase was mainly due to the unusual weather conditions registered in the period.

International Transport

This business reported an adjusted operating profit of €92 million for the first quarter of 2012 representing a decrease of €24 million from the first quarter of 2011, or 20.7%, mainly due to the divestment of the Company's interests in the entities engaged in the international transport of gas from Northern Europe and Russia.

Other performance indicators

Follows a breakdown of the pro-forma adjusted EBITDA by business:

(€ million)

Fourth Quarter 2011		First Quarter 2011	2012	% Ch.
623	**Pro-forma adjusted EBITDA**	**1,054**	**1,641**	**55.7**
152	Marketing	456	1,098	140.8
90	*of which: +/(-) adjustment on commodity derivatives*	*(59)*		
387	Regulated businesses in Italy	393	410	4.3
84	International transport	205	133	(35.1)

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization charges) on an adjusted basis is calculated by adding amortization and depreciation charges to adjusted operating profit, which is also modified to take into account the impact associated with certain derivatives instruments as detailed below. This performance indicator includes the adjusted EBITDA of Eni's wholly owned subsidiaries and Eni's share of adjusted EBITDA generated by certain associates which are accounted for under the equity method for IFRS purposes. The EBITDA reported by Regulated businesses in Italy is included according to Eni's share of equity in the parent company Snam SpA (55.53% as of March 31, 2012, which takes into account the amount of own shares held in treasury by the subsidiary itself) due to its listed company status. In order to calculate the EBITDA pro-forma adjusted, the adjusted operating profit of the Marketing business has been modified to take into account the impact of the settlement of certain commodity and exchange rate derivatives that do not meet the formal criteria to be classified as hedges under the IFRS. These are entered into by the Company in view of certain amounts of gas and electricity that the Company expects to supply at fixed prices during future periods. The impact of those derivatives has been allocated to the EBITDA pro-forma adjusted relating to the reporting periods during which those supplies at fixed prices are recognized. Management believes that the EBITDA pro-forma adjusted is an important alternative measure to assess the performance of Eni's Gas & Power Division, taking into account evidence that this Division is comparable to European utilities in the gas and power generation sector. This measure is provided in order to assist investors and financial analysts in assessing the divisional performance of Eni Gas & Power, as compared to its European peers, as EBITDA is widely used as the main performance indicator for utilities. The EBITDA pro-forma adjusted is a non-GAAP measure under IFRS.

Refining & Marketing

Fourth Quarter 2011	RESULTS	(€ million)	First Quarter 2011	2012	% Ch.
13,257	**Net sales from operations**		**11,806**	**14,206**	**20.3**
(681)	**Operating profit**		**303**	**111**	**(63.4)**
(135)	Exclusion of inventory holding (gains) losses		(508)	(358)	
545	Exclusion of special items:		29	19	
1	*- environmental charges*		*14*	*4*	
437	*- asset impairments*		*16*	*11*	
18	*- gains on disposal of assets*		*(4)*		
3	*- risk provisions*				
71	*- provision for redundancy incentives*		*3*	*1*	
1	*- re-measurement gains/losses on commodity derivatives*		*(2)*		
14	*- other*		*2*	*3*	
(271)	**Adjusted operating profit**		**(176)**	**(228)**	**(29.5)**
	Net finance income (expense) [(a)]			1	
40	Net income (expense) from investments [(a)]		27	22	
101	Income taxes [(a)]		52	60	
..	*Tax rate (%)*		..	..	
(130)	**Adjusted net profit**		**(97)**	**(145)**	**(49.5)**
359	**Capital expenditures**		**132**	**124**	**(6.1)**
	Global indicator refining margin				
2.52	Brent	($/bbl)	1.74	2.92	67.8
1.87	Brent	(€/bbl)	1.27	2.23	75.6
3.13	Brent/Ural	($/bbl)	3.35	3.26	(2.7)
	REFINING THROUGHPUTS AND SALES	(mmtonnes)			
5.38	**Refining throughputs of wholly-owned refineries**		**5.96**	**4.74**	**(20.5)**
7.73	**Refining throughputs on own account**		**8.14**	**7.17**	**(11.9)**
6.45	- Italy		7.03	5.98	(14.9)
1.28	- Rest of Europe		1.11	1.19	7.2
2.80	**Retail sales**		**2.64**	**2.53**	**(4.2)**
2.05	- Italy		1.94	1.81	(6.7)
0.75	- Rest of Europe		0.70	0.72	2.9
3.46	**Wholesale sales**		**3.00**	**2.95**	**(1.7)**
2.48	- Italy		2.19	2.06	(5.9)
0.98	- Rest of Europe		0.81	0.89	9.9
0.11	**Wholesale sales outside Europe**		**0.10**	**0.10**	

(a) Excluding special items.

