ENI ANNOUNCES THE RESULTS FOR THE FIRST QUARTER OF 2010

Financial Highlights
- **Adjusted operating profit: up 15.4% to €4.33 billion**
- **Adjusted net profit: up 3.6% to €1.82 billion**
- **Net profit: up 16.7% to €2.22 billion**
- **Cash flow: €4.55 billion**

Operational Highlights
- **Oil and natural gas production: up 2.1% to 1.816 million barrels per day.**
- **Natural gas sales: down 5.7% to 30.51 billion cubic meters.**

Rome, April 23, 2010 – Eni, the international oil and gas company, today announces its group results for the first quarter of 2010[1] (unaudited).

Paolo Scaroni, Chief Executive Officer, commented:
"Eni delivered solid operating and financial results for the first quarter of 2010, in spite of ongoing market challenges. We continue investing to drive growth and efficiency as we maintain our focus on creating value for our shareholders."

(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 2009	SUMMARY GROUP RESULTS	(€ million)	First Quarter 2009	2010	% Ch.
2,466	Operating profit		3,967	4,847	22.2
3,702	Adjusted operating profit (a)		3,754	4,331	15.4
391	**Net profit** (b)		**1,904**	**2,222**	**16.7**
0.11	- per share (€) (c)		0.53	0.61	15.1
0.33	- per ADR ($) (c) (d)		1.38	1.69	22.5
1,394	**Adjusted net profit** (a) (b)		**1,759**	**1,822**	**3.6**
0.38	- per share (€) (c)		0.49	0.50	2.0
1.12	- per ADR ($) (c) (d)		1.28	1.38	7.8

(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 20.
(b) Profit attributable to Eni 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

Adjusted operating profit was €4.33 billion, up 15.4% from the first quarter of 2009. This was due to an excellent operating performance reported by the Exploration & Production division driven by increased oil prices and production growth. The Petrochemical division also improved versus a year ago as operating losses were cut in half. Theses positive trends were partially offset by reduced results reported by both the Refining & Marketing and the Gas & Power divisions.

Adjusted Net Profit

Adjusted net profit was €1.82 billion, up 3.6% compared with a year ago, as a better operating performance was partly absorbed by the negative impact associated with an increased adjusted tax rate (from 49% to 53%).

Capital expenditures

Capital expenditures for the quarter amounted to €2.78 billion mainly related to continuing development of oil and gas reserves, the construction of rigs and offshore vessels in the Engineering & Construction segment and the upgrading of gas transport infrastructure.

Cash flow

The main cash inflows for the quarter were net cash generated by operating activities amounting to €4.55 billion and proceeds from divestments of €729 million. These inflows were used to fund the financing requirements associated with capital expenditures (€2.78 billion) and to pay down finance debt. As of March 31, 2010 net borrowings[2] amounted to €21.05 billion, representing a decrease of €2 billion from year end 2009, notwithstanding negative exchange rate translation differences (down approximately €370 million).

Financial Ratios

Return on Average Capital Employed (ROACE)[3] calculated on an adjusted basis at March 31, 2010 was 9.1%. The ratio of net borrowings to shareholders' equity including minority interest – leverage[3] – decreased to 0.39 at March 31, 2010 from 0.46 as of December 31, 2009.

(2) Information on net borrowings composition is furnished on page 27.
(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 27 and 28 for leverage and ROACE, respectively.

Operational Highlights and Trading Environment

Fourth Quarter 2009	KEY STATISTICS		First Quarter 2009	2010	% Ch.
1,886	**Production of oil and natural gas**	(kboe/d)	**1,779**	**1,816**	**2.1**
1,073	- Liquids	(kbbl/d)	1,013	1,011	(0.2)
4,668	- Natural gas	(mmcf/d)	4,398	4,615	4.8
28.39	**Worldwide gas sales**	(bcm)	**32.35**	**30.51**	**(5.7)**
1.82	*- of which: E&P sales in Europe and the Gulf of Mexico*		*1.49*	*1.60*	*7.4*
9.42	**Electricity sales**	(TWh)	**7.78**	**9.00**	**15.7**
3.00	**Retail sales of refined products in Europe**	(mmtonnes)	**2.79**	**2.68**	**(3.9)**

Exploration & Production
Eni reported liquids and gas production of 1,816 kboe/d for the first quarter of 2010. Production grew by 2.1% as a result of continuing production ramp-up in Nigeria, Congo and the United States, and additions from fields which were started-up in 2009. These positive trends were partly offset by a combined negative impact associated with lower entitlements in Company's PSAs due to higher oil prices, and lower OPEC restrictions. Also, production for the quarter was negatively affected by unplanned facility shutdowns and mature field declines, particularly in the North Sea.

Realized Oil and Gas Prices
Oil realizations in dollar terms increased by 68.5% driven by a recovery in market benchmark Brent prices (up 71.7% from the first quarter of 2009). Natural gas realizations declined due to the impact of the time lag in oil-linked pricing formulae and weak demand.

Gas & Power
Eni's worldwide natural gas sales were 30.51 bcm, down by 5.7% compared with the first quarter of 2009. The performance was negatively affected by sharply lower volumes supplied to the Italian market (down by 2.34 bcm, or 17.7%) due to increased competitive pressures in the power generation business, as well as in sales to wholesalers and industrial customers. Sales outside of Italy increased by 2.6% as a result of organic growth achieved in Northern Europe, France and Belgium.

Refining & Marketing
Eni's realized refining margins in dollar terms were sharply lower mirroring the environment for Brent margins (down $2.94 per barrel in the quarter, or 55.1%). This reduction reflected prolonged weakness in industry fundamentals as rapidly-escalating of oil-based feedstock costs were not fully transferred to final prices of products due to excess capacity, sluggish demand and high inventory levels.

Currency
Results of operations for the quarter were negatively affected by a steep appreciation of euro vs the US dollar, up by 6.3%. This particularly impacted reported results of foreign subsidiaries in the Exploration & Production division which use the US dollar as their functional currency.

Portfolio developments

Venezuela
The Perla 2 well, located in the Cardón IV Block, in the shallow waters of the Gulf of Venezuela, was successfully drilled. The results exceeded the initial resource estimation by 30% with potential for further improvements to be defined through the future wells. This result confirms Perla as a world-class gas discovery, one of the most significant in recent years, and the largest ever in Venezuela.

Angola
Two oil discoveries were made offshore in the 15/06 block (Eni 35%, operator) with the exploration wells Nzanza-1 e Cinguvu-1, which have been flowing at more than 1,600 and 6,400 barrels per day respectively.

Russia
As part of the transaction to divest a 51% stake in the joint-venture Eni-Enel OOO SeverEnergia to Gazprom, based on the call option exercised by the Russian company on September 24, 2009, Eni collected a second instalment of the transaction by March 31, 2010. This amounted to €526 million (as converted at the EUR/USD exchange rate of 1.35 as of the transaction date, corresponding to approximately $710 million, approximately 75% of the whole amount).

Main production start-ups

In line with the Company's production plans, production was started at the Annamaria B field (Eni 90% operator), located in the offshore section between Italy and Croatia, which flowed at approximately 28 mmcf/day. A production plateau of 42 mmcf/day (7,500 barrels of oil equivalent) is targeted. Other start-ups were achieved in Algeria, China and Congo.

Outlook

In what remains an uncertain energy environment, Eni forecasts a modest improvement in global oil demand and a Brent price of 76$/barrel in 2010. Gas demand in Europe and Italy is expected to recover gradually from the steep decline suffered in 2009, which mainly impacted the industrial and thermoelectric sectors at a time when new import capacity was coming on line. The Company faces a challenging refining environment, excluding any significant recovery in industry fundamentals, which will result in prolonged weakness in refinery margins.

- **Production of liquids and natural gas** is forecast to slightly increase compared to 2009 (production in 2009 was 1.769 million boe/d). This estimate is based on the Company's scenario for a Brent price of 76$/barrel for the full year, the same level of OPEC restrictions as in the first quarter of 2010 and asset disposals underway. Growth will be driven by continuing field start-ups, mainly in Italy, Algeria and Norway and marginally the Zubair project in Iraq, and production ramp-up at the Company's recently started fields, mainly in Nigeria, Angola and the USA. These additions will be partly offset by mature field declines.
- **Natural gas sales** are forecasted to decrease slightly compared with 2009 (approximately 104 bcm were achieved in 2009). Increasing competitive pressures, mainly in Italy, are expected to be partly offset by an expected recovery in European gas demand. Other positive trends include a benefit associated with integrating Distrigas operations and the optimization of its supply portfolio, including re-negotiation of long-term supply contracts.
- **Regulated businesses in Italy** will benefit from the pre-set regulatory return on new capital expenditures and cost savings from integrating the whole chain of transport, storage and distribution activities.
- **Refining throughputs on Eni's account** are planned to be in line with 2009 (actual throughputs in 2009 were 34.55 mmtonnes). Volumes processed at wholly-owned refineries are expected to increase, resulting in a higher capacity utilization rate, due to a reduction of volumes on third party refineries reflecting the Company's decision to terminate certain processing agreements. Efficiency improvement actions will partly offset the unfavourable trading environment.
- **Retail sales of refined products in Italy and the rest of Europe** are expected to be unchanged from 2009 (12.02 mmtonnes in 2009) reflecting weak demand. New marketing initiatives are planned in order to strengthen Eni's leadership on the Italian retail market and to develop its market share in European markets.
- The **Engineering & Construction** business is expected to see solid results due to a robust order backlog.

