

Special Powers of the Italian Government

Amendments to Eni By-laws pursuant to Law No. 350 dated December 24, 2003

(Special Powers of the Government)

Article 4 of Law No. 350 of December 24, 2003 (2004 budget law), has amended article 2, Paragraph 1, of Law Decree No. 332 of May 31, 1994, converted into Law No.474 of July 30, 1994 concerning the exercise of the special powers by the Government in "companies directly or indirectly controlled by the State operating in the fields of defence, transports, telecommunications, energy sources and other public services" (the so called Golden Share). The above-mentioned amendments have been required in order to take account of the objections pointed out by EU authorities with reference to the compliance of the provision contained in Law no. 474/1994 with the free capitals circulation principle.

The amendments can be summarized as follows:

- (a) opposition - and no more approval - as the condition for the exercise of voting right and the other non-asset linked rights and the acquisition of material shareholdings by entities affected by the shareholding limit as set forth in Article 3 of Law Decree 332 of May 31, 1994, converted with amendments into law 474 of July 30, 1994, by which are meant those representing at least 5% of share capital with the right to vote at the ordinary shareholders' meeting or the minor percentage established by the Minister of Economy and Finance[1];
- (b) opposition - and no more approval - with respect to the subscription of Shareholders' pacts or agreements as per Article 122 of Legislative Decree No. 58 of February 24, 1998, involving at least 5% of the share capital with the right to vote at the ordinary shareholders' meeting or the minor percentage established by the Minister of Economy and Finance;
- (c) veto power with respect to resolutions to dissolve the company, to transfer the business, to merge, to demerge, to transfer the company's registered office abroad, to change the company objects and to amend the by-laws cancelling or modifying the powers indicated in letters (a), (b), (c) or the following letter (d);
- (d) appointment of one Board member with no voting rights;
- (e) appointment by the shareholders' meeting of the Statutory Auditor in precedence appointed by the Minister of Economy and Finance.

The amendment to Eni by-laws in order to comply with Law No. 350 of December 24, 2003 is subject to the issue of a decree by the Minister of Economy and Finance, in agreement with the Minister of Productive Activities.

The above-mentioned decree was issued on April 1, 2005. Therefore, the Board availed of the faculty contained in Article 23, second Paragraph, of the By-laws that enables the Board itself to resolve the amendments to the By-laws "necessary to comply with the current legislation" and in the meeting of April 13, 2005 amended Articles 6, second Paragraph (special powers), 17, first Paragraph (composition of the Board of Directors), 18, first Paragraph (appointment of the Chairman of the Board of Directors), 21 (determination of the majorities necessary for the Board of Directors to validly meet and resolve), 24, first Paragraph (delegation of authorities to the Directors) and 28, second Paragraph (Board of Statutory Auditors).

Old Text

Article 6.2

Pursuant to Article 2, paragraph 1 of Law Decree 332 of May 31, 1994, converted with amendments into Law 474 of July 30, 1994, the Minister of Treasury, Budget and Economic Planning in agreement with the Minister of Industry, Trade and Crafts, retains the following special powers sanctioned in the forms envisaged by the aforementioned Law 474 of 1994 :

a) approval to be expressly granted on the acquisition of material shareholdings by entities affected by the shareholding limit as set forth in Article 3 of Law Decree 332 of May 31, 1994, converted with amendments into Law 474 of July 30, 1994, by which are meant those representing 3 per cent of share capital with the right to vote at the ordinary shareholders' meeting. Approval must be granted within sixty days of the date of notice which must be filed by the Board of Directors at the time request is made for registration in the Shareholders' book. Until approval is granted and, in any case, after expiration of the term, the transferee can not exercise voting rights and, in any case, non economic rights connected with the shares that represent a material shareholding. In the event that approval is denied or the term expires without such approval, the transferee must sell said shares within one

New Text

Article 6.2

Pursuant to Article 2, paragraph 1 of Law Decree 332 of May 31, 1994, converted with amendments into Law 474 of July 30, 1994, as modified by Article 4, Paragraph 227, of Law December 24, 2003 no. 350, the Minister of Economy and Finance retains the following special powers to be exercised in agreement with the Minister of Productive Activities and according to the criteria contained in the Decree issued by the President of the Council of Ministers on June 10, 2004:

a) opposition with respect to the acquisition of material shareholdings by entities affected by the shareholding limit as set forth in Article 3 of Law Decree 332 of May 31, 1994, converted with amendments into Law 474 of July 30, 1994, by which - as per Decree issued by the Minister of economy and Finance on October 16, 1995 - are meant those representing at least 3% of share capital with the right to vote at the ordinary shareholders' meeting. The opposition is expressed within ten days of the date of the notice to be filed by the Board of Directors at the time request is made for registration in the Shareholders' Register if the Minister considers that such an acquisition may prejudice the vital interests of the Italian State. Until the ten-day term is not lapsed, the voting rights and the other rights connected with the shares representing a material shareholding may

