ENI SPA
Form 6-K
May 06, 2010
Table of Contents

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN ISSUER
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of April 2010

Eni S.p.A.
(Exact name of Registrant as specified in its charter)

Piazzale Enrico Mattei 1 - 00144 Rome, Italy
(Address of principal executive offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F x Form 40-F o

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2b under the Securities Exchange Act of 1934.)

Yes o No x

(If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): ________)

Table of Contents

TABLE OF CONTENTS

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorised.

Eni S.p.A.

Name: Antonio Cristodoro
Title: Deputy Corporate Secretary

Date: April 30, 2010

Table of Contents
Contents

Table of Contents
Contents

Table of Contents
Contents

Table of Contents
Contents

Ordinary Shareholders Meeting of April 27 and 29, 2010

The notice convening the meeting was published on the Gazzetta Ufficiale of the Republic of Italy No. 35, section II of March 23, 2010 page 1

This annual report includes the report of Eni s Board of Directors and Eni s consolidated financial statements for the year ended December 31, 2009, which have been prepared under the International Financial Reporting Standards (IFRS), as adopted by the European Union.

Disclaimer

This annual report contains certain forward-looking statements in particular under the section Outlook regarding capital expenditures, development and management of oil and gas resources, dividends, share repurchases, allocation of future cash flow from operations, future operating performance, gearing, targets of production and sale 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.

Table of Contents

Operating and financial review

Consolidated Financial Statements

Eni means the parent company Eni SpA and its consolidated subsidiaries

Results

Eni reported net profit of euro 4.37 billion for the full year 2009. Adjusted basis net profit was euro 5.21 billion, down 48.8% from a year ago. The reduction reflected lower results mainly reported by the Exploration & Production division due to an unfavorable trading environment for oil prices in the first nine months of the year and by the Refining & Marketing division driven by sharply lower refining margins. The Gas & Power division and the Engineering & Construction business segment showed a resilient performance.

Cash inflows for the year mainly comprised cash flow from operations of euro 11.14 billion, proceeds of euro 3.6 billion from divesting certain interests and non strategic assets, and euro 1.54 billion from a share capital increase subscribed by minorities following the restructuring of Eni s regulated gas businesses in Italy. These inflows enabled the Company to partially fund capital expenditures of euro 13.69 billion to support organic growth and exploration activities, the completion of the Distrigas acquisition of euro 2.04 billion and the payment of dividends to Eni shareholders amounting to euro dividend in September 2009. Management reaffirms its commitment to create value for Eni s investors.

Oil and natural gas production

In 2009 oil and natural gas production amounted to 1,769 kboe/d, down 1.6% from 2008. When excluding OPEC cuts amounting to approximately 28 kbbl/d, it was substantially unchanged. Continuing production ramp-up and the start-up of new fields helped make for lower production uplifts associated with weak European gas demand, the impact of unplanned facility downtime in Nigeria and mature field declines.

The company targets a production level in excess of 2 mmboe/d by 2013, with an average annual growth rate higher than 2.5%, based on a 65 $/bbl price scenario.

Proved oil and natural gas reserves

Eni s estimated net proved reserves at December 31, 2009 amounted to 6.57 bboe, at a reference Brent price of 59.9 $/bbl. The all-sources reserve replacement ratio was 96%, corresponding to an average reserve life index of 10.2 years. Excluding price effects on PSAs entitlements, the replacement

4.17 billion. Ratio of net borrowings to total equity was 0.46 (0.38 at December 31, 2008).

Dividends

Based on 2009 results and taking into account the Company s sound fundamentals, a dividend of euro 1.00 per share (euro 1.30 in 2008) will be distributed to shareholders. Included in this annual payment is euro 0.50 per share already distributed as interim

ratio was 109%.

Natural gas sales

Worldwide natural gas sales were 103.72 bcm, representing a small decline from 2008 (down 0.5%). Sharply lower volumes were recorded on the Italian market (down 24.3%) as a result of the economic downturn and rising competitive pressures. This negative trend was partly offset by full contribution of the Distrigas

4

acquisition (up 12.02 bcm) and organic growth achieved in a number of European markets.
In a challenging outlook for the gas market, Eni expects to achieve gas sales of 118 bcm by 2013, implying an annual growth rate higher than 3%. To achieve this target, Eni will leverage on extracting synergies from integrating Distrigas commercial operations and its excellent strategic positioning in the European gas market.

Distrigas
In 2009 Eni completed the acquisition of Distrigas by means of a tender offer on Distrigas minorities. After the completion of the acquisition, Distrigas shares were delisted from Euronext Brussels. This transaction represented a milestone in strengthening Eni s leadership in the European gas market as a result of relevant integration synergies.

Reorganization of the regulated businesses in the Italian gas sector
In 2009 Eni reorganized its regulated businesses in Italy through the sale of its natural gas distribution and storage activities performed by Italgas and Stoccaggi Gas Italia to Eni s subsidiary Snam Rete Gas. This transaction allowed Eni to unlock value by achieving significant structural synergies in the regulated business segment and to strengthen its consolidated balance sheet.

Strategic partnership between Eni and Gazprom
In 2009 the strategic partnership between Eni and Gazprom, the world-leading gas producer, celebrated its 40th anniversary. Both partners intend to continue pursuing the joint development of projects in upstream and gas markets. In 2009 the following transactions were completed: (i) Eni divested its 20% stake in OAO Gazprom Neft to Gazprom upon exercise of a call option at the contractual price of euro 3.07 billion; (ii) Eni and its Italian partner Enel in the 60-40% owned joint-venture OOO SeverEnergia divested a 51% stake in the venture to Gazprom following exercise of a call option by the Russian company. Eni s share of this transaction is worth $940 million (25% of which had been collected at the balance sheet date and the remaining 75% collected on March 31, 2010); (iii) Eni and Missan Oil Company to redevelop the Zubair giant oil field. The development plan of the field targets a production of 1.2 bbbl/d to be achieved in the next six years.

In January 2010, Eni and the Venezuelan national company PDVSA signed a preliminary agreement for the joint development of the Junin 5 giant heavy oil field, located in the Orinoco Faja, which has 35 bbbl of certified oil in place.

In June 2009, Eni purchased from Quicksilver Resources Inc a 27.5% interest in the Alliance area, in Northern Texas, with gas shale reserves. The price of the transaction was $280 million. In 2009 production from the acquired assets amounted to 4,000 boe/d, and is expected to ramp up to approximately 10,000 boe/d by 2011.