Results

In the first quarter of 2012 the Refining & Marketing business reported an **adjusted operating loss** amounting to €228 million, reflecting unprofitable refining margins due to rising costs for oil-based feedstock and energy utilities that pressured product margins as prices at the pump followed a weak trend due to plunging demand and excess capacity in the Mediterranean basin. When compared to the previous period, losses increased by 29.5% due to narrowing margins on conversion damaged by shrinking price differentials between light and heavy crudes. A negative trading environment and volatile margins were partly counteracted by efficiency enhancement measures, the optimization of supply activities and lower throughputs at the weakest refineries.
In spite of commercial initiatives intended to support sales and margins, Marketing results were negatively affected by a steep decline in retail and wholesale demand for gasoline and gasoil, and other products destined for the industrial sector dampened by a cyclical downturn and competitive pressures, while selling margins in retail and wholesale markets were squeezed by rapidly rising oil costs that were only partially transferred to prices at the pump and clients.

Special charges excluded from adjusted operating loss amounted to €19 million and mainly related to write down of capital expenditure incurred in the period relating to asset impaired in previous reporting periods and environmental charges.

In the first quarter of 2012, **adjusted net loss** was €145 million (down €48 million from the first quarter of 2011) mainly due to a lower operating performance.

Operating review

Eni's **refining throughputs** for the first quarter of 2012 were 7.17 mmtonnes, with an 11.9% decline from the first quarter of 2011. In Italy, processed volumes decreased by 14.9%, reflecting the decision to shut down throughputs at the Venice plant for the time being, in response to an unfavourable market scenario and unexpected standstills, in addition to planned standstill at the Sannazzaro and Taranto plants. Higher volumes were processed at Milazzo. Outside Italy, Eni's refining throughputs increased by 7.2% in particular in Germany, due to increasing demand.

Retail sales in Italy (1.81 mmtonnes) decreased by approximately 130 ktonnes, down 6.7%, driven by lower consumption of gasoil and gasoline. LPG consumption increased slightly. The premium segment slightly decreased from the corresponding quarter of 2011. Marketing initiatives were implemented to preserve Eni's retail market share of 30.4% in the first quarter of 2012, up 0.4 percentage point from the first quarter 2011.

Wholesale sales in Italy (2.06 mmtonnes) declined by approximately 130 ktonnes, down 5.9% from the same quarter of 2011, mainly due to a decline in demand from transportation and industrial customers due to a generalized slowdown and competitive pressure which particularly affected bunkering and bitumen. Fuel oil sales to industries slightly decreased, while jet fuel sales were basically unchanged. Average market share in the first quarter of 2012 was 28.3% (28.0% in the first quarter of 2011).

Retail sales in the rest of Europe (approximately 720 ktonnes) were up by 2.9% from the first quarter of 2011 reflecting increased sales in Austria, Germany and Switzerland that offset lower sales in the Czech Republic and France.

Wholesale sales in the rest of Europe (890 ktonnes) increased by 9.9% from the first quarter of 2011, mainly in Switzerland, Germany, Slovenia, Czech Republic and France. Lower sales were reported in Hungary, Austria and Romania.

Summarized Group profit and loss account

(€ million)

Fourth Quarter 2011		First Quarter 2011	First Quarter 2012	% Ch.
30,102	Net sales from operations	28,779	33,475	16.3
286	Other income and revenues	233	569	..
(24,027)	Operating expenses	(21,222)	(24,771)	(16.7)
217	Other operating income (expense)	(28)	(92)	..
(3,095)	Depreciation, depletion, amortization and impairments	(2,124)	(2,347)	(10.5)
3,483	**Operating profit**	**5,638**	**6,834**	**21.2**
(290)	Finance income (expense)	(83)	(290)	..
1,184	Net income from investments	291	1,100	..
4,377	**Profit before income taxes**	**5,846**	**7,644**	**(30.8)**
(2,858)	Income taxes	(2,887)	(3,720)	(28.9)
65.3	*Tax rate (%)*	*49.4*	*48.7*	
1,519	Net profit, attributable to:	2,959	3,924	32.6
1,289	**- Eni's shareholders**	**2,547**	**3,617**	**42.0**
230	- Non-controlling interest	412	307	(25.5)
1,289	**Net profit attributable to Eni's shareholders**	**2,547**	**3,617**	**42.0**
(70)	Exclusion of inventory holding (gains) losses	(474)	(279)	
321	Exclusion of special items	125	(858)	
1,540	**Adjusted net profit attributable to Eni's shareholders** [a]	**2,198**	**2,480**	**12.8**

(a) For a detailed explanation of adjusted operating profit and adjusted net profit see the paragraph "Reconciliation of reported operating profit and reported net profit to results on an adjusted basis".