In 2010, management plans to make capital expenditures broadly in line with 2009 (€13.69 billion were invested in 2009). Capital expenditures will mainly be directed to the development of oil and natural gas reserves, exploration projects, the upgrading of construction vessels and rigs, and the upgrading of natural gas transport infrastructure. Management has planned a number of measures designed to ensure the achievement of a ratio of net borrowings to total equity (leverage) which will adequately support a strong credit rating.

This press release for the first quarter of 2010 (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 are presented for the first quarter of 2010 and for the first quarter and the fourth quarter of 2009. Information on liquidity and capital resources relates to end of the period as of March 31, 2010, and December 31, 2009. 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. The evaluation and recognition criteria applied during the preparation of the report for the first quarter are unchanged from those adopted for the preparation of the 2009 Annual Report, with the exception of the international accounting standards come into force from January 1, 2010 described in the section of the 2009 Annual Report "Accounting standards and interpretations issued by IASB /IFRIC and endorsed by EU".
Adoption of those accounting standards did not have any impacts on the financial results of the first quarter 2010 with the sole exception of interpretation IFRIC12 "service concession arrangements". IFRIC12 provides guidance on the accounting by operators for public-to-private service concession arrangements. An arrangement within the scope of this interpretation involves for a specified period of time an operator constructing, upgrading, operating and maintaining the infrastructure used to provide the public service. In particular when the grantor controls or regulates what services the operator must provide with the infrastructure, at what price and any significant residual interest in the infrastructure at the end of the term of the arrangement, the operator shall recognize the concession as an intangible asset or as a financial asset on the basis of the agreements. Based on existing arrangements in Eni Group companies, adoption of IFRIC12 has led to the Company classifying infrastructures used to provide the public service within intangible assets in the balance sheet as of March 31, 2010. Balance sheet data as of December 31, 2009 have been restated accordingly for an amount of €3,412 million (i.e. the net book value of infrastructures used to provide the public service which were presented within property, plant and equipment in prior years). Considering the tariff set-up of public services rendered under concessions arrangements and absent any benchmarks, the Company was in no position to reliably quantify margins for construction and upgrading activities and consequently capital expenditure made in the period have been recognized as contract work in progress for an equal amount as costs incurred. Infrastructures used to provide the public service are amortized on the basis of the expected pattern of consumption of expected future economic benefits embodied in those assets and their residual value, as provided by the relevant regulatory framework.

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, share repurchases, 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 2010 (unaudited) is also available on the Eni web site **eni.com**.*

Summary results for the first quarter of 2010

(€ million)

Fourth Quarter 2009		First Quarter 2009	First Quarter 2010	% Ch.
22,077	**Net sales from operations**	**23,741**	**24,804**	**4.5**
2,466	**Operating profit**	**3,967**	**4,847**	**22.2**
(135)	Exclusion of inventory holding (gains) losses	125	(409)	
1,371	Exclusion of special items	(338)	(107)	
	of which:			
250	*- non recurring items*			
1,121	*- other special items*	*(338)*	*(107)*	
3,702	**Adjusted operating profit**	**3,754**	**4,331**	**15.4**
391	**Net profit attributable to Eni's shareholders**	**1,904**	**2,222**	**16.7**
(31)	Exclusion of inventory holding (gains) losses	91	(280)	
1,034	Exclusion of special items	(236)	(120)	
	of which:			
250	*- non recurring items*			
784	*- other special items*	*(236)*	*(120)*	
1,394	**Adjusted net profit attributable to Eni's shareholders**	**1,759**	**1,822**	**3.6**
287	Adjusted net profit of non-controlling interest	206	197	(4.4)
1,681	**Adjusted net profit**	**1,965**	**2,019**	**2.7**
	Breakdown by division [(a)]:			
1,019	Exploration & Production	908	1,245	37.1
852	Gas & Power	988	955	(3.3)
(118)	Refining & Marketing	68	(30)	..
(85)	Petrochemicals	(95)	(43)	54.7
229	Engineering & Construction	223	197	(11.7)
(83)	Other activities	(25)	(61)	..
(95)	Corporate and financial companies	(174)	(202)	(16.1)
(38)	Impact of unrealized intragroup profit elimination [(b)]	72	(42)	
	Net profit attributable to Eni's shareholders			
0.11	per share (€)	0.53	0.61	15.1
0.33	per ADR ($)	1.38	1.69	22.5
	Adjusted net profit attributable to Eni's shareholders			
0.38	per share (€)	0.49	0.50	2.0
1.12	per ADR ($)	1.28	1.38	7.8
3,622.4	**Weighted average number of outstanding shares** [(c)]	**3,622.4**	**3,622.4**	
1,481	**Net cash provided by operating activities**	**5,443**	**4,554**	**(16.3)**
3,894	**Capital expenditures**	**3,147**	**2,779**	**(11.7)**

(a) For a detailed explanation of adjusted net profit by division see page 20.
(b) Unrealized intragroup profit concerns profit on the intragroup sale of products, goods, services and tangible and intangible goods reported in the acquiring company's shareholders' equity at period end.
(c) Fully diluted (million shares).

Trading environment indicators

Fourth Quarter 2009		First Quarter 2009	First Quarter 2010	% Ch.
74.57	Average price of Brent dated crude oil [(a)]	44.40	**76.24**	71.7
1.478	Average EUR/USD exchange rate [(b)]	1.302	**1.384**	6.3
50.45	Average price in euro of Brent dated crude oil	34.10	**55.09**	61.6
1.24	Average European refining margin [(c)]	5.34	**2.40**	(55.1)
1.80	Average European refining margin Brent/Ural [(c)]	6.28	**3.20**	(49.0)
0.84	Average European refining margin in euro	4.10	**1.74**	(57.6)
0.7	Euribor - three-month euro rate (%)	2.0	**0.6**	(70.0)
0.3	Libor - three-month dollar rate (%)	1.2	**0.3**	(79.8)

(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.

Group results
Net profit attributable to Eni's shareholders for the first quarter of 2010 was €2,222 million, an increase of €318 million from the first quarter of 2009, up 16.7%. The result was driven by an increase in operating performance (up €880 or 22.2%) which was mainly reported by the Exploration & Production division on the back of higher oil prices and production growth. The improved operating results were partly offset by the negative effect associate with an increased Group's tax rate from 48.3% to 49.9%.

Adjusted net profit attributable to Eni's shareholders amounted to €1,822, an increase of €63 million from the first quarter of 2009, up 3.6%. Adjusted net profit is calculated by excluding an inventory holding profit of €280 million and net special gains of €120 million, resulting in an overall adjustment equivalent to a decrease of €400 million. The balance between special charges and gains is comprised of, on the positive side, gains recorded on the divestment of non-strategic assets in the Exploration & Production division. On the negative side, provisions for redundancy incentives and environmental charges were recorded.

Results by division
The increase in the Group adjusted net profit reflected higher results reported by the following divisions:
- **Exploration & Production** (up €337 million or 37.1%). This increase reflected a better operating performance (up €945 million or 43.5%) driven by higher oil realizations in dollar (up 68.5%), higher sales volumes (up 1.4%) and lower exploration expences, which were partly offset by increased operating costs and amortization charges taken in connection with developing activities. Also results were negatively affected by the appreciation of the euro over the dollar (up 6.3%) and an increased adjusted tax rate which was up by 1.7 percentage points (from 58.6% to 60.3%).
- **Petrochemicals** (up €52 million). The division improved its performance as losses at both net and operating levels were reduced (from €95 million to €43 million, and from €111 million to €59 million respectively) driven by a recovery in product demand and cost efficiencies.

These increases were partly offset by a decrease in the adjusted net profit reported in the following divisions:
- **Refining & Marketing**. The division achieved an adjusted net loss amounting to €30 million (down €98 million). This result reflected a move from profit to loss at operating level (from plus €55 million to minus €94 million) due to sharply lower refining margins affected by an unfavourable trading environment. Also marketing activities in Italy reported a decrease in results.
- **Gas & Power** (down €33 million or 3.3%). The decrease was affected by a lower operating profit which was down by €96 million or 7%, due to the negative performance of the Marketing business. This negative was partly offset by a positive impact resulting from a lower tax rate (down 2.2 percentage points).