In November 2009, Eni has been awarded a 37.8% stake in the Sanga Sanga license for the production of coal-bed methane in Indonesia. Preliminary studies in the block show a resource potential of about 4 trillion cubic feet (111 bcm) of gas to be better defined through an appraisal program that will commence in 2010.

In May 2009, Eni and the Egypt s Ministry of Petroleum signed a cooperation agreement to extend by 10 years the concession on the Belayim giant field. Eni plans to invest $1.5 billion over the next 5 years in developing expenditures, operating costs and interventions aimed at optimizing production.

In January 2010, Eni signed an agreement to acquire oil downstream activities in Austria. This includes a retail network with 135 service stations, wholesale activities and commercial assets in the aviation business as well as logistics and storage activities.

In October 2009, Eni and its Turkish and Russian partners in the construction of the Samsun-Ceyhan pipeline signed a Memorandum of Understanding whereby parties will define certain economic and contractual conditions in order to enable Russian companies to participate in the project. This will ensure the necessary volumes of crude in order to

Gazprom agreed to widen the original scope of work of the project for building the South Stream pipeline by increasing its transport capacity from 31 to 63 bcm/y.

Portfolio developments

In January 2010, Eni leading with a 32.8% stake a consortium of international companies signed a contract with Iraq s state-owned South Oil Company (SOC) and

support the project profitability. The project is designed to build a by-pass for oil incoming from the East, avoiding transport by sea through the Dardanelles and Bosporus, thus enhancing safety and environmental protection.

As part of the optimization process of its upstream portfolio, management approved a plan for rationalizing

Eni mineral activities in Italy that entails the sale of three Newcos, entirely controlled by Eni. The assets are divided into three groups, depending on their geographical location, which will each be transferred into a single newco: the first lies in northern Italy (Po Valley and Emilia Romagna), the second in central Italy (Marche, Abruzzo, Molise) and the third in southern Italy (Crotone area). Negotiations are well underway for the sale of two companies, Società Padana Energia SpA and Società Adriatica Idrocarburi SpA, holding the assets located in northern and central Italy.

Partnership agreements

In 2009, leveraging its established co-operation model with oil host countries, Eni finalized a number of strategic partnerships pursuing new ventures. The framework of these ventures provides integration between the traditional oil business and sustainable development initiatives designed to support the host countries population in achieving high social and economic standards. These agreements concerned mainly Angola, Egypt, Kazakhstan and Turkmenistan and represent opportunities to access new reserves.

Exploration activities

In 2009 exploration activities (euro 1,228 million) achieved a number of successes, in particular with the giant Perla discovery (Eni 50%) in Venezuela and with the high potential Cabaça Norte discovery (Eni operator with a 35% interest) in Angola. Further exploration success was achieved in Ghana, the Gulf of Mexico, Indonesia, the North Sea and Pakistan.
In 2009, 69 net exploration wells were completed, in addition to 10 wells in progress at year end with a success rate of 43.6% net to Eni.
The exploration portfolio was strengthened through acquisitions in Angola, China, Ghana, the Gulf of Mexico and Norway in line with Eni s strategy of consolidating its presence in selected areas.

Financial highlights		2007	2008	**2009**
(euro million)				
Net sales from operations		87,204	108,082	**83,227**
Operating profit		18,739	18,517	**12,055**
Adjusted operating profit [(a)]		19,004	21,608	**13,122**
Net profit [(b)]		10,011	8,825	**4,367**
Adjusted net profit [(a) (b)]		9,569	10,164	**5,207**
Net cash provided by operating activities		15,517	21,801	**11,136**
Capital expenditures		10,593	14,562	**13,695**
Acquisition of investments and businesses [(c)]		9,909	4,305	**2,323**
Dividends pertaining to the period [(d)]		4,750	4,714	**3,622**
Cash dividends		4,583	4,910	**4,166**
R&D expenditures		208	217	**207**
Total assets at period end		101,460	116,673	**117,529**
Debts and bonds at period end		19,830	20,837	**24,800**
Shareholders' equity including minority interests at period end		42,867	48,510	**50,051**
Net borrowings at period end		16,327	18,376	**23,055**
Net capital employed at period end		59,194	66,886	**73,106**
Shares price at period end	(euro)	25.05	16.74	**17.80**
Number of shares outstanding at period end	(million)	3,656.8	3,622.4	**3,622.4**
Market capitalization [(e)]	(euro billion)	91.6	60.6	**64.5**

(a) For a detailed explanation of adjusted profits (net and operating), that do not include inventory gain/loss and special items, see paragraph "Reconciliation of reported operating profit and reported net profit to results on an adjusted basis".
(b) Profit attributable to Eni shareholders.
(c) Net of acquired cash.
(d) 2009 amount (relating to dividend s payment) is estimated.
(e) Number of outstanding shares by reference price at period end.

Summary financial data		2007	2008	**2009**
Net profit:				
- per ordinary share [(a)]	(euro)	2.73	2.43	**1.21**
- per ADR [(a) (b)]	(USD)	7.49	7.15	**3.36**
Adjusted net profit:				
- per ordinary share [(a)]	(euro)	2.61	2.79	**1.44**
- per ADR [(a) (b)]	(USD)	7.16	8.21	**4.01**
Return On Average Capital Employed (ROACE):				
- reported	(%)	20.5	15.7	**8.0**
- adjusted	(%)	19.4	17.6	**9.2**
Leverage		0.38	0.38	**0.46**
Dividends pertaining to the year	(euro per share)	1.30	1.30	**1.00**
Pay-out [(c)]	(%)	47	53	**83**
Total Shareholder Return (TSR)	(%)	3.2	(29.1)	**13.7**
Dividend yield [(d)]	(%)	5.3	7.6	**5.8**

(a) Fully diluted. Ratio of net profit and average number of shares outstanding in the period. Dollar amounts are converted on the basis of the average EUR/USD exchange rate quoted by ECB for the period presented.
(b) One American Depositary Receipt (ADR) is equal to two Eni ordinary shares.
(c) 2009 pay-out ratio is estimated with reference to the amounts due on the payment of the dividend balance of 2009.
(d) Ratio of dividend for the period and average price of Eni shares in December.