Non-GAAP measures

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

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

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

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

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

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

(€ million)

First Quarter of 2012	E&P	G&P	R&M	Chemicals	Engineering & Construction	Other activities	Corporate and financial companies	Impact of unrealized intragroup profit elimination	Group
Reported operating profit	**5,090**	**1,485**	**111**	**(96)**	**376**	**(39)**	**(84)**	**(9)**	**6,834**
Exclusion of inventory holding (gains) losses		13	(358)	(67)					(412)
Exclusion of special items:									
environmental charges		2	4						6
asset impairments			11						11
gains on disposal of assets	(12)	(4)			1	(11)			(26)
provision for redundancy incentives	1	4	1	1			3		10
re-measurement gains/losses on commodity derivatives	21				(3)				18
other		4	3			4			11
Special items of operating profit	**10**	**6**	**19**	**1**	**(2)**	**(7)**	**3**		**30**
Adjusted operating profit	**5,100**	**1,504**	**(228)**	**(162)**	**374**	**(46)**	**(81)**	**(9)**	**6,452**
Net finance (expense) income [a]	(63)	4	1				(232)		(290)
Net income from investments [a]	43	118	22		1				184
Income taxes [a]	(3,083)	(590)	60	48	(105)		109	2	(3,559)
Tax rate (%)	*60.7*	*36.3*	..		*28.0*				*56.1*
Adjusted net profit	**1,997**	**1,036**	**(145)**	**(114)**	**270**	**(46)**	**(204)**	**(7)**	**2,787**
of which attributable to:									
- Non-controlling interest									307
- Eni's shareholders									**2,480**
Reported net profit attributable to Eni's shareholders									**3,617**
Exclusion of inventory holding (gains) losses									(279)
Exclusion of special items									(858)
Adjusted net profit attributable to Eni's shareholders									**2,480**

(a) Excluding special items.

(€ million)

First Quarter of 2011	E&P	G&P	R&M	Chemicals	Engineering & Construction	Other activities	Corporate and financial companies	Impact of unrealized intragroup profit elimination	Group
Reported operating profit	**4,106**	**910**	**303**	**108**	**354**	**(27)**	**(112)**	**(4)**	**5,638**
Exclusion of inventory holding (gains) losses		(41)	(508)	(120)					(669)
Exclusion of special items:									
environmental charges		1	14						15
asset impairments			16			1			17
gains on disposal of assets	(17)		(4)		1				(20)
provision for redundancy incentives	2	3	3				4		12
re-measurement gains/losses on commodity derivatives	29	80	(2)		(13)				94
other		5	2			(19)	24		12
Special items of operating profit	**14**	**89**	**29**		**(12)**	**(18)**	**28**		**130**
Adjusted operating profit	**4,120**	**958**	**(176)**	**(12)**	**342**	**(45)**	**(84)**	**(4)**	**5,099**
Net finance (expense) income [a]	(57)	5					(31)		(83)
Net income from investments [a]	117	116	27		5				265
Income taxes [a]	(2,347)	(316)	52	7	(88)		20	1	(2,671)
Tax rate (%)	*56.1*	*29.3*	*..*		*25.4*				*50.6*
Adjusted net profit	**1,833**	**763**	**(97)**	**(5)**	**259**	**(45)**	**(95)**	**(3)**	**2,610**
of which attributable to:									
- Non-controlling interest									412
- Eni's shareholders									**2,198**
Reported net profit attributable to Eni's shareholders									**2,547**
Exclusion of inventory holding (gains) losses									(474)
Exclusion of special items									125
Adjusted net profit attributable to Eni's shareholders									**2,198**

(a) Excluding special items.

(€ million)

Fourth Quarter of 2011

	E&P	**G&P**	**R&M**	**Chemicals**	**Engineering & Construction**	**Other activities**	**Corporate and financial companies**	**Impact of unrealized intragroup profit elimination**	**Group**
Reported operating profit	**4,169**	**326**	**(681)**	**(297)**	**398**	**(183)**	**(46)**	**(203)**	**3,483**
Exclusion of inventory holding (gains) losses		(49)	(135)	48					(136)
Exclusion of special items:									
environmental charges		6	1	1		115			123
asset impairments	49	153	437	81	11	(6)			725
gains on disposal of assets	(35)	(9)	18			(5)	(1)		(32)
risk provisions		56	3			10	4		73
provision for redundancy incentives	29	32	71	13	8	6	(4)		155
re-measurement gains/losses on commodity derivatives	(30)	(163)	1		(27)				(219)
other	18	33	14			(6)	28		87
Special items of operating profit	**31**	**108**	**545**	**95**	**(8)**	**114**	**27**		**912**
Adjusted operating profit	**4,200**	**385**	**(271)**	**(154)**	**390**	**(69)**	**(19)**	**(203)**	**4,259**
Net finance (expense) income [a]	(58)	4				1	(235)		(288)
Net income from investments [a]	176	103	40	(1)	16	(3)	1		332
Income taxes [a]	(2,624)	(159)	101	32	(129)	(1)	166	81	(2,533)
Tax rate (%)	*60.8*	*32.3*	*..*		*31.8*				*58.9*
Adjusted net profit	**1,694**	**333**	**(130)**	**(123)**	**277**	**(72)**	**(87)**	**(122)**	**1,770**
of which attributable to:									
- Non-controlling interest									230
- Eni's shareholders									**1,540**
Reported net profit attributable to Eni's shareholders									**1,289**
Exclusion of inventory holding (gains) losses									(70)
Exclusion of special items									321
Adjusted net profit attributable to Eni's shareholders									**1,540**

(a) Excluding special items.