Liquidity and capital resources

Summarized Group Balance Sheet[4]

(€ million)

	Dec. 31, 2009	March 31, 2010	Change
Fixed assets[(a)]			
Property, plant and equipment	59,765	62,033	2,268
Inventory - Compulsory stock	1,736	1,873	137
Intangible assets	11,469	11,446	(23)
Equity-accounted investments and other investments	6,244	6,026	(218)
Receivables and securities held for operating purposes	1,261	1,300	39
Net payables related to capital expenditures	(749)	(612)	137
	79,726	**82,066**	**2,340**
Net working capital			
Inventories	5,495	5,517	22
Trade receivables	14,916	17,803	2,887
Trade payables	(10,078)	(12,001)	(1,923)
Tax payables and provisions for net defered tax liabilities	(1,988)	(4,003)	(2,015)
Provisions	(10,319)	(10,644)	(325)
Other current assets and liabilities[(b)]	(3,968)	(3,297)	671
	(5,942)	**(6,625)**	**(683)**
Provisions for employee post-retirement benefits	**(944)**	**(964)**	**(20)**
Net assets held for sale including related liabilities	**266**	**897**	**631**
CAPITAL EMPLOYED, NET	**73,106**	**75,374**	**2,268**
Shareholders' equity:			
Eni shareholders' equity	46,073	50,099	4,026
Non-controlling interest	3,978	4,223	245
	50,051	**54,322**	**4,271**
Net borrowings	**23,055**	**21,052**	**(2,003)**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**73,106**	**75,374**	**2,268**

(a) For the explanation of IFRIC12 adoption, see the methodology note at page 5, under the second paragraph.
(b) Include receivables and securities for financing operating activities for €181 million (€339 million at December 31, 2009) and securities covering technical reserves of Eni's insurance activities for €444 million (€381 million at December 31, 2009).

The depreciation of the euro versus the US dollar, from December 31, 2009 (the EUR/USD exchange rate was 1.348 as of March 31, 2010, as compared to 1.441 as of December 31, 2009, down 7%) increased net capital employed, net equity and net borrowings by approximately €2,240, €1,870, and € 370 million respectively, as a result of exchange rate translation differences.

Fixed assets amounted to €82,066 million, representing an increase of €2,340 million from December 31, 2009 reflecting exchange rate translation differences and capital expenditures incurred in the period (€2,779 million), partly offset by depreciation, depletion, amortization and impairment charges (€2,184 million) recorded in the period.

Net working capital amounted to a negative €6,625 million, representing a decrease of €683 million. This decrease was mainly due to an increase in tax payable and provisions for net deferred tax liabilities accrued in the quarter, and the increased risk provisions due to exchange rate translation differences. These decreases were partly offset by a greater balance achieved between trade receivables and trade payables.

Net assets held for sale including related liabilities (€897 million) mainly related the following assets: the mineral properties in Italy which were contributed in kind to two subsidiaries Società Padana Energia SpA and Società Adriatica Idrocarburi SpA, the subsidiaries Gas Brasiliano Distribuidora SA and Distri RE SA, as well as the GreenStream gas pipeline, a stake of which is expected to be divested.

Shareholders' equity including non-controlling interest increased by €4,271 million to €54,322 million, reflecting comprehensive income for the period (€4,276 million). This increase was as a result of net profit for the period (€2,419 million) and 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 2009		First Quarter 2009	First Quarter 2010	Change
678	**Net profit**	**2,110**	**2,419**	**309**
	Adjustments to reconcile to cash generated from operating profit before changes in working capital:			
3,282	- amortization and depreciation and other non monetary items	2,238	1,901	(337)
58	- net gains on disposal of assets	(157)	(169)	(12)
1,766	- dividends, interest and taxes	1,929	2,471	542
(1,691)	Changes in working capital related to operations	964	(370)	(1,334)
(2,612)	Dividends received, taxes paid, interest (paid) received during the period	(1,641)	(1,698)	(57)
1,481	**Net cash provided by operating activities**	**5,443**	**4,554**	**(889)**
(3,894)	Capital expenditures	(3,147)	(2,779)	368
(46)	Investments and purchase of consolidated subsidiaries and businesses	(2,039)	(39)	2,000
28	Disposals	182	729	547
214	Other cash flow related to capital expenditures, investments and disposals	1,745	(118)	(1,863)
(2,217)	**Free cash flow**	**2,184**	**2,347**	**163**
13	Borrowings (repayment) of debt related to financing activities	102	(88)	(190)
2,167	Changes in short and long-term financial debt	(2,380)	(1,484)	896
(86)	Dividends paid and changes in non-controlling interest and reserves	(2)	13	15
(13)	Effect of changes in consolidation and exchange differences	2	49	47
(136)	**NET CASH FLOW FOR THE PERIOD**	**(94)**	**837**	**931**

CHANGE IN NET BORROWINGS

(€ million)

Fourth Quarter 2009		First Quarter 2009	First Quarter 2010	Change
(2,217)	**Free cash flow**	**2,184**	**2,347**	**163**
(212)	Exchange differences on net borrowings and other changes	(334)	(357)	(23)
(86)	Dividends paid and changes in non-controlling interest and reserves	(2)	13	15
(2,515)	**CHANGE IN NET BORROWINGS**	**1,848**	**2,003**	**155**

Net cash provided by operating activities (€4,554 million) coupled with cash from divestments for €729 million, were mainly used to fund cash outflows relating to capital expenditures totalling €2,779 million and to pay down finance debt (€2,003 million). The divestments related to non strategic assets in the Exploration & Production division, as well as proceeds from the sale to Gazprom of a 51% interest in the joint-venture OOO SeverEnergia (€526 million).

Financial and operating information by division for the first quarter of 2010 is provided in the following pages.

(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.

Exploration & Production

Fourth Quarter 2009	RESULTS	(€ million)	First Quarter 2009	First Quarter 2010	% Ch.
6,648	**Net sales from operations**		**6,145**	**7,385**	**20.2**
2,411	**Operating profit**		**2,374**	**3,297**	**38.9**
393	Exclusion of special items:		(201)	(179)	
403	*- asset impairments*				
8	*- gains on disposal of assets*		*(163)*	*(160)*	
20	*- provision for redundancy incentives*		*2*	*2*	
(38)	*- re-measurement gains/losses on commodity derivatives*		*(40)*	*(21)*	
2,804	**Adjusted operating profit**		**2,173**	**3,118**	**43.5**
(57)	Net financial income (expense) [a]		33	(49)	
24	Net income from investments [a]		(12)	67	
(1,752)	Income taxes [a]		(1,286)	(1,891)	
63.2	*Tax rate (%)*		*58.6*	*60.3*	
1,019	**Adjusted net profit**		**908**	**1,245**	**37.1**
	Results also include:				
2,436	- amortizations and depreciations		1,686	1,680	(0.4)
	of which:				
350	exploration expenditure		478	*312*	(34.7)
269	*- amortization of exploratory drilling expenditure and other*		*376*	*231*	*(38.6)*
81	*- amortization of geological and geophysical exploration expenses*		*102*	*81*	*(20.6)*
2,490	**Capital expenditures**		**2,148**	**1,964**	**(8.6)**
	of which:				
284	*- exploratory expenditure* [b]		*380*	*256*	*(32.6)*
	Production [c] [d]				
1,073	Liquids [e]	(kbbl/d)	1,013	1,011	(0.2)
4,668	Natural gas	(mmcf/d)	4,398	4,615	4.8
1,886	**Total hydrocarbons**	(kboe/d)	**1,779**	**1,816**	**2.1**
	Average realizations				
68.42	Liquids [e]	($/bbl)	42.09	70.93	68.5
183.52	Natural gas	($/mmcf)	249.38	202.36	(18.9)
52.24	**Total hydrocarbons**	($/boe)	**41.46**	**54.28**	**30.9**
	Average oil market prices				
74.57	Brent dated	($/bbl)	44.40	76.24	71.7
50.45	Brent dated	(€/bbl)	34.10	55.09	61.6
76.06	West Texas Intermediate	($/bbl)	42.97	78.67	83.1
153.27	Gas Henry Hub	($/kmc)	161.39	181.90	12.7

(a) Excluding special items.
(b) Includes exploration bonuses.
(c) Supplementary operating data is provided on page 35.
(d) Includes Eni's share of production of equity-accounted entities.
(e) Includes condensates.

Results

The Exploration & Production division reported **adjusted operating profit** amounting to €3,118 million for the first quarter of 2010, representing an increase of €945 million from the first quarter of 2009, or 43.5%. The positive performance was driven by higher oil realizations in dollars (up 68.5%) and production sales volumes growth (up 2.1 million boe). Lower expenses were also incurred in connection with exploration activities. These positives were partly offset by: (i) rising operating costs and amortization charges taken in connection with development activities as new fields were brought into production in 2009; (ii) foreign currency exchange rate translation differences as the euro appreciated over the dollar (down approximately €60 million); (iii) lower natural gas realizations in dollars (down 18.9%).

Special charges excluded from adjusted operating profit amounted to €179 million and mainly concerned gains from the divestment of certain non strategic assets as well as re-measurement gains recorded on fair value evaluation of certain non-hedging commodity derivatives.
First quarter **adjusted net profit** increased by €337 million to €1,245 million from the first quarter of 2009 due to an improvement in operating performance and higher results from associates. This increase was partly offset by a higher tax rate from 58.6% to 60.3%, (up 1.7 percentage points) mainly due to a higher share of profit before tax earned in foreign countries with higher taxation.