Key market indicators		2007	2008	**2009**
Average price of Brent dated crude oil [(a)]		72.52	96.99	**61.51**
Average EUR/USD exchange rate [(b)]		1.371	1.471	**1.393**
Average price in euro of Brent dated crude oil		52.90	65.93	**44.16**
Average European refining margin [(c)]		4.52	6.49	**3.13**
Average European refining margin Brent/Ural [(c)]		6.45	8.85	**3.56**
Average Europe refining margin in euro		3.30	4.41	**2.25**
Euribor - three-month euro rate	(%)	4.3	4.6	**1.2**
Libor - three-month dollar rate	(%)	5.3	2.9	**0.7**

(a) In USD 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.

Contents

ENI ANNUAL REPORT / PROFILE OF THE YEAR

Summary operating data		2007	2008	**2009**
Exploration & Production				
Estimated net proved reserves of hydrocarbons (at period end)	(mmboe)	6,370	6,600	**6,571**
- Liquids	(mmbbl)	3,219	3,335	**3,463**
- Natural gas	(bcf)	18,090	18,748	**17,850**
Average reserve life index	(year)	10.0	10.0	**10.2**
Production of hydrocarbons	(kboe/d)	1,736	1,797	**1,769**
- Liquids	(kbbl/d)	1,020	1,026	**1,007**
- Natural gas	(mmcf/d)	4,114	4,424	**4,374**
Gas & Power				
Worldwide gas sales [(a)]	(bcm)	98.96	104.23	**103.72**
LNG sales [(b)]	(bcm)	11.7	12.0	**12.9**
Customers in Italy	(million)	6.61	6.63	**6.88**
Gas volumes transported in Italy	(bcm)	83.28	85.64	**76.90**
Electricity sold	(TWh)	33.19	29.93	**33.96**
Refining & Marketing				
Refining throughputs on own account	(mmtonnes)	37.15	35.84	**34.55**
Retail sales of petroleum products in Europe	(mmtonnes)	11.80	12.03	**12.02**
Service stations in Europe at period end [(c)]	(units)	6,440	5,956	**5,986**
Average throughput of service stations in Europe [(c)]	(kliters)	2,486	2,502	**2,477**
Petrochemicals				
Production	(ktonnes)	8,795	7,372	**6,521**
Sales of petrochemical products	(ktonnes)	5,513	4,684	**4,265**
Engineering & Construction				
Orders acquired	(euro million)	11,845	13,860	**9,917**
Order backlog at period end	(euro million)	15,390	19,105	**18,730**
Employees at period end	(units)	75,862	78,880	**78,417**

(a) Include E&P sales volumes of 6.17 bcm (5.39 and 6.00 bcm in 2007 and 2008, respectively) marketed by the Exploration & Production division in Europe (3.59, 3.36 and 2.57 bcm for 2007, 2008 and 2009, respectively) and in the Gulf of Mexico (1.80, 2.64 and 3.60 bcm for 2007, 2008 and 2009, respectively).

(b) Refer to LNG sales of G&P division (included in worldwide gas sales) and E&P division.

(c) Full year 2007 data include downstream activities in the Iberian Peninsula divested to Galp in October 2008.

To our shareholders

In 2009, Eni delivered better results than expected, amongst the best in our industry, against the backdrop of the worst economic recessions over the past 60 years. Our integrated business portfolio has again proved its resilience, and we managed to mitigate the impact of the downturn on the company.

We delivered on our targets, positioning the Company for future growth. In E&P, we are strategically focusing on giant projects in the world s fastest-growing oil-producing areas, namely Iraq and Venezuela. We entered new, high-potential areas like Ghana, and signed a number of framework agreements in our core regions of Russia, the Caspian Sea (Kazakhstan and Turkmenistan) and Africa. In G&P, we completed the acquisition of Distrigas and the reorganization of our regulated businesses in Italy.
We strengthened our long-standing strategic partnership with Gazprom, celebrating its 40th year of activity in 2009. We plan to continue developing joint projects in the sectors of upstream and natural gas markets.
On January 22, 2010, we signed a Technical Service Contract for the development of the Zubair field in Iraq, under a 20-year term with an option for a further 5 years, targeting a production plateau of 1.2 mmboe/d by 2016.
On January 26, 2010 we signed an agreement with the Venezuelan state-owned company PDVSA for the joint development of the giant field Junin 5, with 35 bbbls of certified heavy oil in place.

We have continued to focus on improving efficiency in all our businesses. The cost reduction program we launched in 2006 has delivered euro 0.4 billion of savings in 2009 and euro 1.3 billion to date.

Despite an ongoing recovery in oil prices, the outlook for 2010 points to significant challenges. However, our strategy remains unchanged. We continue to target superior production growth over the long-term and to strengthen our leadership position in the European gas market, while maintaining a strong financial position and creating value for our shareholders.

Financial performance

Eni s 2009 net profit was euro 4.37 billion.
Adjusted net profit was euro 5.21 billion, a decrease of 49% compared to 2008, driven by the sharp decline in oil prices recorded in the first nine months of the year. The result was also affected by weak refining margins and a higher adjusted tax rate. On the positive side, the Gas & Power and Engineering & Construction segments both reported improved results.
Adjusted return on average capital employed was 9.2%. Net cash generated by operating activities amounted to euro 11.1 billion. Proceeds from disposals were euro 3.6 billion and further a euro 1.5 billion was provided by a share capital increase that was subscribed by Snam Rete Gas minorities as part of the restructuring plan of Eni s regulated gas businesses in Italy. These inflows were used to fund part of the financing requirements associated with organic capital expenditures and exploration projects amounting to euro 13.7 billion, the completion of the Distrigas acquisition for euro 2.04

In 2009, Eni has been acknowledged as one of the best oil and gas companies in the Dow Jones Sustainability Index.

billion, and the payment of euro 4.17 billion to Eni s shareholders via dividends.

9

Our net debt to equity ratio at year end was 0.46.
The results achieved in 2009 enable us to propose at the Annual General Shareholders Meeting a dividend of euro 1.00 per share, of which euro 0.50 was paid as an interim dividend in September 2009.

Sustaining growth and shareholder returns

Our strategic direction has remained unchanged. Our strong pipeline of capital projects and investment opportunities will enable us to deliver on our growth targets.
Over the next four years, we plan to invest euro 52.8 billion to fuel continuing organic growth, including the strategic projects in Iraq and Venezuela. This is an increase of approximately 8% from the previous plan. The projected cash flows and planned divestments will enable us to service the financing requirements associated with capital expenditures and shareholders remuneration.