Breakdown of special items

(€ million)

Fourth Quarter 2011		First Quarter 2011	First Quarter 2012
123	Environmental charges	15	6
725	asset impairments	17	11
(32)	gains on disposal of assets	(20)	(26)
73	risk provisions		
155	provisions for redundancy incentives	12	10
(219)	re-measurement gains/losses on commodity derivatives	94	18
87	other	12	11
912	**Special items of operating profit**	**130**	**30**
2	**Net finance (income) expense**		
(857)	**Net income from investments**	**24**	**(887)**
	of which:		
(1,072)	*- gains on disposal of assets/reversal*		*(835)*
191	*- impairments*		
264	**Income taxes**	**(29)**	**(1)**
	of which:		
552	*deferred tax adjustment in a Production Sharing Agreement*		
(23)	*re-allocation of tax impact on Eni SpA dividends and other special items*	*27*	*16*
(265)	*taxes on special items of operating profit*	*(56)*	*(17)*
321	**Total special items of net profit**	**125**	**(858)**

Net sales from operations

(€ million)

Fourth Quarter 2011		First Quarter 2011	First Quarter 2012	% Ch.
7,936	Exploration & Production	7,474	9,343	25.0
10,617	Gas & Power	10,614	12,122	14.2
13,257	Refining & Marketing	11,806	14,206	20.3
1,343	Chemicals	1,797	1,643	(8.6)
3,228	Engineering & Construction	2,785	2,960	6.3
21	Other activities	25	29	16.0
398	Corporate and financial companies	303	310	2.3
140	Impact of unrealized intragroup profit elimination	(101)	(97)	
(6,838)	Consolidation adjustment	(5,924)	(7,041)	
30,102		**28,779**	**33,475**	**16.3**

Operating expenses

(€ million)

Fourth Quarter 2011		First Quarter 2011	First Quarter 2012	% Ch.
22,702	Purchases, services and other	20,103	23,546	17.1
189	of which: *- other special items*	*3*	*6*	
1,325	Payroll and related costs	1,119	1,225	9.5
155	of which: *- provision for redundancy incentives*	*12*	*10*	
24,027		**21,222**	**24,771**	**16.7**

Gains and losses on non-hedging commodity derivate instruments

(€ million)

Fourth Quarter 2011		First Quarter 2011	First Quarter 2012
29	Exploration & Production	(29)	(21)
(1)	*- settled transactions* [a] [b]		
30	*- re-measurement gains/losses* [a] [b]	*(29)*	*(21)*
189	Gas & Power	65	(65)
21	*- settled transactions* [b]	*84*	
163	*- re-measurement gains/losses* [b]	*(80)*	
5	*- settled transactions and fair value of trading derivatives*	*61*	*(65)*
(18)	Refining & Marketing	(78)	(9)
(17)	*- settled transactions* [b]	*(78)*	
(1)	*- re-measurement gains/losses* [b]	*2*	
	- settled transactions and fair value of trading derivatives	*(2)*	*(9)*
	Chemicals	2	
	- settled transactions [b]	*2*	
	- re-measurement gains/losses [b]		
17	Engineering & Construction	12	3
(10)	*- settled transactions* [b]	*(1)*	
27	*- re-measurement gains/losses* [b]	*13*	*3*
217	**Total**	**(28)**	**(92)**
(7)	*- settled transactions*	*7*	
219	*- re-measurement gains/losses*	*(94)*	*(18)*
5	*- settled transactions and fair value of trading derivatives*	*59*	*(74)*

(a) Derivatives financial instruments embedded in the pricing formula of long-term gas supply agreements.
(b) Commodity derivatives which do not meet the formal criteria to be designated as hedges under IFRS.

Depreciation, depletion, amortization and impairments

(€ million)

Fourth Quarter 2011		First Quarter 2011	First Quarter 2012	% Ch.
1,828	Exploration & Production	1,588	1,817	14.4
252	Gas & Power	248	238	(4.0)
89	Refining & Marketing	92	82	(10.9)
23	Chemicals	22	22	
164	Engineering & Construction	145	166	14.5
	Other activities		1	
21	Corporate and financial companies	17	16	(5.9)
(6)	Impact of unrealized intragroup profit elimination	(5)	(6)	
2,371	**Total depreciation, depletion and amortization**	**2,107**	**2,336**	**10.9**
724	**Impairments**	**17**	**11**	**(35.3)**
3,095		**2,124**	**2,347**	**10.5**

Net income from investments

(€ million)