Operating review

Eni reported **liquids and gas production** of 1,816 kboe/d for the first quarter of 2010. Production grew by 2.1% as a result of continuing production ramp-up in Nigeria, Congo and the United States, and additions from fields which were started-up in 2009. These positive trends were partly offset by a combined negative impact associated with lower entitlements in Company's PSAs due to higher oil prices, and lower OPEC restrictions. Also, production for the quarter was negatively affected by unplanned facility shutdowns and mature field declines, particularly in the North Sea. The share of oil and gas production outside Italy was 90% (90% in the first quarter of 2009).

Liquids production (1,011 kbbl/d) was barely unchanged (down 0.2%). Main increases were recorded in Nigeria, due to the ramp-up of the Oyo project (Eni's interest 40%) and lower impact of disruptions resulting from security issues, and Congo, due to the ramp-up of the Awa Paloukou project (Eni's interest 90%). The main reductions were recorded for mature fields decline in the North Sea and for the unplanned facility downtime in Algeria as well as price effects in the Company's PSAs and similar contractual schemes net of lower OPEC restrictions mainly in Angola and Nigeria.

Natural gas production (4,615 mmcf/d) increased by 217 mmcf/d from the first quarter of 2009 (up 4.8%). The organic growth in Nigeria and the USA as well as higher entitlements in Libya were partially offset by declines in Egypt and North Sea.

Liquids and gas realizations for the first quarter in dollar terms ($54.28/bbl) increased by 30.9% on average driven by higher oil prices for market benchmarks (the Brent crude price increased by 71.7%). Natural gas realizations were down by 18.9% driven by the time-lag between movements in oil prices and their effect on gas prices provided in pricing formulae and by weak demand.
Eni's average liquids realizations decreased by 1.13$/bbl due to the settlement of certain commodity derivatives relating to the sale of 7.1 mmbbl in the quarter. This was part of a derivative transaction the Company entered into to hedge exposure to the variability in future cash flows expected from the sale of a portion of the Company's proved reserves for an original amount of approximately 125.7 mmbbl in the 2008-2011 period, decreasing to approximately 30.4 mmbbl as of end of March 2010.

Fourth Quarter 2009	LIQUIDS		First Quarter 2009	First Quarter 2010
95.4	Volumes sold	(mmbbl)	92.9	85.8
10.5	Sales volumes hedged by derivatives (cash flow hedge)		10.5	7.1
69.88	Total price per barrel, excluding derivatives	($/bbl)	40.63	72.06
(1.46)	Realized gains (losses) on derivatives		1.46	(1.13)
68.42	Total average price per barrel		42.09	70.93

Gas & Power

Fourth Quarter 2009	RESULTS	(€ million)	First Quarter 2009	2010	% Ch.
7,468	**Net sales from operations**		**11,849**	**8,708**	**(26.5)**
1,004	**Operating profit**		**1,253**	**1,316**	**5.0**
(9)	Exclusion of inventory holding (gains) losses		276	(81)	
132	Exclusion of special items:		(166)	32	
1	*- environmental charges*		*2*	*5*	
27	*- asset impairments*			*10*	
(1)	*- gains on disposal of assets*				
115	*- risk provisions*				
13	*- provision for redundancy incentives*		*3*	*6*	
(23)	*- re-measurement gains/losses on commodity derivatives*		*(171)*	*11*	
1,127	**Adjusted operating profit**		**1,363**	**1,267**	**(7.0)**
549	*Marketing*		*774*	*614*	*(20.7)*
487	*Regulated businesses in Italy* [a]		*469*	*533*	*13.6*
91	*International transport*		*120*	*120*	
4	Net finance income (expense) [b]		(6)	(2)	
94	Net income from investments [b]		100	100	
(373)	Income taxes [b]		(469)	(410)	
30.4	*Tax rate (%)*		*32.2*	*30.0*	
852	**Adjusted net profit**		**988**	**955**	**(3.3)**
591	**Capital expenditures**		**390**	**310**	**(20.5)**
	Natural gas sales	(bcm)			
24.31	**Sales of consolidated subsidiaries**		**28.36**	**26.45**	**(6.7)**
10.01	- Italy (includes own consumption)		13.21	10.87	(17.7)
14.14	- Rest of Europe		15.03	15.45	2.8
0.16	- Outside Europe		0.12	0.13	8.3
2.26	**Eni's share of sales of natural gas of affiliates**		**2.50**	**2.46**	**(1.6)**
26.57	**Total sales and own consumption (G&P)**		**30.86**	**28.91**	**(6.3)**
1.82	E&P in Europe and in the Gulf of Mexico		1.49	1.60	7.4
28.39	**Worldwide gas sales**		**32.35**	**30.51**	**(5.7)**
21.56	**Gas volumes transported in Italy**	(bcm)	**20.29**	**23.98**	**18.2**
9.82	Eni		10.42	10.21	(2.0)
11.74	On behalf of third parties		9.87	13.77	39.5
9.42	**Electricity sales**	(TWh)	**7.78**	**9.00**	**15.7**

(a) From January 1, 2010, amortization and depreciation in the trasportation business segment were determined taking into account an increase in the useful life of pipelines (from 40 to 50 years), which was revised recently by the Electricity and Gas Authority for tariff purposes. Taking into account the ways of recognising tariff components linked to new amortization and depreciation, the company decided to adjust the useful life of these assets in line with the conventional tariff duration.
(b) Excluding special items.

Results

In the first quarter of 2010 the Gas & Power division reported **adjusted operating profit** of €1,267 million, a decrease of €96 million from the first quarter of 2009, down 7%, due to a lower performance delivered by the Marketing business. Results from that business did not take into account certain gains recorded in previous quarters on the settlement of non-hedging commodity and exchange rate derivatives amounting to €21 for the first quarter 2010 which could be associated with the sale of gas and electricity occurring in the quarter. With respect to those derivatives, hedge-accounting is not permitted by IFRS as they do not meet all formal criteria to be designated as hedges. If the Company had followed hedge-accounting, those gains would have impacted realized prices in the quarter. However, in assessing the underlying performance of the Marketing business, management calculates (as an alternative measure of performance) the EBITDA pro-forma adjusted, by carrying over the impact of the settlement of those derivatives to the reporting periods where the associated revenues have been recognized. Management believes that disclosing this internally used measure is helpful in assisting investors to understand these business trends (see page 16). The EBITDA pro-forma adjusted delivered by the Marketing business in the first quarter 2010 showed a sharp decline compared to the first quarter 2009 due to rising competitive pressures in Italy, determining both lower sales volumes (down 17.7%) and reduced margins, as well as an unfavourable scenario, partly offset by the impact of the renegotiation of a number of long-term supply contracts and supply optimization measures.

Special items excluded from operating profit amounted to net charges of €32 million. These mainly related to the impact on fair value evaluation of certain non-hedging commodity derivatives in the Marketing business (€11 million), provisions for both redundancy incentives and environmental charges, and minor impairments.

Adjusted net profit for the first quarter 2010 was €955 million, declining by €33 million from 2009 (down 3.3%) due to a weaker operating performance which was partly offset by a lower adjusted tax rate (from 32.2% to 30%).

Operating review

Marketing

This business reported adjusted operating profit of €614 million for the first quarter of 2010, representing a decrease of €160 million from the first quarter of 2009 (down 20.7%). In considering the impact associated with the above mentioned non-hedging commodity derivatives, the following factors had a negative effect on Marketing results:

(i) A sharp reduction in volumes sold in Italy (down 2.34 million cubic meters, or 17.7%) and declining margins as competitive pressures mounted.

(ii) Gas margins were negatively affected by unfavourable trends in energy parameters provided in contractual pricing formulae.

These negatives were partly offset by the impact of the renegotiation of a number of long-term supply contracts and supply optimization measures.