In **EXPLORATION & PRODUCTION**, we achieved adjusted net profit of euro 3.9 billion, down 50.9% compared to 2008, driven by an unfavorable trading environment for oil prices in the first nine months (Brent prices were down 37%), lower sales volumes and a higher tax rate.
Oil and gas production was 1,769 kboe/d, down 1.6% from 2008. When excluding OPEC restrictions amounting to approximately 28 kbbl/d, production remained substantially unchanged from a year ago.
Our all-sources reserve replacement ratio was 96%, resulting in a reserve life index of 10.2 years at December 31, 2009 (10 years in 2008).
Over the course of the year we increased our resource exploration activities in Venezuela, with the giant Perla discovery, Angola, Ghana and the Gulf of Mexico. This was achieved amid a 30% reduction in exploration expenses year on year.
In 2009 a total of 27 new fields have been put into production, which will add 190 kboe/d to our production at plateau.
In addition to the above-mentioned agreements in Iraq and Venezuela, our upstream portfolio has been further strengthened by continuing exploration success in Angola, acquisition of new licenses in Ghana, the Barents Sea and Pakistan.

We entered the unconventional gas sector in the USA with the purchase of a stake in the Alliance Area containing shale gas, from Quicksilver Resources Inc, and in Indonesia by purchasing a 37.8% interest in the Sanga Sanga license for the production of coal bed methane.

We target an average annual production increase higher than 2.5% in the 2010-2013 plan. By 2013, our hydrocarbon production will hit 2.00 million bbl/d, based on our $65 per barrel Brent price scenario. Most of our projects are in the final investment decision stage or have already been sanctioned.
Three quarters of our 2013 production will come from fields already operating in 2009, and the rest from new start-ups, particularly the Zubair project in Iraq, Kashagan in the Caspian Region and Algeria with the fields acquired from First Calgary. Overall, new start-ups will add approximately 560 kbbl/d by 2013.

In **GAS & POWER**, we reported adjusted net profit of euro 2.92 billion, an increase of 10% from 2008, despite very weak market conditions, with gas consumption down base by more than 1 billion boe thanks to successful

10

by 7.4% in Europe and 10% in Italy. This result was largely due to stable performances in the regulated businesses, excellent results achieved by Distrigas and integration synergies. Sales volumes were stable at 104 bcm, as a result of expansion in European markets that made for declining sales in Italy (down 24%).
Leveraging on our strategic partnership with Gazprom, we renegotiated terms and conditions of our main long-term supply contracts, improving our operating flexibility.

Our strategy will focus on strengthening our leadership in the European gas market, as well as margins and market share in Italy, relying upon our commercial strength, long-term relationships with producing countries and access to international transport infrastructures.

This access will not be impaired by the possible divestment of our interests in three gas import pipelines from Russia and Northern Europe, which we have proposed to the relevant European authorities in order to settle an antitrust procedure.

In 2010 we expect a weak recovery in gas demand, particularly in Italy. Commercial integration with Distrigas and the advantages granted to us by renegotiating supply contracts with international suppliers will enable us to make for any declines in domestic markets, targeting sales volumes at the same level as in 2009. By 2013, we expect to grow our gas sales by an average growth rate higher than 3% a year, targeting a volume of 118 bcm.
Our regulated businesses in Italy are expected to deliver stable returns, independent of trends in the gas market. They will be supported by guaranteed returns on planned capital expenditures and the cost synergies deriving from integrating gas transport, distribution and storage activities.

In **REFINING & MARKETING** we reported adjusted net loss of euro 197 million due to an extremely weak refining scenario (down by 52% the TRC Brent margin). Refining throughputs were reduced by one million tonnes. These impacts were partly offset by the good performance in marketing as a result of effective marketing initiatives.
In 2010, we expect a challenging refining environment and we will react accordingly by selectively strengthening our refineries, improving conversion capacity and increasing energy efficiency.
In marketing, we aim to reinforce our leadership in the Italian market through continuing improvements in quality standards, loyalty programs and enhanced non-oil services, along with the re-branding of our service stations to the Eni brand. Abroad, we will focus on growth in three countries: Germany, Switzerland and Austria. On January 21, 2010 we purchased 135 service stations, wholesale activities and logistics and storage assets from Exxon in Austria.

In **ENGINEERING & CONSTRUCTION**, we reported an improved adjusted net profit of euro 892 million (14% higher than in 2008) thanks to a better operating performance driven by a strong order backlog and increased efficiency. Saipem is completing the expansion of its world-class fleet of construction and drilling vessels, consolidating its leading position in the project management, engineering and construction activities within the oilfield services industry.

In **PETROCHEMICALS** we reported adjusted losses at both operating and net profit levels (down euro 426 million

11

Contents

and euro 340 million, respectively) due to an unfavorable market environment that was dragged down by weak demand, excess capacity and strong competitive pressures on commodity products.
Our target is to improve efficiency, shifting our product mix to higher value added products and selectively investing in areas where we can count on competitive advantages (styrenics and elastomers), also leveraging on our proprietary technologies.

Sustainable development

We intend to maintain our position: an oil and gas company with one of the highest sustainability ratings in the world.

We will strive to improve the sustainability of our activities through our commitment to research and innovation, the development of local communities, the protection of the environment, the endorsement of higher health and safety standards and people empowerment. In conducting operations and in our relations with partners we uphold the protection and promotion of human rights.
Eni reaffirms its commitment to Research and Innovation over the next four years by starting a new phase where our strategic priorities will be developing technologies for finding and producing hydrocarbons, the sustainable use of renewable energy and environmental restoration and clean-up of divested sites. We will pursue these objectives by forging strategic alliances with poles of international excellence and constant commitment of dedicated Eni resources.
Key to the Company s success is our strong attention to our people. In managing human resources, we are committed to implementing programs to improve leadership skills, increase knowledge and promote international development.
We continue to strengthen important relationships with our local partners as part of a cooperation model that aims at developing host countries, through the valorization of local resources, exploitation of specific skills, as well as the realization of projects and the definition of cooperation agreements.
In conclusion, in spite of an unfavorable energy and market environment, Eni delivered a good year. 2010 will pose further challenges but Eni s strategic positioning will enable it to continue to deliver industry-leading results and create sustainable value for its shareholders in both the short and the long-term.