First Quarter of 2012	Exploration & Production	Gas & Power	Refining & Marketing	Engineering & Construction	Other activities	Group
Share of gains (losses) from equity-accounted investments	40	115	33	1		**189**
Dividends	3	3	18			**24**
Other income (expense), net			52		835	**887**
	43	**118**	**103**	**1**	**835**	**1,100**

Income taxes

(€ million)

Fourth Quarter 2011		First Quarter 2011	First Quarter 2012	Ch.
	Profit before income taxes			
(300)	Italy	1,312	2,585	1,273
4,677	Outside Italy	4,534	5,059	525
4,377		**5,846**	**7,644**	**1,798**
	Income taxes			
(131)	Italy	538	717	179
2,989	Outside Italy	2,349	3,003	654
2,858		**2,887**	**3,720**	**833**
	Tax rate (%)			
43.7	Italy	41.0	27.7	(13.3)
63.9	Outside Italy	51.8	59.4	7.6
65.3		**49.4**	**48.7**	**(0.7)**

Leverage and net borrowings

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

(€ million)

	Dec. 31, 2011	March 31, 2012	Change
Total debt	29,597	29,479	(118)
Short-term debt	*6,495*	*6,087*	*(408)*
Long-term debt	*23,102*	*23,392*	*290*
Cash and cash equivalents	(1,500)	(1,990)	(490)
Securities held for non-operating purposes	(37)	(31)	6
Financing receivables for non-operating purposes	(28)	(32)	(4)
Net borrowings	**28,032**	**27,426**	**(606)**
Shareholders' equity including non-controlling interest	**60,393**	**63,328**	**2,935**
Leverage	**0.46**	**0.43**	**(0.03)**

Bonds maturing in the 18-months period starting on March 31, 2012

(€ million)

Issuing entity	Amount at March 31, 2012 [a]
Eni UK Holding Plc	1
Eni Finance International SA	148
Eni SpA	1,563
	1,712

(a) Amounts include interest accrued and discount on issue.

Bonds issued in the First Quarter of 2012 (granted by Eni SpA)

Issuing entity	Nominal amount (million)	Currency	Amount at March 31, 2012 [a] (€ million)	Maturity	Rate	%
Eni SpA	1,000	EUR	1,000	2020	Fixed	4.25
			1,000			

(a) Amounts include interest accrued and discount on issue.

Return On Average Capital Employed (ROACE)

Return on Average Capital Employed for the Group, on an adjusted basis is the return on the Group average capital invested, calculated as ratio of net adjusted profit before non-controlling interests, plus net finance charges on net borrowings net of the related tax effect, to net average capital employed. The tax rate applied on finance charges is the Italian statutory tax rate of 38%. The capital invested, as of the period end, used for the calculation of net average capital invested is obtained by deducting inventory gains or losses in the period, net of the related tax effect. ROACE by division is determined as ratio of adjusted net profit to net average capital invested pertaining to each division and rectifying the net capital invested as of period-end, from net inventory gains or losses (after applying the division specific tax rate).

(€ million)

Calculated on a 12-month period ending on **March 31, 2012**	**Exploration & Production**	**Gas & Power**	**Refining & Marketing**	**Group**
Adjusted net profit	**7,030**	**1,814**	**(310)**	**8,089**
Exclusion of after-tax finance expense/interest income	-	-	-	480
Adjusted net profit unlevered	**7,030**	**1,814**	**(310)**	**8,569**
Adjusted capital employed, net				
- at the beginning of period	35,806	27,896	9,301	81,817
- at the end of period	41,028	29,117	8,952	90,225
Adjusted average capital employed, net	**38,417**	**28,507**	**9,127**	**86,021**
Adjusted ROACE (%)	**18.3**	**6.4**	**(3.4)**	**10.0**

(€ million)

Calculated on a 12-month period ending on **March 31, 2011**	**Exploration & Production**	**Gas & Power**	**Refining & Marketing**	**Group**
Adjusted net profit	**6,188**	**2,366**	**(116)**	**8,525**
Exclusion of after-tax finance expense/interest income	-	-	-	365
Adjusted net profit unlevered	**6,188**	**2,366**	**(116)**	**8,890**
Adjusted capital employed, net				
- at the beginning of period	34,572	25,067	7,884	75,374
- at the end of period	35,806	27,849	8,633	81,013
Adjusted average capital employed, net	**35,189**	**26,458**	**8,259**	**78,194**
Adjusted ROACE (%)	**17.6**	**8.9**	**(1.4)**	**11.4**

(€ million)

Calculated on a 12-month period ending on **December 31, 2011**	**Exploration & Production**	**Gas & Power**	**Refining & Marketing**	**Group**
Adjusted net profit	**6,866**	**1,541**	**(262)**	**7,912**
Exclusion of after-tax finance expense/interest income	-	-	-	454
Adjusted net profit unlevered	**6,866**	**1,541**	**(262)**	**8,366**
Adjusted capital employed, net				
- at the beginning of period	37,646	27,346	8,321	81,847
- at the end of period	42,024	27,660	8,600	87,701
Adjusted average capital employed, net	**39,835**	**27,503**	**8,461**	**84,774**
Adjusted ROACE (%)	**17.2**	**5.6**	**(3.1)**	**9.9**