NATURAL GAS SALES BY MARKET

(bcm)

Fourth Quarter 2009		First Quarter 2009	First Quarter 2010	% Ch.
10.01	**ITALY**	**13.21**	**10.87**	**(17.7)**
1.47	- Wholesalers	2.81	1.93	(31.3)
0.41	- Gas release	0.41	0.40	(2.4)
1.35	- Italian exchange for gas and spot markets	0.10	1.04	..
1.62	- Industries	2.12	1.58	(25.5)
0.39	- Medium-sized enterprises and services	0.48	0.52	8.3
1.29	- Power generation	2.65	0.75	(71.7)
1.98	- Residential	3.13	3.11	(0.6)
1.50	- Own consumption	1.51	1.54	2.0
18.38	**INTERNATIONAL SALES**	**19.14**	**19.64**	**2.6**
15.97	**Rest of Europe**	**17.18**	**17.61**	**2.5**
2.64	- Importers in Italy	3.41	3.22	(5.6)
13.33	- European markets	13.77	14.39	4.5
1.64	*Iberian Peninsula*	*1.55*	*1.63*	*5.2*
1.59	*Germany - Austria*	*1.73*	*1.82*	*5.2*
4.75	*Belgium*	*5.10*	*5.22*	*2.4*
0.82	*Hungary*	*1.29*	*1.09*	*(15.5)*
1.31	*Northern Europe*	*0.97*	*1.41*	*45.4*
1.30	*Turkey*	*1.30*	*0.98*	*(24.6)*
1.53	*France*	*1.34*	*1.77*	*32.1*
0.39	*Other*	*0.49*	*0.47*	*(4.1)*
0.59	**Extra European markets**	**0.47**	**0.43**	**(8.5)**
1.82	**E&P in Europe and in the Gulf of Mexico**	**1.49**	**1.60**	**7.4**
28.39	**WORLDWIDE GAS SALES**	**32.35**	**30.51**	**(5.7)**

Sales of natural gas for the first quarter 2010 were 30.51 bcm, a decrease of 1.84 bcm from the first quarter of 2009, down 5.7%. This was mainly as a result of rising competitive pressures in Italy, partly offset by steady trends in sales on the European markets. Sales included own consumption, Eni's share of sales made by equity-accounted entities and upstream sales in Europe and the Gulf of Mexico.
Sales volumes on the Italian market declined by 2.34 bcm, or 17.7%, to 10.87 bcm due to strong competitive pressures also resulting from the greater availability of gas on the marketplace following the start-up of a new regasification plant offshore of the Adriatic Coast in the fourth quarter of 2009 and the upgrade of import pipelines coming on-stream. Eni suffered lower sales to the power generation business (down 1.90 bcm), wholesalers (down 0.88 bcm) and, to a lesser extent, to industrial customers (down 0.54 bcm), sales volumes to the residential sector were barely unchanged.

International sales were up 0.50 bcm, or 2.6%, to 19.64 bcm, benefiting from organic growth achieved on target markets in the Rest of Europe (up 0.62 bcm, or 4.5%) particularly in Northern Europe (up 0.44 bcm), France (up 0.43 bcm) where ongoing marketing initiatives helped boost sales, and Belgium (up 0.12 bcm). Sales declined in Turkey (down 0.32 bcm) and Hungary (down 0.20 bcm).

First quarter 2010 **electricity sales** increased to 9 TWh (up 15.7%) compared with the first quarter of 2009. Eni's sales were driven by higher sales traded on the Italian power exchange. Sales on the open market declined marginally, in particular in the wholesalers segment, while sales to large and retail clients increased following effective marketing campaigns with sales benefiting from the greater availability of power from Eni's production plants.

Regulated businesses in Italy
These businesses reported an **adjusted operating profit** of €533 million for the first quarter of 2010, up €64 million, or 13.6% from the same period of 2009, due to a new tariff mechanism that recognizes the fuel gas and higher volumes transported (up €58 million) reflecting a recovery in gas demand in Italy. The Distribution business reported unchanged results versus the first quarter of 2009 (€120 million). The Storage business reported adjusted operating profit of €90 million in the first quarter of 2009 (€84 million in the first quarter of 2010).

Volumes of gas transported in Italy in the first quarter of 2010 were 23.98 bcm increasing by 3.69 bcm, or 18.2%, from the first quarter of 2009 reflecting seasonal sales and higher gas offtakes from domestic storage deposits.

In the first quarter of 2010, 4.83 bcm of gas were supplied (up 1.22 bcm from the first quarter of 2009) while 0.26 bcm were inputted to Company's **storage** deposits, an increase of 0.23 bcm compared to the same period of 2009.

Other performance indicators

(€ million)

Fourth Quarter 2009		First Quarter 2009	First Quarter 2010	% Ch.
1,159	**Pro-forma adjusted EBITDA**	**1,720**	**1,432**	**(16.7)**
623	Marketing	1,184	856	(27.7)
(143)	*of which: +/(-) adjustment on commodity derivatives*	*175*	*21*	
363	Regulated businesses in Italy	343	379	10.5
173	International transport	193	197	2.1

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 discussed 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. Snam Rete Gas' EBITDA is included according to Eni's share of equity (55.57% as of December 31, 2009, which takes into account the amount of own shares held in treasury by the subsidiary itself) although this Company is fully consolidated when preparing consolidated financial statements in accordance with IFRS, due to its listed company status. Italgas SpA and Stoccaggi Gas Italia SpA results are also included according to the same share of equity as Snam Rete Gas, due to the closing of the restructuring deal which involved Eni's regulated business in the Italian gas sector. The parent company Eni SpA divested the entire share capital of the two subsidiaries to Snam Rete Gas. 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 proforma 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 Eni Gas & Power divisional performance 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 2009	RESULTS	(€ million)	First Quarter 2009	2010	% Ch.
9,066	**Net sales from operations**		**6,386**	**9,346**	**46.4**
(423)	**Operating profit** [(a)]		**240**	**105**	**(56.3)**
(152)	Exclusion of inventory holding (gains) losses		(209)	(232)	
379	*Exclusion of special items:*		24	33	
31	*- environmental charges*		*7*	*17*	
325	*- asset impairments*		*6*	*22*	
(1)	*- gains on disposal of assets*		*(1)*	*(10)*	
2	*- risk provisions*				
11	*- provision for redundancy incentives*		*5*	*2*	
11	*- re-measurement gains/losses on commodity derivatives*		*7*	*2*	
(196)	**Adjusted operating profit**		**55**	**(94)**	**..**
14	Net income from investments [(b)]		35	45	
64	Income taxes [(b)]		(22)	19	
35.2	*Tax rate (%)*		*24.4*	..	
(118)	**Adjusted net profit**		**68**	**(30)**	**..**
254	**Capital expenditures**		**85**	**118**	**38.8**
	Global indicator refining margin				
1.24	Brent	($/bbl)	5.34	2.40	(55.1)
0.84	Brent	(€/bbl)	4.10	1.74	(57.6)
1.80	Brent/Ural	($/bbl)	6.28	3.20	(49.0)
	Refining throughputs and sales	(mmtonnes)			
5.97	**Refining throughputs of wholly-owned refineries**		**5.72**	**5.86**	**2.4**
7.30	Refining throughputs on own account Italy		7.05	6.88	(2.4)
1.31	Refining throughputs on own account Rest of Europe		1.28	1.26	(1.6)
8.61	**Refining throughputs on own account**		**8.33**	**8.14**	**(2.3)**
2.26	Retail sales Italy		2.10	2.01	(4.3)
0.74	Retail sales Rest of Europe		0.69	0.67	(2.9)
3.00	**Total retail sales in Europe**		**2.79**	**2.68**	**(3.9)**
2.47	Wholesale Italy		2.41	2.04	(15.4)
0.96	Wholesale Rest of Europe		0.91	0.86	(5.5)
3.43	**Total wholesale in Europe**		**3.32**	**2.90**	**(12.7)**
0.10	Wholesale other		0.09	0.09	
5.59	Other sales		4.77	5.20	9.0
12.12	**SALES**		**10.97**	**10.87**	**(0.9)**
	Refined product sales by region				
6.90	Italy		6.18	6.17	(0.2)
1.70	Rest of Europe		1.60	1.53	(4.4)
3.52	Rest of World		3.19	3.17	(0.6)

(a) From January 1, 2010, management has reviewed the residual useful lives of refineries and related facilities due to a change in the expected pattern of consumption of the expected future economic benefit embodied in those assets. In doing so, the Company has aligned with practices prevailing among integrated oil companies, particularly the European companies. Management's conclusions have been supported by an independent technical review. The impact on quarterly results was immaterial.
(b) Excluding special items.

Results

In the first quarter of 2010 Refining & Marketing reported an **adjusted operating loss** amounting to €94 million, reversing a prior year profit of €55 million. The marked decrease (down €149 million from the first quarter of 2009) was driven by lower refining margins due to the decrease in the relative prices of products to oil feedstock costs due to weak industry fundamentals associated with excess capacity, sluggish demand and high inventory levels partly offset by improved light-heavy crude differentials. Quarterly results were also affected by lower operating performance delivered by the Marketing activities, due to weak demand in retail and wholesale markets, in Italy and outside Italy, as well as a reduction of the market share in Italy.

Special charges excluded from adjusted operating loss amounted to €33 million and mainly related to impairment of capital expenditures on assets impaired in previous reporting periods, environmental provisions, and provisions for redundancy incentives.

In the first quarter of 2010, **adjusted net loss** was €30 million (down €98 million from the first quarter of 2009) mainly due to a lower operating performance partly offset by higher earnings reported by equity-accounted entities.

Operating review

Eni's refining throughputs for the first quarter of 2010 were 8.14 mmtonnes, down 2.3% from the first quarter of 2009. Lower volumes were processed in Italy (down 2.4%) reflecting termination of a processing contract on a third-party refinery. Volumes processed outside Italy decreased by 1.6% particularly at Eni's plants in the Czech Republic due to lower capacity utilization in response to weak market demand.
The capacity utilization rate of Italian refineries was lower compared with the first quarter of 2009 as Eni's main refineries at Taranto, Sannazzaro and Gela lowered processed volumes.