year. Failing to comply, the law courts, at the request of the Minister of Treasury, Budget and Economic Planning, will order the sale of shares that represent a material shareholding according to the procedures as per Article 2359-ter of the Civil Code;

not be exercised. If the opposition power is exercised, through a duly motivated act representing properly the prejudice that may be caused by the operation to the vital interests of the Italian State, the transferee may not exercise the voting rights and the other non-economic rights connected with the shares representing a material shareholding and must sell said shares within one year. Failing to comply, the law courts, at the request of the Minister of Economy and Finance, will order the sale of the shares representing a material shareholding according to the procedures set forth in Article 2359-ter of the Civil Code. The act through which the opposition power is exercised may be sued before the Regional Administrative Court of Latium within sixty days as of its issue;

b) approval to be expressly granted as condition for the validity of Shareholders' or other agreements as per Article 122 of Legislative Decree No. 58 of February 24, 1998, involving 3 per cent or more of the share capital with the right to vote at ordinary shareholders' meetings. Until approval of such Shareholders' or other agreement is granted and, in any case, after expiration of the term, the Shareholders participating in such agreement can not exercise voting rights and, in any case, non economic rights connected with the shares. The power of approval must be exercised within sixty days of the date when CONSOB notifies the Ministry of Treasury, Budget and Economic Planning of pertinent pacts and agreements as per the aforementioned Article 122 of Legislative Decree No. 58 of February 24, 1998. In the event such approval is denied or the term expires without such approval, such agreements are ineffective;

b) opposition with respect to the subscription of Shareholders' pacts or agreements as per Article 122 of Legislative Decree No. 58 of February 24, 1998, involving - as per Decree issued by the Minister of economy and Finance on October 16, 1995 - at least 3% of the share capital with the right to vote at ordinary shareholders' meetings. In order to allow the exercise of the above mentioned opposition power, Consob notifies the Minister of Economy and Finance of the relevant pacts or agreements communicated to it pursuant to the aforementioned Article 122 of Legislative Decree No. 58 of February 24, 1998. The opposition power may be exercised within ten days as of the date of the notice by Consob. Until the ten-day term is not lapsed, the voting right and the other non-economic rights connected with the shares held by the shareholders who have subscribed the above mentioned pacts or agreements may not be exercised. If the opposition power is exercised through the issue of an act that shall be duly motivated in consideration of the prejudice that may be caused by the acquisition of the material

shareholding to the vital interests of the Italian State, the shareholders pacts or agreements shall be null and void. If in the shareholders' meetings the shareholders who have signed shareholders' pacts or agreements behave as if those pacts or agreements disciplined by Article 122 of Legislative Decree No. 58 of February 24, 1998 were still in effect, the resolutions approved with their vote, if determining for the approval, may be sued. The act through which the opposition power is exercised may be sued by the shareholders who joined the above mentioned pacts or agreements before the Regional Administrative Court of Latium within sixty days as of its issue ;

c) veto power with respect to resolutions to dissolve the company, to transfer the business, to merge, to demerge or to transfer the company's registered office abroad, to change the company objects and to amend the by-laws cancelling or modifying the powers as per letters a), b), c) and d) of this Article;

c) veto power with respect to resolutions to dissolve the company, to transfer the business, to merge, to demerge, to transfer the company's registered office abroad, to change the company objects and to amend the by-laws cancelling or modifying the powers indicated in this Article. The act through which the veto power is exercised shall be duly motivated in consideration of the prejudice the related resolution may cause to the vital interests of the Italian State and may be sued before the Regional Administrative Court of Latium within sixty days as of its issue;

d) appointment of one member to the Board of Directors and one member to the Board of Statutory Auditors. Should such appointed Director or Auditor lapse, the Minister of Treasury, Budget and Economic Planning in agreement with the Minister of Industry, Trade and Crafts, will appoint his corresponding replacement.

d) appointment of one Board member with no voting rights. Should such appointed Director lapse, the Minister of Economy and Finance in agreement with the Minister of Productive Activities will appoint his substitute.

Article 17.1

The company is managed by a Board of Directors consisting of no fewer than three and no more than nine members. The shareholders' meeting determines the number within these limits.

Article 17.1

The company is managed by a Board of Directors consisting of no fewer than three and no more than nine members; the Minister of Economy and Finance in agreement with the Minister of Productive Activities may appoint another member, with no voting rights, pursuant to Article 6, second Paragraph, letter d), of the By-laws. The shareholders' meeting determines the number within these limits .

Article 18.1

If the shareholders' meeting has not appointed a Chairman, the Board will elect one of its members.

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If the shareholders' meeting has not appointed a Chairman, the Board will elect one of its members. The Director appointed pursuant to Article 6, second Paragraph, letter d) of the By-laws cannot be appointed as Chairman .

Article 21

21.1 A majority of members of the Board must be present for a Board meeting to be valid.

Article 21

21.1 A majority of members of the Board having a voting right must be present for a Board meeting to be valid.

21.2 Resolutions are taken with a majority vote of those present; should votes be equal, the person who chairs the Meeting has a casting vote.

