



ENI AND GAZPROM SIGN THE AGREEMENT FOR THE SOUTH STREAM PROJECT

Rome, 23 June 2007 - Eni and Gazprom signed today, in the presence of the Minister of Industry and Energy of the Russian Federation, Viktor Khristenko, and Italy's Minister for Economic Development, Pierluigi Bersani, a Memorandum of Understanding for the realization of South Stream, a new gas pipeline system which will link Russia to the European Union across the Black Sea.

The agreement is for the implementation of a technical and economic feasibility study of the project and for the necessary political and regulatory evaluations. It establishes the guidelines for the cooperation between both companies for the planning, financing, construction and technical and commercial management of the pipelines.

The South Stream project represents a further step towards the implementation of the strategic agreement signed in November 2006 by Eni and Gazprom.

Following the commercial agreements and the entry of Eni in Russian upstream, this new agreement further strengthens the alliance between Eni and Gazprom and will significantly contribute to improving the security of energy supply for the European Union. The project is particularly relevant in the context of the significant gas shortage which will be experienced by the European Union between now and 2015, as demand increases while internal production decreases significantly.

The transport capacity of South Stream will be defined through feasibility studies in order to optimize costs and on the basis of market analyses that will be carried out in the countries involved as well as in the end markets.

According to preliminary studies carried out by Saipem, costs are comparable with the development of the LNG chain (liquefaction plants, ships and re-gasification plants).

In its offshore section, the South Stream will cross the Black Sea from the Russian coast of Beregovaya - the same starting point of the Blue Stream pipeline - to the Bulgarian coast of Varna, with a 900-km pipeline reaching a maximum water depth of more than 2,000 metres.

For the onshore section two different routes from Bulgaria are being studied: a route towards northwest and one towards southwest. Eni and Gazprom will carry out the project using the most advanced technologies in full respect of the strictest environmental criteria.

“The South Stream project – Italy’s Minister for Economic Development Pierluigi Bersani said - aims at strengthening Europe’s energy security. The agreement signed today once again testifies to the strength of the strategic partnership between Italy and the Russian Federation that will support the cooperation between the European Union and Russia”.

“The Governments of the countries involved or potentially interested in the South Stream project are to build an efficient system of two or more agreements supporting the initiative of the Italian and Russian companies. This is a prime example of a situation where the objectives of an industrial project overlap with the interests of the governments and populations of several European countries”, Viktor Khristenko, the Minister of Industry and Energy of the Russian Federation, commented.

“The South Stream project is the third pillar of the strategic agreement signed by Eni and Gazprom in November 2006 - Eni CEO, Paolo Scaroni, declared. This project in the gas midstream would enable Eni to add further value to its recent acquisitions of the assets of Arctic Gas and Urengoil. The South Stream project, whose development respects all sustainability and environmental criteria, will represent a decisive step towards strengthening the security of energy supply for the whole of Europe”.

Gazprom Deputy Chairman, Alexander Medvedev, said: “This Memorandum of Understanding is a concrete action aiming at developing a long-term strategic partnership which both Eni and Gazprom will take advantage from. It is a further step towards the

tangible execution of Gazprom's strategy to diversify Russian gas supply routes towards European countries and significantly contribute to Europe's energy security".



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