Retail sales in Italy (2.01 mmtonnes) decreased by approximately 90 ktonnes, down 4.3%, driven by lower demand of both gasoline and gasoil. Eni's retail market share for the first quarter was 30.5%, down 1 percentage point from the first quarter 2009 (31.5%).
Wholesale sales in Italy (2.04 mmtonnes) decreased by 370 ktonnes, down 15.4%, due to lower demand reflecting challenging economic conditions.

Retail sales in the rest of Europe (670 ktonnes) decreased by approximately 20 ktonnes, or 2.9%, mainly reflecting a decline in fuel demand, in particular in Germany, Hungary and Czech Republic.
Wholesale sales in the rest of Europe (860 ktonnes) decreased by approximately 50 ktonnes, mainly in the Czech Republic, Switzerland and Slovenia.

Summarized Group profit and loss account

(€ million)

Fourth Quarter 2009		First Quarter 2009	First Quarter 2010	% Ch.
22,077	Net sales from operations	23,741	24,804	4.5
284	Other income and revenues	360	285	(20.8)
(16,728)	Operating expenses	(17,973)	(18,096)	(0.7)
(250)	*of which non recurring items*			
94	Other operating income (expense)	17	38	..
(3,261)	Depreciation, depletion, amortization and impairments	(2,178)	(2,184)	(0.3)
2,466	**Operating profit**	**3,967**	**4,847**	**22.2**
(157)	Finance income (expense)	(30)	(245)	..
17	Net income from investments	144	225	56.3
2,326	**Profit before income taxes**	**4,081**	**4,827**	**(18.3)**
(1,648)	Income taxes	(1,971)	(2,408)	(22.2)
n.s.	*Tax rate (%)*	*48.3*	*49.9*	
678	Net profit	2,110	2,419	14.6
391	**- Net profit attributable to Eni's shareholders**	**1,904**	**2,222**	**16.7**
287	- Net profit attributable to non-controlling interests	206	197	(4.4)
391	**Net profit attributable to Eni's shareholders**	**1,904**	**2,222**	**16.7**
(31)	Exclusion of inventory holding (gains) losses	91	(280)	
1,034	Exclusion of special items	(236)	(120)	
	of which:			
250	*- non recurring items*			
784	*- other special items*	*(236)*	*(120)*	
1,394	**Adjusted net profit attributable to Eni's shareholders** [(a)]	**1,759**	**1,822**	**3.6**

(a) For a detailed explanation of adjusted operating profit and adjusted net profit see the parahraph "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 of 34% is applied to finance charges and income. 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 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.

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 2010	E&P	G&P	R&M	Petrochemicals	Engineering & Construction	Other activities	Corporate and financial companies	Impact of unrealized intragroup profit elimination	Group
Reported operating profit	**3,297**	**1,316**	**105**	**36**	**291**	**(60)**	**(70)**	**(68)**	**4,847**
Exclusion of inventory holding (gains) losses		(81)	(232)	(96)					(409)
Exclusion of special items:									
environmental charges		5	17						22
asset impairments		10	22						32
gains on disposal of assets	(160)		(10)						(170)
provision for redundancy incentives	2	6	2	1		1	5		17
re-measurement gains/losses on commodity derivatives	(21)	11	2		(2)				(10)
other						2			2
Special items of operating profit	**(179)**	**32**	**33**	**1**	**(2)**	**3**	**5**		**(107)**
Adjusted operating profit	**3,118**	**1,267**	**(94)**	**(59)**	**289**	**(57)**	**(65)**	**(68)**	**4,331**
Net finance (expense) income [(a)]	(49)	(2)					(194)		(245)
Net income from investments [(a)]	67	100	45		2	(4)			210
Income taxes [(a)]	(1,891)	(410)	19	16	(94)		57	26	(2,277)
Tax rate (%)	*60.3*	*30.0*	..		*32.3*				*53.0*
Adjusted net profit	**1,245**	**955**	**(30)**	**(43)**	**197**	**(61)**	**(202)**	**(42)**	**2,019**
of which:									
- adjusted net profit of non-controlling interest									197
- Eni's shareholders adjusted net profit									**1,822**
Eni reported net profit									**2,222**
Exclusion of inventory holding (gains) losses									(280)
Exclusion of special items									(120)
Eni's adjusted net profit									**1,822**

(a) Excluding special items.

(€ million)

First quarter 2009	E&P	G&P	R&M	Petrochemicals	Engineering & Construction	Other activities	Corporate and financial companies	Impact of unrealized intragroup profit elimination	Group
Reported operating profit	**2,374**	**1,253**	**240**	**(167)**	**270**	**(55)**	**(63)**	**115**	**3,967**
Exclusion of inventory holding (gains) losses		276	(209)	58					125
Exclusion of special items:									
environmental charges		2	7						9
asset impairments			6			1			7
gains on disposal of assets	(163)		(1)			(1)			(165)
provision for redundancy incentives	2	3	5	1			5		16
re-measurement gains/losses on commodity derivatives	(40)	(171)	7	(3)	2				(205)
Special items of operating profit	**(201)**	**(166)**	**24**	**(2)**	**2**		**5**		**(338)**
Adjusted operating profit	**2,173**	**1,363**	**55**	**(111)**	**272**	**(55)**	**(58)**	**115**	**3,754**
Net finance (expense) income [(a)]	33	(6)				30	(87)		(30)
Net income from investments [(a)]	(12)	100	35		8				131
Income taxes [(a)]	(1,286)	(469)	(22)	16	(57)		(29)	(43)	(1,890)
Tax rate (%)	*58.6*	*32.2*	*24.4*		*20.4*				*49.0*
Adjusted net profit	**908**	**988**	**68**	**(95)**	**223**	**(25)**	**(174)**	**72**	**1,965**
of which:									
- adjusted net profit of non-controlling interest									206
- Eni's shareholders adjusted net profit									**1,759**
Eni reported net profit									**1,904**
Exclusion of inventory holding (gains) losses									91
Exclusion of special items									(236)
Eni's adjusted net profit									**1,759**

(a) Excluding special items.

(€ million)

Fourth quarter 2009	E&P	G&P	R&M	Petrochemicals	Engineering & Construction	Other activities	Corporate and financial companies	Impact of unrealized intragroup profit elimination	Group
Reported operating profit	**2,411**	**1,004**	**(423)**	**(161)**	**27**	**(177)**	**(153)**	**(62)**	**2,466**
Exclusion of inventory holding (gains) losses		(9)	(152)	26					(135)
Exclusion of special items:									
of which:									
Non-recurring (income) charges					**250**				**250**
Other special (income) charges:	**393**	**132**	**379**	**31**	**7**	**111**	**68**		**1,121**
environmental charges		1	31			108	54		**194**
asset impairments	403	27	325	24	2	(1)			**780**
gains on disposal of assets	8	(1)	(1)		7				**13**
risk provisions		115	2						**117**
provision for redundancy incentives	20	13	11	7		4	18		**73**
re-measurement gains/losses on commodity derivatives	(38)	(23)	11		(2)				**(52)**
other							(4)		(4)
Special items of operating profit	**393**	**132**	**379**	**31**	**257**	**111**	**68**		**1,371**
Adjusted operating profit	**2,804**	**1,127**	**(196)**	**(104)**	**284**	**(66)**	**(85)**	**(62)**	**3,702**
Net finance (expense) income [(a)]	(57)	4				(16)	(88)		(157)
Net income from investments [(a)]	24	94	14		20	(1)			151
Income taxes [(a)]	(1,752)	(373)	64	19	(75)		78	24	(2,015)
Tax rate (%)	*63.2*	*30.4*	..		*24.7*				*54.5*
Adjusted net profit	**1,019**	**852**	**(118)**	**(85)**	**229**	**(83)**	**(95)**	**(38)**	**1,681**
of which:									
- adjusted net profit of non-controlling interest									287
- Eni's shareholders adjusted net profit									**1,394**
Eni reported net profit									**391**
Exclusion of inventory holding (gains) losses									(31)
Exclusion of special items									1,034
- non-recurring (income) charges									*250*
- other special (income) charges									*784*
Eni's adjusted net profit									**1,394**

(a) Excluding special items.