March 11, 2010

In representation of the Board of Directors

Chairman

Chief Executive Officer and General Manager

BOARD OF DIRECTORS [1]
Chairman
Roberto Poli [2]
Chief Executive Officer and General Manager
Paolo Scaroni [3]
Directors
Alberto Clô, Paolo Andrea Colombo,
Paolo Marchioni, Marco Reboa, Mario Resca,
Pierluigi Scibetta, Francesco Taranto

CHIEF OPERATING OFFICERS
Exploration & Production Division

BOARD OF STATUTORY AUDITORS [7]
Chairman
Ugo Marinelli
Statutory Auditors
Roberto Ferranti, Luigi Mandolesi,
Tiziano Onesti, Giorgio Silva
Alternate Auditors
Francesco Bilotti, Pietro Alberico Mazzola

MAGISTRATE OF THE COURT OF AUDITORS
DELEGATED TO THE FINANCIAL CONTROL OF ENI SpA
Raffaele Squitieri [8]

Claudio Descalzi [4]

Gas & Power Division

Domenico Dispenza [5]

Refining & Marketing Division

Angelo Caridi [6]

Alternate

Amedeo Federici [9]

External Auditors [10]

PricewaterhouseCoopers SpA

(1) Appointed by the Shareholders Meeting held on June 10, 2008 for a three year period. The Board of Directors expires at the date of approval of the financial statements for the 2010 financial year.
(2) Appointed by the Shareholders Meeting held on June 10, 2008.
(3) Powers conferred by the Board of Directors on June 11, 2008.
(4) Appointed by the Board of Directors on July 30, 2008.
(5) Appointed by the Board of Directors on December 14, 2005, effective from January 1, 2006.
(6) Appointed by the Board of Directors on August 3, 2007.
(7) Appointed by the Shareholders Meeting held on June 10, 2008 for a three year period, expiring at the date of the approval of the financial statements for the 2010 financial year.
(8) Duties conferred by the Governing Council of the Court of Auditors on October 28, 2009.
(9) Duties conferred by the Governing Council of the Court of Auditors on December 3-4, 2008.
(10) Appointment extended by the Shareholders Meeting held on May 24, 2007 for the 2007-2009 three year term.

Key performance indicators [a]		2007	2008	**2009**
Net sales from operations [b]	(euro million)	26,920	33,042	**23,801**
Operating profit		13,433	16,239	**9,120**
Adjusted operating profit		13,770	17,222	**9,484**
Adjusted net profit		6,328	7,900	**3,878**
Capital expenditures		6,480	9,281	**9,486**
of which: *exploratory expenditures* [c]		*1,659*	*1,918*	***1,228***
Adjusted capital employed, net at year end [d]		23,826	30,362	**32,455**
Adjusted ROACE	(%)	30.4	29.2	**12.3**
Average realizations				
- Liquids	($/bbl)	67.70	84.05	**56.95**
- Natural gas	($/mmcf)	5.42	8.01	**5.62**
- Total hydrocarbons	($/boe)	53.17	68.13	**46.90**
Production [e]				
- Liquids	(kbbl/d)	1,020	1,026	**1,007**
- Natural gas	(mmcf/d)	4,114	4,424	**4,374**
- Total hydrocarbons	(kboe/d)	1,736	1,797	**1,769**
Estimated net proved reserves [e] [f] [g]				
- Liquids	(mmbbl)	3,219	3,335	**3,463**
- Natural gas	(bcf)	18,090	18,748	**17,850**
- Total hydrocarbons	(mmboe)	6,370	6,600	**6,571**
Reserve life index	(years)	10.0	10.0	**10.2**
All sources reserve replacement ration [e] [g]	(%)	90	135	**96**
Employees at year end	(units)	9,023	10,891	**10,870**

(a) From January 1, 2009, results of the gas storage business are reported within the Gas & Power segment reporting unit following restructuring of Eni's regulated gas businesses in Italy. Prior period results have been restated accordingly.

(b) Before elimination of intragroup sales.

(c) Includes exploration bonuses.

(d) For a detailed explanation of adjusted capital employed and adjusted ROACE, see paragraph "Return On Average Capital Employed (ROACE)".

(e) Includes Eni's share of equity-accounted entities.

(f) The new US SEC rule has changed the pricing mechanism for oil&gas reserves estimation in 2009. It specifies that, in calculating economic producibility, a company must use a 12-month average price, calculated as the unweighted arithmetic average of the first-day-of-the-month price for each month within the 12-month period prior to the end of the reporting period. Prior period results use the one day price measured on the last day of the company s fiscal year.

(g) Includes a 29.4% stake of the reserves of the three equity-accounted Russian companies participated by joint-venture OOO SeverEnergia, owned by Eni (60%) and its Italian partner Enel (40%) which on September 23, 2009 completed the divestment of the 51% stake in the venture to Gazprom in line with the call option arrangement.

13

Contents

Portfolio

Signed a technical service contract, under a 20-year term with an option for further 5 years, with Iraqi National Oil Companies to develop the Zubair oil field (Eni s interest 32.8%). The partners of the project expect to gradually increase production to a target plateau level of 1.2 mmbbl/d over the next six years.

Signed an agreement with the Venezuelan National Oil Company PDVSA for the joint development of the Junin 5 giant field with 35 billion barrels of certified heavy oil in place, located in the Orinoco oil belt. Production start-up is planned for 2013 at an initial level of 75 kbbl/d and a long term production plateau of 240 kbbl/d is targeted.

Acquired from Quicksilver Resources Inc a 27.5% interest in the Alliance area, in Northern Texas with gas shale reserves. Quicksilver has retained the 72.5% of the property and operatorship. The cash consideration for the transaction amounted to $280 million. Production from the acquired assets amounted to 4 kboe/d net to Eni for the full year 2009, ramping up to approximately 10 kboe/d by 2011.

Awarded a 37.8% stake in the Indonesian Sanga Sanga license for the production of coal bed methane. Recent preliminary studies in the block showed a resource potential of about 3,920 bcf of gas to be verified through an appraisal program that will commence in 2010.

As part of the optimization process of its upstream portfolio, management approved a plan for rationalizing Eni mineral activities in Italy that entails the sale of three Newcos, entirely controlled by Eni. The assets are divided into three groups, depending on their geographical location, which will each be transferred into a single newco: the first lies in northern Italy (Pianura Padana and Emilia Romagna), the second in central Italy (Marche, Abruzzo, Molise) and the third in southern Italy (Crotone area). Negotiations are well underway for the sale of two companies, Società Padana Energia SpA and Società Adriatica Idrocarburi SpA, holding the assets located in northern and central Italy.