GROUP BALANCE SHEET

(€ million)

	Dec. 31, 2011	March 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	1,500	1,990
Other financial assets available for sale	262	246
Trade and other receivables	24,595	27,978
Inventories	7,575	7,737
Current tax assets	549	350
Other current tax assets	1,388	1,164
Other current assets	2,326	1,932
	38,195	**41,397**
Non-current assets		
Property, plant and equipment	73,578	73,048
Inventory - compulsory stock	2,433	2,567
Intangible assets	10,950	10,994
Equity accounted investments	5,843	6,835
Other investments	399	392
Other financial assets	1,578	1,484
Deferred tax assets	5,514	4,617
Other non-current receivables	4,225	3,617
	104,520	**103,554**
Assets held for sale	**230**	**271**
TOTAL ASSETS	**142,945**	**145,222**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term debt	4,459	4,022
Current portion of long-term debt	2,036	2,065
Trade and other payables	22,912	21,779
Income taxes payable	2,092	2,757
Other taxes payable	1,896	3,017
Other current liabilities	2,237	1,896
	35,632	**35,536**
Non-current liabilities		
Long-term debt	23,102	23,392
Provisions for contingencies	12,735	12,717
Provisions for employee benefits	1,039	1,029
Deferred tax liabilities	7,120	6,250
Other non-current liabilities	2,900	2,947
	46,896	**46,335**
Liabilities directly associated with assets held for sale	**24**	**23**
TOTAL LIABILITIES	**82,552**	**81,894**
SHAREHOLDERS' EQUITY		
Non-controlling interest	**4,921**	**5,213**
Eni shareholders' equity:		
Share capital	4,005	4,005
Reserves	53,195	57,226
Reserve related to the fair value of cash flow hedging derivatives net of tax effect	49	20
Treasury shares	(6,753)	(6,753)
Interim dividend	(1,884)	
Net profit	6,860	3,617
Total Eni shareholders' equity	**55,472**	**58,115**
TOTAL SHAREHOLDERS' EQUITY	**60,393**	**63,328**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**142,945**	**145,222**

GROUP PROFIT AND LOSS ACCOUNT

(€ million)

Fourth Quarter 2011		First Quarter 2011	First Quarter 2012
	REVENUES		
30,102	Net sales from operations	28,779	33,475
286	Other income and revenues	233	569
30,388	**Total revenues**	**29,012**	**34,044**
	OPERATING EXPENSES		
22,702	Purchases, services and other	20,103	23,546
1,325	Payroll and related costs	1,119	1,225
217	**OTHER OPERATING (CHARGE) INCOME**	**(28)**	**(92)**
3,095	**DEPRECIATION, DEPLETION, AMORTIZATION AND IMPAIRMENTS**	**2,124**	**2,347**
3,483	**OPERATING PROFIT**	**5,638**	**6,834**
	FINANCE INCOME (EXPENSE)		
1,761	Finance income	3,117	2,338
(1,787)	Finance expense	(3,397)	(2,589)
(264)	Derivative financial instruments	197	(39)
(290)		**(83)**	**(290)**
	INCOME (EXPENSE) FROM INVESTMENTS		
64	Share of profit (loss) of equity-accounted investments	176	189
1,120	Other gain (loss) from investments	115	911
1,184		**291**	**1,100**
4,377	**PROFIT BEFORE INCOME TAXES**	**5,846**	**7,644**
(2,858)	Income taxes	(2,887)	(3,720)
1,519	**Net profit**	**2,959**	**3,924**
	Attributable to:		
1,289	- Eni's shareholders	2,547	3,617
230	- Non-controlling interest	412	307
1,519		**2,959**	**3,924**
	Earnings per share attributable to Eni's shareholders (€ per share)		
0.36	Basic	0.70	1.00
0.36	Diluted	0.70	1.00

COMPREHENSIVE INCOME

(€ million)

	First Quarter	
	2011	2012
Net profit	**2,959**	**3,924**
Other items of comprehensive income:		
- Foreign currency translation differences	*(1,883)*	*(1,041)*
- Change in the fair value of cash flow hedging derivatives	*54*	*32*
- Change in the fair value of available-for-sale financial instruments		*5*
- Share of "Other comprehensive income" on equity-accounted entities		*15*
- Taxation	*(20)*	*(13)*
	(1,849)	***(1,002)***
Total comprehensive income	**1,110**	**2,922**
Attributable to:		
- Eni's shareholders	741	2,640
- Non-controlling interest	369	282
	1,110	**2,922**

CHANGES IN SHAREHOLDERS' EQUITY

(€ million)