Breakdown of special items

(€ million)

Fourth Quarter 2009		First Quarter 2009	First Quarter 2010
250	**Non-recurring charges (income)**		
250	*of which: estimated charge of the possible resolution of the TSKJ matter*		
1,121	**Other special charges (income):**	**(338)**	**(107)**
780	asset impairments	7	32
194	environmental charges	9	22
13	gains on disposal of property, plant and equipment	(165)	(170)
117	risk provisions		
73	provisions for redundancy incentives	16	17
(52)	re-measurement gains/losses on commodity derivatives	(205)	(10)
(4)	other		2
1,371	**Special items of operating profit**	**(338)**	**(107)**
148	**Net income from investments**	**(10)**	
(485)	**Income taxes**	**112**	**(13)**
	of which:		
72	deferred tax assets E&P		
(192)	other special items		
(365)	taxes on special items of operating profit	112	(13)
1,034	**Total special items of net profit**	**(236)**	**(120)**

Adjusted operating profit

(€ million)

Fourth Quarter 2009		First Quarter 2009	First Quarter 2010	% Ch.
2,804	Exploration & Production	2,173	3,118	43.5
1,127	Gas & Power	1,363	1,267	(7.0)
(196)	Refining & Marketing	55	(94)	..
(104)	Petrochemicals	(111)	(59)	46.8
284	Engineering & Construction	272	289	6.3
(66)	Other activities	(55)	(57)	(3.6)
(85)	Corporate and financial companies	(58)	(65)	(12.1)
(62)	Impact of unrealized intragroup profit elimination	115	(68)	
3,702		**3,754**	**4,331**	**15.4**

Net sales from operations

(€ million)

Fourth Quarter 2009		First Quarter 2009	2010	% Ch.
6,648	Exploration & Production	6,145	7,385	20.2
7,468	Gas & Power	11,849	8,708	(26.5)
9,066	Refining & Marketing	6,386	9,346	46.4
1,136	Petrochemicals	878	1,476	68.1
2,400	Engineering & Construction	2,415	2,512	4.0
21	Other activities	26	25	(3.8)
359	Corporate and financial companies	309	302	(2.3)
(50)	Impact of unrealized intragroup profit elimination	(14)	64	
(4,971)	Consolidation adjustment	(4,253)	(5,014)	
22,077		**23,741**	**24,804**	**4.5**

Operating expenses

(€ milioni)

Fourth Quarter 2009		First Quarter 2009	2010	% Ch.
15,636	Purchases, services and other	16,983	17,051	0.4
250	*of which: - non-recurring items*			
411	*- other special items*	*9*	*37*	
1,092	Payroll and related costs	990	1,045	5.6
73	*of which: provision for redundancy incentives*	*16*	*17*	
16,728		**17,973**	**18,096**	**0.7**

Gains and losses on non-hedging commodity derivate instruments

(€ million)

Fourth Quarter 2009		First Quarter 2009	2010
37	Exploration & Production	44	21
(1)	*- settled transactions*	*4*	
38	*- re-measurement gains/losses*	*40*	*21*
78	Gas & Power	(36)	19
55	*- settled transactions*	*(207)*	*30*
23	*- re-measurement gains/losses*	*171*	*(11)*
(21)	Refining & Marketing	3	(5)
(10)	*- settled transactions*	*10*	*(3)*
(11)	*- re-measurement gains/losses*	*(7)*	*(2)*
1	Petrochemicals	9	1
1	*- settled transactions*	*6*	*1*
	- re-measurement gains/losses	*3*	
(1)	Engineering & Construction	(3)	2
(3)	*- settled transactions*	*(1)*	
2	*- re-measurement gains/losses*	*(2)*	*2*
94	**Total**	**17**	**38**
42	***- settled transactions***	***(188)***	***28***
52	***- re-measurement gains/losses***	***205***	***10***

Depreciation, depletion, amortization and impairments

(€ million)

Fourth Quarter 2009		First Quarter 2009	First Quarter 2010	% Ch.
2,064	Exploration & Production	1,686	1,680	(0.4)
261	Gas & Power	240	244	1.7
109	Refining & Marketing	99	80	(19.2)
19	Petrochemicals	24	19	(20.8)
111	Engineering & Construction	107	114	6.5
	Other activities		1	
22	Corporate and financial companies	19	18	(5.3)
(5)	Impact of unrealized intragroup profit elimination	(4)	(4)	
2,581	**Total depreciation, depletion and amortization**	**2,171**	**2,152**	**(0.9)**
680	**Impairments**	**7**	**32**	
3,261		**2,178**	**2,184**	**0.3**

Net income from investments

(€ million)

First Quarter 2010	Exploration & Production	Gas & Power	Refining & Marketing	Engeering & Construction	Other activities	Group
Share of gains (losses) from equity-accounted investments	56	98	32	2	(4)	**184**
Dividends	12	2	28			**42**
Other income (expense), net	(1)					**(1)**
	67	**100**	**60**	**2**	**(4)**	**225**

Income taxes

(€ million)

Fourth Quarter 2009		First Quarter 2009	First Quarter 2010	Change
	Profit before income taxes			
(146)	Italy	1,595	1,151	(444)
2,472	Outside Italy	2,486	3,676	1,190
2,326		**4,081**	**4,827**	**746**
	Income taxes			
(3)	Italy	666	450	(216)
1,651	Outside Italy	1,305	1,958	653
1,648		**1,971**	**2,408**	**437**
	Tax rate (%)			
n.s.	Italy	41.8	39.1	(2.7)
66.8	Outside Italy	52.5	53.3	0.8
n.s.		**48.3**	**49.9**	**1.6**

Leverage and net borrowings

Leverage is a measure used by management to assess the Company's level of indebtedness. It is calculated as ratio of net borrowings – which is calculated by excluding cash and cash equivalents and certain very liquid assets from financial debt to shareholders' equity, including minority 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, 2009	March 31, 2010	Change
Total debt	24,800	23,723	(1,077)
Short-term debt	*6,736*	*7,708*	*972*
Long-term debt	*18,064*	*16,015*	*(2,049)*
Cash and cash equivalents	(1,608)	(2,445)	(837)
Securities held for non-operating purposes	(64)	(57)	7
Financing receivables for non-operating purposes	(73)	(169)	(96)
Net borrowings	**23,055**	**21,052**	**(2,003)**
Shareholders' equity including non-controlling interest	**50,051**	**54,322**	**4,271**
Leverage	**0.46**	**0.39**	**(0.07)**

Bonds maturing in the 18-month period starting on March 31, 2010

(€ million)

Issuing entity	Amount at March 31, 2010 [a]
Eni SpA	525
Eni Coordination Center SA	482
	1,007

(a) Amounts in euro at March 31, 2010 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 minority interest, 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 34% effective from January 1, 2009. The capital invested as of 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, 2010**	**Exploration & Production**	**Gas & Power**	**Refining & Marketing**	**Group**
Adjusted net profit	**4,215**	**2,883**	**(295)**	**6,211**
Exclusion of after-tax finance expenses/interest income	-	-	-	**316**
Adjusted net profit unlevered	**4,215**	**2,883**	**(295)**	**6,527**
Adjusted capital employed, net				
- at the beginning of period	33,667	22,300	7,120	68,534
- at the end of period	34,572	25,107	7,306	74,812
Adjusted average capital employed, net	**34,120**	**23,704**	**7,213**	**71,673**
Adjusted ROACE (%)	**12.4**	**12.2**	**(4.1)**	**9.1**

(€ million)

Calculated on a 12-month period ending on **December 31, 2009**	**Exploration & Production**	**Gas & Power**	**Refining & Marketing**	**Group**
Adjusted net profit	**3,878**	**2,916**	**(197)**	**6,157**
Exclusion of after-tax finance expenses/interest income	-	-	-	**283**
Adjusted net profit unlevered	**3,878**	**2,916**	**(197)**	**6,440**
Adjusted capital employed, net				
- at the beginning of period	30,362	22,547	7,379	66,886
- at the end of period	32,455	25,024	7,560	72,915
Adjusted average capital employed, net	**31,409**	**23,786**	**7,470**	**69,901**
Adjusted ROACE (%)	**12.3**	**12.3**	**(2.6)**	**9.2**

GROUP BALANCE SHEET

(€ million)

	Dec. 31, 2009	March 31, 2010
ASSETS		
Current assets		
Cash and cash equivalents	1,608	2,445
Other financial assets held for trading or available for sale	348	346
Trade and other receivables	20,348	23,660
Inventories	5,495	5,517
Current tax assets	753	371
Other current tax assets	1,270	937
Other current assets	1,307	1,362
Total current assets	**31,129**	**34,638**
Non-current assets		
Property, plant and equipment	59,765	62,033
Inventory - compulsory stock	1,736	1,873
Intangible assets	11,469	11,446
Equity-accounted investments	5,828	5,592
Other investments	416	434
Other financial assets	1,148	1,077
Deferred tax assets	3,558	3,603
Other non-current receivables	1,938	2,004
Total non-current assets	**85,858**	**88,062**
Assets held for sale	**542**	**1,253**
TOTAL ASSETS	**117,529**	**123,953**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term debt	3,545	4,535
Current portion of long-term debt	3,191	3,173
Trade and other payables	19,174	20,383
Income taxes payable	1,291	1,619
Other taxes payable	1,431	2,162
Other current liabilities	1,856	1,925
Total current liabilities	**30,488**	**33,797**
Non-current liabilities		
Long-term debt	18,064	16,015
Provisions for contingencies	10,319	10,644
Provisions for employee benefits	944	964
Deferred tax liabilities	4,907	5,106
Other non-current liabilities	2,480	2,749
Total non-current liabilities	**36,714**	**35,478**
Liabilities directly associated with assets held for sale	**276**	**356**
TOTAL LIABILITIES	**67,478**	**69,631**
SHAREHOLDERS' EQUITY		
Non-controlling interest	**3,978**	**4,223**
Eni shareholders' equity		
Share capital	4,005	4,005
Reserves	46,269	50,432
Treasury shares	(6,757)	(6,757)
Interim dividend	(1,811)	
Net profit	4,367	2,419
Total Eni shareholders' equity	**46,073**	**50,099**
TOTAL SHAREHOLDERS' EQUITY	**50,051**	**54,322**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**117,529**	**123,953**