Awarded new exploration leases in Angola, China, Ghana, the Gulf of Mexico, India, Norway and Yemen.

Divestment of Russian assets

On April 7, 2009 Gazprom exercised its call option to purchase a 20% interest in OAO Gazprom Neft held by Eni, based on the existing agreements between the two partners. The exercise price of the call option collected by Eni on April 24, 2009 amounting to euro 3,070 million is equal to the price ($3.7 billion) outlined in the bid procedure for the assets of bankrupt Russian company Yukos as adjusted by subtracting dividends distributed and adding the contractual yearly remuneration of 9.4% on the capital employed and financing collateral expenses. At the same time, Eni and Gazprom signed new cooperation agreements targeting certain development projects to be conducted jointly in Russia and other countries of interest.

On September 23, 2009, Eni and its Italian partner Enel in the 60-40% owned joint-venture OOO SeverEnergia completed the divestment of the 51% stake in the venture to Gazprom based on the call option exercised by the Russian company. The total cash consideration amounted to $940 million net to Eni. The three partners are committed to producing first gas from the Samburskoye field by June 2011, targeting a production plateau of 150 kboe/d within two years from the start of production.

Partnership Agreements

In 2009, leveraging its established co-operation model with oil host countries, Eni finalized a number of strategic partnerships pursuing new ventures. The framework of these ventures provides for integration between the traditional oil business and sustainable development initiatives designed to support the host countries population in achieving high social and economic standards:

In February 2009 three agreements were finalized as part of the Memorandum of Understanding signed in August 2008 with Angola s national oil company Sonangol, providing for: (i) a feasibility study to assess the economics of the utilization of associated gas in feeding a grass-root onshore power plant; (ii) a joint study to evaluate and collect data on certain Angolan onshore basins in view of identifying upstream opportunities; (iii) the design of a number of educational and training projects targeting Angolan professionals in the development of energy resources.

In March 2009 signed a Protocol for Cooperation with the government of Pakistan to develop a number of important upstream, midstream and downstream projects in the Country. Eni will provide its expertise as well as new technologies developed in the field of exploring for and developing hydrocarbon fields.

In May 2009 signed a cooperation agreement with Egypt s Ministry for Oil to increase and widen cooperation in development activities. The agreement provides for: (i) an extension of the concession of the giant Belayim field (Eni s interest 100%) in the Gulf of Suez till 2030, with Eni s commitment to spending $1.5 billion over the next five years to execute development expenditures, upgrading actions and operating costs; (ii) a joint study to evaluate a number of industrial initiatives to monetize the natural gas reserves at high depth; (iii) training and knowledge management.

In August 2009 signed a strategic partnership with the Oil Ministry of the Democratic Republic of Congo to start cooperation in developing the host country s conventional and unconventional oil reserves, upgrading industrial facilities and training projects.

In November 2009 signed a co-operation agreement as part of the Memorandum of Understanding signed in July 2009 with the Kazakh National Oil Company KazMunaiGas. The agreement provides for: (i) joint exploration activities in the Isatay and Shangala areas located in the Caspian Sea; (ii) studies of initiatives to optimize gas usage in Kazakhstan; (iii) the evaluation of a number of industrial initiatives including the upgrading of the Pavlodar refinery, in which KMG holds a majority interest.

In December 2009 signed a memorandum of understanding with Turkmenistan aimed at promoting and reinforcing the partnership in the development of the oil industry of the Country. Eni will co-operate with state bodies and the Agency for Hydrocarbons to carry out studies to ascertain the oil and gas potential of the country. Eni will contribute its expertise in technology and the sustainability field.

Financial results

Adjusted net profit for the full year was euro 3,878 million, a decrease of euro 4,022 million from 2008 (down 50.9%) driven by lower oil realizations as a result of the negative price environment recorded in the first nine months of the year, lower gas realizations and lower sales volumes. These negatives were partly offset by the depreciation of the euro against the dollar.

Return on average capital employed calculated on an adjusted basis was 12.3% in 2009 (29.2% in 2008).

Full-year liquids and gas realizations in dollar terms declined by 31.2% on average reflecting market conditions (Brent dated was down 36.6%).

Production

Oil and natural gas production for the full year 2009 amounted to 1,769 kboe/d, representing a decrease of 28 kboe/d from 2008 (down 1.6%). Excluding OPEC cuts (down 28 kboe/d) production was barely unchanged. Lower production uplifts associated with weak European gas demand, the impact of unplanned facility downtime, continuing security issues in Nigeria and mature field declines were partly offset by continuing production ramp-ups and field start-ups as well as positive price impacts in the Company s PSAs and similar contractual schemes (up 35 kbbl/d).

Leveraging on organic growth in Africa and Central Asia, Eni expects to deliver more than 2.5% compound average growth rate over the next four-year period, targeting a production level in excess of 2 mmboe/d by 2013 under Brent scenario at $65 per barrel.

Estimated net proved reserves

Estimated net proved reserves at December 31, 2009 were 6.57 bboe (down 0.4% from 2008) based on a 12-month average Brent price of $59.9 per barrel. All sources reserve replacement ratio was 96%, with an average reserve life index of 10.2 years (10 years at December 31, 2008). Excluding the price effect resulting from higher liquids prices from a year ago (the Brent crude price was $36.5 per barrel in 2008) the replacement ratio would be 109%.

Exploration and development expenditures

In 2009, capital expenditures amounted to euro 9,486 million to enhance assets in well established areas of Africa, the Gulf of Mexico and Central Asia. Exploration activities (euro 1,228 million) achieved a number of successes such as the large Perla gas discovery in the Venezuelan offshore and the Cabaça Norte oil discovery in the Angolan offshore basin. Further discoveries were made in Ghana, the North Sea, the Gulf of Mexico and the Indonesian offshore.

A total of 69 new exploratory wells were drilled (37.6 of which represented Eni s share), in addition to 10 exploratory wells in progress at year end (4.2 net to Eni). The overall commercial success rate was 41.9% (43.6% net to Eni).

Development expenditures were euro 7,478 million (up 16.3% from 2008) to fuel the growth of major projects in Kazakhstan, the United States, Egypt, Congo, Italy and Angola.