Shareholders' equity at December 31, 2011		**60,393**
Total comprehensive income	2,922	
Sale of treasury shares of consolidated subsidiaries	22	
Other changes	(9)	
Total changes		**2,935**
Shareholders' equity at March 31, 2012, attributable to:		**63,328**
- Eni's shareholders		**58,115**
- Non-controlling interest		5,213

GROUP CASH FLOW STATEMENT

(€ million)

Fourth Quarter 2011		First Quarter 2011	First Quarter 2012
1,519	**Net profit**	**2,959**	**3,924**
	Adjustments to reconcile net profit to net cash provided by operating activities:		
2,371	Depreciation, depletion and amortization	2,107	2,336
724	Impairments of tangible and intangible assets, net	17	11
(64)	Share of loss of equity-accounted investments	(200)	(189)
(1,094)	Gain on disposal of assets, net	(19)	(25)
(207)	Dividend income	(114)	(24)
(15)	Interest income	(25)	(37)
187	Interest expense	159	213
2,858	Income taxes	2,887	3,720
69	Other changes	86	(885)
	Changes in working capital:		
370	- inventories	(270)	(296)
(1,530)	- trade receivables	(601)	(3,330)
1,647	- trade payables	(1,222)	(45)
(6)	- provisions for contingencies	(48)	81
(213)	- other assets and liabilities	412	1,578
268	*Cash flow from changes in working capital*	*(1,729)*	*(2,012)*
1	Net change in the provisions for employee benefits	(7)	(4)
260	Dividends received	118	181
49	Interest received	(14)	13
(222)	Interest paid	(216)	(282)
(3,527)	Income taxes paid, net of tax receivables received	(1,824)	(2,745)
3,177	**Net cash provided from operating activities**	**4,185**	**4,195**
	Investing activities:		
(3,180)	- tangible assets	(2,533)	(2,412)
(714)	- intangible assets	(342)	(459)
(93)	- consolidated subsidiaries and businesses		(178)
(47)	- investments	(41)	(67)
(8)	- securities	(8)	7
(128)	- financing receivables	(513)	(224)
162	- change in payables and receivables in relation to investments and capitalized depreciation	(225)	(334)
(4,008)	*Cash flow from investments*	*(3,662)*	*(3,667)*
	Disposals:		
64	- tangible assets	7	23
16	- intangible assets	18	29
838	- consolidated subsidiaries and businesses		
660	- investments	1	
12	- securities		16
191	- financing receivables	480	253
93	- change in payables and receivables in relation to disposals	4	18
1,874	*Cash flow from disposals*	*510*	*339*
(2,134)	**Net cash used in investing activities** [a]	**(3,152)**	**(3,328)**

GROUP CASH FLOW STATEMENT *(continued)*

(€ million)

Fourth Quarter 2011		First Quarter 2011	First Quarter 2012
511	Proceeds from long-term debt	771	643
6	Repayments of long-term debt	(308)	(542)
(1,346)	Increase (decrease) in short-term debt	(1,100)	(463)
(829)		**(637)**	**(362)**
(1)	Net capital contributions by non-controlling interest	6	
2	Sale (purchase) of treasury shares from consolidated subsidiaries	7	22
(118)	Acquisition of additional interests in consolidated subsidiaries	(8)	(5)
	Dividends paid to Eni's shareholders		
(155)	Dividends paid by consolidated subsidiaries to non-controlling interests		(23)
3	Sale (purchase) of treasury shares of the parent company		
(1,098)	**Net cash used in financing activities**	**(632)**	**(368)**
	Effect of change in consolidation (inclusion/exclusion of significant/insignificant subsidiaries)	(6)	
14	Effect of exchange rate changes on cash and cash equivalents and other changes	(22)	(9)
(41)	**Net cash flow for the period**	**373**	**490**
1,541	**Cash and cash equivalents - beginning of the period**	**1,549**	**1,500**
1,500	**Cash and cash equivalents - end of the period**	**1,922**	**1,990**

(a) Net cash used in investing activities included investments in certain financial assets to absorb temporary surpluses of cash or as a part of our ordinary management of financing activities. Due to their nature and the circumstance that they are very liquid, these financial assets are netted against finance debt in determing net borrowings. Cash flows of such investments were as follows:

(€ million)

Fourth Quarter 2011		First Quarter 2011	First Quarter 2012
	Financing investments:		
5	- securities	(3)	7
(26)	- financing receivables	(77)	(12)
(21)		**(80)**	**(5)**
	Disposal of financing investments:		
1	- securities		
2	- financing receivables	13	3
3		**13**	**3**
(18)	**Cash flows of financial instruments not related to operations**	**(67)**	**(2)**

CAPITAL EXPENDITURE

(€ million)