21.2 Resolutions are taken with the majority of votes of the Board members having a voting right present; should votes be equal, the person who chairs the Meeting has a casting vote.

Article 24.1

The Board of Directors delegates its powers to one of its members in compliance with the limits set forth in Article 2381 of the Civil Code; in addition the Board of Directors may delegate powers to the Chairman for researching and promoting integrated projects and strategic international agreements. The Board of Directors may at any time withdraw the delegations of powers hereon; if the Board of Directors withdraws powers delegated to the Managing Director, a new Managing Director is simultaneously appointed. The Board of Directors, upon proposal of the Chairman and in agreement with the Managing Director, may confer powers for single acts or categories of acts on other members of the Board of Directors. The Chairman and the Managing Director, in compliance with the limits of their delegations, may delegate and empower company employees or persons not belonging to the company to represent the company for single acts or specific categories of acts.

Further, on proposal of the Managing Director and in agreement with the Chairman, the Board of Directors may also appoint one or more General Managers and determines the powers to be conferred to them.

Article 24.1

The Board of Directors delegates its powers to one of its members with the exception of the Director appointed pursuant Article 6, second Paragraph, letter d) of the By-laws, in compliance with the limits set forth in Article 2381 of the Civil Code;. In addition the Board of Directors may delegate powers to the Chairman for researching and promoting integrated projects and strategic international agreements. The Board of Directors may at any time withdraw the delegations of powers hereon; if the Board of Directors withdraws powers delegated to the Managing Director, a new Managing Director is simultaneously appointed.

The Board of Directors, upon proposal of the Chairman and in agreement with the Managing Director, may confer powers for single acts or categories of acts to other members of the Board of Directors with the exception of the Director appointed pursuant Article 6, second Paragraph, letter d) of the By-laws. The Chairman and the Managing Director, in compliance with the limits of their delegations, may delegate and empower company employees or persons not belonging to the company to represent the company for single acts or specific categories of acts.

Further, on proposal of the Managing Director and in agreement with the Chairman, the Board of Directors may also appoint one or more General Managers and determines the powers to be conferred to them .

Article 28.2

The effective Auditors, except for the one appointed pursuant to Article 6.2 letter d) of these by-laws, and the alternate Auditors are appointed by the shareholders' meeting on the basis of lists presented by the Shareholders; in such lists candidates are listed in numerical order. For the presentation, deposit and publication of candidate lists the procedures set forth in Article 17.3 apply.

Lists shall be divided into two sections: the first one for the candidates to be appointed effective Auditors and the second one for the candidates to be appointed alternate Auditors. At least the first candidate of each section shall be chartered accountant and have exercised audit activities for at least three years.

Two effective Auditors and one alternate Auditor will be drawn in such order from the list with the majority of votes. The other two effective Auditors and the other alternate Auditor will be appointed pursuant to Article 17.3, letter b) of the by-laws. The procedure described in this last Article shall be applied to each section of the lists involved separately.

To appoint effective or alternate Auditors for any reason not elected according to the terms of the aforementioned procedure, the shareholders' meeting will make a resolution with the majorities prescribed by the law.

The chairmanship of the Board of Statutory Auditors will go to the Auditor appointed pursuant to Article 6.2, letter d) of these by-laws. Should an effective Auditor drawn out from the candidate list that receives the majority of votes expressed by the Shareholders be replaced, he will be succeeded by the alternate Auditor drawn out from the same candidate list; should an effective Auditor drawn out from the other candidate list be replaced, he will be substituted pursuant to Article 17.3, letter b) of the by-laws; should the Chairman of the

Article 28.2

The effective Auditors and the alternate Auditors are appointed by the shareholders' meeting on the basis of lists presented by the Shareholders; in such lists candidates are listed in numerical order. For the presentation, deposit and publication of candidate lists the procedures set forth in Article 17.3 shall apply.

Lists shall be divided into two sections: the first one for the candidates to be appointed effective Auditors and the second one for the candidates to be appointed alternate Auditors. At least the first candidate of each section shall be chartered accountant and have exercised audit activities for not less than three years.

Three effective Auditors and one alternate Auditor will be drawn from the list that obtains the majority of votes. The other two effective Auditors and the other alternate Auditor will be appointed pursuant to Article 17.3, letter b) of the by-laws. The procedure described in this last Article shall be applied to each section of the lists involved separately.

The shareholders' meeting appoints the Chairman of the Board of Statutory Auditors among the effective Auditors appointed.

To appoint effective or alternate Auditors for any reason not elected according to the terms of the aforementioned procedure, the shareholders' meeting will resolve with the majorities prescribed by the law.

Should an effective Auditor drawn out from the candidate list that receives the majority of votes expressed by the Shareholders be replaced, he will be succeeded by the alternate Auditor drawn out from the same candidate list; should an effective Auditor drawn out from the other candidate list be replaced, he will be substituted pursuant to Article 17.3, letter b) of the by-laws.

Board of the Statutory Auditors be replaced,
Article 6.2, letter d) of these by-laws shall
apply.

[1] With reference to Eni S.p.A., the percentage is 3%.