Reserves

Overview

The Company has adopted comprehensive classification criteria for the estimate of proved, proved developed and proved undeveloped oil and gas reserves in accordance with applicable U.S. Securities and Exchange Commission (SEC) regulations, as provided for in Regulation S-X, Rule 4-10. Proved oil and gas reserves are those quantities of liquids (including condensates and natural gas liquids) and natural gas which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible form a given date forward, from know reservoirs, under existing economic conditions, operating methods, and government regulations prior to the time at which contracts providing the right to operate expire.

Oil and natural gas prices used in the estimate of proved reserves are obtained from the official survey published by Platt s Marketwire, except when their calculation derives from existing contractual conditions. Prices[1] are calculated as the unweighted arithmetic average of the first-day-of-the-month price for each month within the 12-month period prior to the end of the reporting period. Prices include consideration of changes in existing prices provided only by contractual arrangements.

Engineering estimates of the Company s oil and gas reserves are inherently uncertain. Although authoritative guidelines exist regarding engineering criteria that have to be met before estimated oil and gas reserves can be designated as proved , the accuracy of any reserve estimate is a function of the quality of available data and engineering and geological interpretation and judgment. Consequently, the estimated proved reserves of oil and natural gas may be subject to future revision and upward and downward revisions may be made to the initial booking of reserves due to analysis of new information.

Proved reserves to which Eni is entitled under concession contracts are determined by applying Eni s share of production to total proved reserves of the contractual area, in respect of the duration of the relevant mineral right. Proved reserves to which Eni is entitled under Production Sharing Agreements are calculated so that the sale of production entitlements should cover expenses incurred by the Group to develop a field (cost oil) and on the profit oil set contractually

Reserves Governance

Eni has always exercised centralized rigorous control over the process of booking proved reserves.

The Reserves Department of the Exploration & Production Division is entrusted with the task of: (i) assuring the periodic certification process of proved reserves; (ii) continuously updating the Company s guidelines on reserves evaluation and classification and the internal procedures; and (iii) to provide training of staff involved in the process of reserves estimation. Company guidelines have been reviewed by DeGolyer and MacNaughton (D&M), an independent petroleum engineering company, which has affirmed their compliance with the SEC rules[2]; D&M has also stated that the company formal guidelines whenever SEC rules may be less precise, provide a reasonable interpretation in line with the generally accepted practices in the industry. When participating in exploration and production activities operated by others entities, Eni also estimates its proved reserves on the basis of the above guidelines.

The process for evaluating reserves, as described in the internal procedure, involves: (i) business unit manager (geographic units) and Local Reserves Evaluators (LRE), who perform the evaluation and classification of reserves including estimates of production profiles, capital expenditures, operating costs and costs related to asset retirement obligations; (ii) geographic area managers at head offices checking evaluation carried out by business unit managers; (iii) the Planning and Control Department which provides the economic evaluation of reserves; (iv) the Reserve Department which, through Division Reserves Evaluators (DRE), provides independent reviews of the fairness and correctness of classifications carried out by the above mentioned units and aggregates worldwide reserve data.

The Head of the Reserve Department attended the Politecnico di Torino and received a Master of Science degree in Mining Engineering in 1985. She has more than 20 years of experience in the oil and gas industry and more than 10 years of experience directly in evaluating reserves.

Staff involved in the reserves evaluation process fulfils the professional qualifications requested and maintains (profit oil). A similar scheme applies to buy-back and service contracts.

the highest level of independence, objectivity and

(1) In prior periods, year-end liquids and natural gas prices were used in the estimate of proved reserves.
(2) The reports of independent engineers are available on Eni website www.eni.com section Documentation/Annual Report 2009.

confidentiality respecting professional ethics. Reserves Evaluators qualifications comply with international standards defined by the Society of Petroleum Engineers.

Reserves independent evaluation

Since 1991, Eni has requested qualified independent oil engineering companies to carry out an independent audit[3] of its proved reserves on a rolling basis. The description of qualifications of the persons primarily responsible of the reserve audit is included in the third party audit report[4]. In the preparation of their reports, those independent evaluators rely, without independent verification, upon information furnished by Eni with respect to property interests, production, current costs of operations and development, sale agreements, prices and other factual information and data that were accepted as represented by the independent evaluators. These data, equally used by Eni in its internal process, include logs, directional surveys, core and PVT (Pressure Volume Temperature) analysis, maps, oil/gas/water production/injection data of wells, reservoir studies; technical analysis relevant to field performance, reservoir performance, long-term development plans, future capital and operating costs.

In order to calculate the economic value of Eni equity reserves, actual prices applicable to hydrocarbon sales, price adjustments required by applicable contractual arrangements and other pertinent information are provided. In 2009 Ryder Scott Company and DeGolyer and MacNaughton provided an independent evaluation of 28% of Eni s total proved reserves at December 31, 2009[5], confirming, as in previous years, the reasonableness of Eni internal evaluations[4].

In the 2007-2009 three year period, 86% of Eni total proved reserves were subject to independent evaluation. As at December 31, 2009 among the most important Eni properties, the only one was not subject to an independent review is Barbara (Italy).

Movements in estimated net proved reserves

Eni s estimated proved reserves were determined taking into account Eni s share of proved reserves of equity-accounted entities[6]. Movements in Eni s 2009 estimated proved reserves were as follows:

(mmboe)		Consolidated Subsidiaries	Equity-accounted entities	Total
Estimated net proved reserves at December 31, 2008		**6,242**	**358**	**6,600**
Extensions, discoveries and other additions, revisions of previous estimates, improved recovery and other factors, excluding price effect		680	15	695
Price effect		(100)	(3)	(103)
Reserve additions, total		580	12	592
Proved property acquisitions		26		26
Sales of mineral-in-place		(1)		(1)
Production of the year		(638)	(8)	(646)
Estimated net proved reserves pro-forma at December 31, 2009		**6,209**	**362**	**6,571**
Reserve replacement ratio, all sources	(%)	95	150	96
	(%)	109	187	109

Reserve replacement ratio, all sources and excluding price effect		

Additions to proved reserves booked in 2009 were 592 mmboe and derived from: (i) revisions of previous estimates were 361 mmboe mainly reported in Egypt, Italy, Congo, the United Kingdom and the United States partly offset by the unfavorable effect of higher oil prices on reserve entitlements in certain PSAs and buy-back contracts (down 103 mmboe) resulting from higher oil prices from a year ago (the Brent price used in the reserve estimation process was $59.9 per barrel in 2009 compared to $36.6 per barrel