Fourth Quarter 2011		First Quarter 2011	2012	% Ch.
2,690	Exploration & Production	1,952	2,018	3.4
585	Gas & Power	279	271	(2.9)
359	Refining & Marketing	132	124	(6.1)
52	Chemicals	39	29	(25.6)
285	Engineering & Construction	345	315	(8.7)
(2)	Other activities	2	5	150.0
48	Corporate and financial companies	40	23	(42.5)
(123)	Impact of unrealized intragroup profit elimination	86	86	
3,894		**2,875**	**2,871**	**(0.1)**

In the first quarter of 2012, capital expenditure amounting to €2,871 million (€2,875 million in the first quarter 2011) related mainly to:

- development activities deployed mainly in Norway, the United States, Kazakhstan, Angola, Congo and Italy exploratory activities of which 98% was spent outside Italy, primarily in Mozambique, Ghana, the United States, Nigeria and Norway;
- upgrading of the fleet used in the Engineering & Construction Division (€315 million);
- development and upgrading of Eni's natural gas transport network in Italy (€147 million), distribution network (€61 million), increase of storage capacity (€31 million) as well as completion of upgrading and other initiatives to improve flexibility of the combined cycle power plants (€17 million);
- refining, supply and logistics with projects designed to improve the conversion rate and flexibility of refineries(€102 million), as well as realization and upgrading of the refined product retail network In Italy and the rest of Europe (€14 million).

Capital expenditure by Division

EXPLORATION & PRODUCTION

(€ million)

Fourth Quarter 2011		First Quarter 2011	First Quarter 2012
184	Italy	164	160
573	Rest of Europe	330	466
414	North Africa	426	272
671	Sub-Saharan Africa	488	573
233	Kazakhstan	217	164
150	Rest of Asia	112	104
260	America	153	273
205	Australia and Oceania	62	6
2,690		**1,952**	**2,018**

GAS & POWER

(€ million)

Fourth Quarter 2011		First Quarter 2011	First Quarter 2012
72	**Marketing and Power generation**	**18**	**31**
511	**Regulated businesses in Italy**	**260**	**239**
330	*- Transport*	*157*	*147*
101	*- Distribution*	*64*	*61*
80	*- Storage*	*39*	*31*
2	**International transport**	**1**	**1**
585		**279**	**271**

REFINING & MARKETING

(€ million)

Fourth Quarter 2011		First Quarter 2011	First Quarter 2012
240	**Refining, Supply and Logistic**	107	102
117	**Marketing**	20	14
2	**Other activities**	5	8
359		**132**	**124**

Exploration & Production

PRODUCTION OF OIL AND NATURAL GAS BY REGION

Fourth Quarter 2011			First Quarter 2011	2012
1,678	**Production of oil and natural gas** [a] [b]	(kboe/d)	**1,684**	**1,674**
191	Italy		186	187
217	Rest of Europe		224	205
497	North Africa		505	566
381	Sub-Saharan Africa		375	333
105	Kazakhstan		117	111
121	Rest of Asia		120	110
128	America		131	119
38	Australia and Oceania		26	43
143.7	**Production sold** [a]	(mmboe)	**145.7**	**148.4**

PRODUCTION OF LIQUIDS BY REGION

Fourth Quarter 2011			First Quarter 2011	2012
896	**Production of liquids** [a]	(kbbl/d)	**899**	**867**
68	Italy		67	67
119	Rest of Europe		123	112
231	North Africa		239	258
289	Sub-Saharan Africa		286	243
62	Kazakhstan		71	65
41	Rest of Asia		38	34
67	America		67	65
19	Australia and Oceania		8	23

PRODUCTION OF NATURAL GAS BY REGION

Fourth Quarter 2011			First Quarter 2011	2012
4,345	**Production of natural gas** [b]	(mmcf/d)	**4,356**	**4,480**
686	Italy		661	667
545	Rest of Europe		563	520
1,481	North Africa		1,474	1,711
511	Sub-Saharan Africa		496	500
240	Kazakhstan		257	254
443	Rest of Asia		452	423
337	America		353	297
102	Australia and Oceania		100	108

(a) Includes Eni's share of production of equity-accounted entities.
(b) Includes volumes of gas consumed in operations (347 and 321 mmcf/d in the first quarter of 2012 and 2011, respectively, and 333 mmcf/d in the fourth quarter 2011).

Chemicals

Fourth Quarter 2011			First Quarter 2011	2012
	Sales of petrochemical products	(€ million)		
586	Intermediates		847	733
695	Polymers		903	860
62	Other revenues		47	50
1,343			**1,797**	**1,643**
	Production	(ktonnes)		
926	Intermediates		1,171	981
472	Polymers		553	509
1,398			**1,724**	**1,490**

Engineering & Construction

(€ million)

Fourth Quarter 2011		First Quarter 2011	2012
	Orders acquired		
1,795	Engineering & Construction Offshore	1,727	2,606
1,649	Engineering & Construction Onshore	933	275
135	Offshore drilling	75	148
149	Onshore drilling	173	87
3,728		**2,908**	**3,116**

(€ million)

	Dec. 31, 2011	March 31, 2012
Order backlog	**20,417**	**20,401**