(3) From 1991 to 2002, DeGolyer and MacNaughton; from 2003, also Ryder Scott.
(4) The reports of independent engineers are available on Eni website www.eni.com section Documentation/Annual Report 2009.
(5) Includes Eni s share of proved reserves of equity-accounted entities.
(6) Proved reserves included a 29.4% stake of proved reserves owned by the three equity-accounted Russian companies participated by the joint-venture OOO SeverEnergia following the divestment of a 51% stake in the venture to Gazprom on September 23, 2009, in line with the call option arrangement.

in 2008). Higher oil prices also resulted in upward revisions associated with improved economics of marginal productions; (ii) extensions, discoveries and other factors were 297 mmboe, with major increases booked in Norway, Algeria, Iraq and Libya; (iii) improved recovery were 37 mmboe mainly reported in Angola, Norway and Libya.
The largest additions were related to following fields/projects: Goliat in Norway, Belayim in Egypt, M Boundi in Congo, Bahr Essalam in Libya, CAFC and MLE in Algeria and Zubair in Iraq.
Acquisitions related mainly to a 27.5% stake purchased from Quicksilver Resources Inc in the Alliance area, in Texas.
In 2009 Eni achieved an all sources reserve replacement ratio[7] of 96% with a reserve life index of 10.2 years (10 years at December 31, 2008). Excluding the price effect, the replacement ratio would be 109%.

Estimated net proved hydrocarbon reserves

(mmboe)	Italy	Rest of Europe	North Africa	West Africa	Kazakhstan [(b)]	Rest of Asia	America	Australia and Oceania	Total consolidated subsidiaries	Equity-accounted entities	Total
Year ended December 31, 2007 [(a)]	**747**	**638**	**1,879**	**1,095**	**1,061**	**198**	**259**	**133**	**6,010**	**360**	**6,370**
Developed	*534*	*537*	*1,183*	*766*	*494*	*127*	*158*	*63*	*3,862*	*63*	*3,925*
Undeveloped	*213*	*101*	*696*	*329*	*567*	*71*	*101*	*70*	*2,148*	*297*	*2,445*
Year ended December 31, 2008 [(a)]	**681**	**525**	**1,922**	**1,146**	**1,336**	**265**	**235**	**132**	**6,242**	**358**	**6,600**
Developed	*465*	*417*	*1,229*	*827*	*647*	*168*	*133*	*62*	*3,948*	*68*	*4,016*
Undeveloped	*216*	*108*	*693*	*319*	*689*	*97*	*102*	*70*	*2,294*	*290*	*2,584*
Year ended December 31, 2009 [(a)]	**703**	**590**	**1,922**	**1,141**	**1,221**	**236**	**263**	**133**	**6,209**	**362**	**6,571**
Developed	*490*	*432*	*1,266*	*799*	*614*	*139*	*168*	*122*	*4,030*	*74*	*4,104*
Undeveloped	*213*	*158*	*656*	*342*	*607*	*97*	*95*	*11*	*2,179*	*288*	*2,467*

Estimated net proved liquids reserves

(mmbbl)	Italy	Rest of Europe	North Africa	West Africa	Kazakhstan [(b)]	Rest of Asia	America	Australia and Oceania	Total consolidated subsidiaries	Equity-accounted entities	Total
Year ended December 31, 2007 [(a)]	**215**	**345**	**878**	**725**	**753**	**44**	**138**	**29**	**3,127**	**92**	**3,219**
Developed	*133*	*299*	*649*	*511*	*219*	*35*	*81*	*26*	*1,953*	*21*	*1,974*
Undeveloped	*82*	*46*	*229*	*214*	*534*	*9*	*57*	*3*	*1,174*	*71*	*1,245*
Year ended December 31, 2008 [(a)]	**186**	**277**	**823**	**783**	**911**	**106**	**131**	**26**	**3,243**	**92**	**3,335**
Developed	*111*	*222*	*613*	*576*	*298*	*92*	*74*	*23*	*2,009*	*27*	*2,036*
Undeveloped	*75*	*55*	*210*	*207*	*613*	*14*	*57*	*3*	*1,234*	*65*	*1,299*

Year ended December 31, 2009 [(a)]	**233**	**351**	**895**	**770**	**849**	**94**	**153**	**32**	**3,377**	**86**	**3,463**
Developed	*141*	*218*	*659*	*544*	*291*	*45*	*80*	*23*	*2,001*	*34*	*2,035*
Undeveloped	*92*	*133*	*236*	*226*	*558*	*49*	*73*	*9*	*1,376*	*52*	*1,428*

(a) Includes a 29.4% stake of the reserves of the three equity-accounted Russian companies participated by joint-venture OOO SeverEnergia, owned by Eni (60%) and its Italian partner Enel (40%) which on September 23, 2009 completed the divestment of the 51% stake in the venture to Gazprom in line with the call option arrangement.

(b) As of December 31, 2009 and 2008 Eni s proved reserves of the Kashagan field were determined based on Eni working interest of 16.81% and 18.52% as of December 31, 2007.

(7) Ratio of changes in proved reserves for the year resulting from revisions of previously reported reserves, improved recovery, extensions, discoveries and sales or purchases of minerals in place, to production for the year. A ratio higher than 100% indicates that more proved reserves were added than produced in a year. The Reserve Replacement Ratio is not an indicator of future production because the ultimate development and production of reserves is subject to a number of risks and uncertainties. These include the risks associated with the successful completion of large-scale projects, including addressing ongoing regulatory issues and completion of infrastructure, as well as changes in oil and gas prices, political risks and geological and other environmental risks.

Estimated net proved natural gas reserves

(bcf)	Italy	Rest of Europe	North Africa	West Africa	Kazakhstan [(b)]	Rest of Asia	America	Australia and Oceania	Total consolidated subsidiaries	Equity-accounted entities	Total
Year ended December 31, 2007 [(a)]	**3,057**	**1,675**	**5,751**	**2,122**	**1,770**	**880**	**696**	**598**	**16,549**	**1,541**	**18,090**
Developed	*2,304*	*1,364*	*3,065*	*1,469*	*1,580*	*530*	*442*	*213*	*10,967*	*237*	