GROUP PROFIT AND LOSS ACCOUNT

(€ million)

	First Quarter	
	2009	2010
REVENUES		
Net sales from operations	23,741	24,804
Other income and revenues	360	285
Total revenues	**24,101**	**25,089**
OPERATING EXPENSES		
Purchases, services and other	16,983	17,051
Payroll and related costs	990	1,045
OTHER OPERATING (CHARGE) INCOME	**17**	**38**
DEPRECIATION, DEPLETION, AMORTIZATION AND IMPAIRMENTS	**2,178**	**2,184**
OPERATING PROFIT	**3,967**	**4,847**
FINANCE INCOME (EXPENSE)		
Finance income	2,087	1,363
Finance expense	(2,095)	(1,422)
Derivative financial instruments	(22)	(186)
	(30)	**(245)**
INCOME (EXPENSE) FROM INVESTMENTS		
Share of profit (loss) of equity-accounted investments	113	184
Other gain (loss) from investments	31	41
	144	**225**
PROFIT BEFORE INCOME TAXES	**4,081**	**4,827**
Income taxes	(1,971)	(2,408)
Net profit:	**2,110**	**2,419**
- Net profit attributable to Eni	1,904	2,222
- Net profit attributable to non-controlling interest	206	197
	2,110	**2,419**
Earnings per share attributable to Eni (€ per share)		
Basic	0.53	0.61
Diluted	0.53	0.61

COMPREHENSIVE INCOME

(€ million)

	First Quarter	
	2009	2010
Net profit	**2,110**	**2,419**
Other items of comprehensive income		
Foreign currency translation differences	1,120	1,870
Change in the fair value of cash flow hedging derivatives	36	(23)
Taxation	(17)	10
Other comprehensive income	**1,139**	**1,857**
Total comprehensive income	**3,249**	**4,276**
Attributable to:		
- Eni shareholders's equity	3,044	4,036
- Non-controlling interest	205	240
	3,249	**4,276**

GROUP CASH FLOW STATEMENT

(€ million)

	First Quarter	
	2009	2010
Net profit	2,110	2,419
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation, depletion and amortization	2,171	2,152
Impairments of tangible and intangible assets, net	7	32
Share of profit (loss) of equity-accounted investments	113	(184)
Gain on disposal of assets, net	(157)	(169)
Dividend income	(17)	(43)
Interest income	(240)	(39)
Interest expense	215	145
Income taxes	1,971	2,408
Other changes	(43)	(95)
Changes in working capital:		
- inventories	1,341	(120)
- trade receivables	245	(1,930)
- trade payables	(427)	1,436
- provisions for contingencies	6	56
- other assets and liabilities	(201)	188
Cash flow from changes in working capital	*964*	*(370)*
Net change in the provisions for employee benefits	(10)	(4)
Dividends received	17	35
Interest received	75	47
Interest paid	(121)	(143)
Income taxes paid, net of tax receivables received	(1,612)	(1,637)
Net cash provided from operating activities	**5,443**	**4,554**
Investing activities:		
- tangible assets	(2,742)	(2,447)
- intangible assets	(405)	(332)
- investments	(48)	(39)
- securities	(1)	(4)
- financing receivables	(676)	(366)
- change in payables and receivables in relation to investments and capitalized depreciation	1,794	(104)
Cash flow from investments	*(2,078)*	*(3,292)*
Disposals:		
- tangible assets	*27*	*203*
- intangible assets	145	
- investments	10	526
- securities	87	6
- financing receivables	611	306
- change in payables and receivables in relation to disposals	32	(44)
Cash flow from disposals	*912*	*997*
Net cash used in investing activities [*]	**(1,166)**	**(2,295)**

GROUP CASH FLOW STATEMENT *(continued)*

(€ million)

	First Quarter	
	2009	**2010**
Proceeds from long-term debt	1,867	22
Repayments of long-term debt	(2,718)	(2,198)
Increase (decrease) in short-term debt	(1,529)	692
	(2,380)	**(1,484)**
Net capital contributions by non-controlling interest	(2)	
Net acquisition of treasury shares different from Eni SpA		13
Acquisition of additional interests in consolidated subsidiaries	(1,991)	
Net cash used in financing activities	**(4,373)**	**(1,471)**
Effect of exchange rate changes on cash and cash equivalents and other changes	2	49
Net cash flow for the period	**(94)**	**837**
Cash and cash equivalents - beginning of the period	**1,939**	**1,608**
Cash and cash equivalents - end of the period	**1,845**	**2,445**

(*) 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 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)

	First Quarter	
	2009	**2010**
Financing investments:		
- securities	(1)	
- financing receivables	(183)	(106)
	(184)	**(106)**
Disposal of financing investments:		
- securities	72	6
- financing receivables	214	12
	286	18
Net cash flows from financing activities	**102**	**(88)**

CAPITAL EXPENDITURES

(€ million)

Fourth Quarter 2009		First Quarter 2009	First Quarter 2010	% Ch.
2,490	Exploration & Production	2,148	1,964	(8.6)
591	Gas & Power	390	310	(20.5)
254	Refining & Marketing	85	118	38.8
64	Petrochemicals	9	26	..
409	Engineering & Construction	495	412	(16.8)
25	Other activities	6	9	50.0
22	Corporate and financial companies	10	17	70.0
39	Impact of unrealized intragroup profit elimination	4	(77)	
3,894		**3,147**	**2,779**	**(11.7)**

In the first quarter of 2010, capital expenditures amounting to €2,779 million (€3,147 million in the first quarter of 2009) related mainly to:

- development activities (€1,693 million) deployed mainly in Congo, Kazakhstan, Algeria, Egypt, the United States, Italy and Norway and exploratory activities (€256 million) of which 97% was spent outside Italy, primarily in the United States, Angola, Indonesia, Ghana and Pakistan;
- development and upgrading of Eni's natural gas transport network in Italy (€164 million) and distribution network (€58 million), as well as development and increase of storage capacity (€46 million);
- projects aimed at improving the conversion capacity and flexibility of refineries (€95 million), as well as building and upgrading service stations in Italy and outside Italy (€17 million);
- upgrading of the fleet used in the Engineering & Construction division (€412 million).

Capital expenditures by division

EXPLORATION & PRODUCTION

(€ million)

Fourth Quarter 2009		First Quarter 2009	First Quarter 2010
207	**Acquisitions of proved and unproved property**	**9**	
113	North Africa	6	
94	Rest of Asia		
	America	3	
284	**Exploration**	**380**	**256**
6	Italy	21	8
14	Rest of Europe	24	15
37	North Africa	112	21
123	West Africa	75	76
4	Kazakhstan	5	2
29	Rest of Asia	60	53
68	America	54	80
3	Australia and Oceania	29	1
1,968	**Development**	**1,744**	**1,693**
203	Italy	174	142
188	Rest of Europe	137	161
315	North Africa	378	421
760	West Africa	387	504
241	Kazakhstan	232	220
83	Rest of Asia	150	63
118	America	188	167
60	Australia and Oceania	98	15
31	**Other expenditures**	**15**	**15**
2,490		**2,148**	**1,964**

GAS & POWER

(€ million)

Fourth Quarter 2009		First Quarter 2009	First Quarter 2010
545	Italy	371	283
46	Outside Italy	19	27
591		**390**	**310**
73	**Marketing**	**24**	**42**
42	*- Marketing*	*10*	*27*
4	Italy		
38	Outside Italy	10	27
31	*- Power generation*	*14*	*15*
510	**Regulated businesses in Italy**	**357**	**268**
358	*- Transport*	*237*	*164*
70	*- Distribution*	*65*	*58*
82	*- Storage*	*55*	*46*
8	**International transport**	**9**	
591		**390**	**310**

REFINING & MARKETING

(€ million)

Fourth Quarter 2009		First Quarter 2009	First Quarter 2010
231	Italy	77	112
23	Outside Italy	8	6
254		**85**	**118**
174	**Refining, Supply and Logistic**	**48**	**95**
174	Italy	48	95
75	**Marketing**	**26**	**17**
52	Italy	18	11
23	Outside Italy	8	6
5	**Other activities**	**11**	**6**
254		**85**	**118**

Exploration & Production

PRODUCTION OF OIL AND NATURAL GAS BY REGION

Fourth Quarter 2009			First Quarter 2009	First Quarter 2010
1,886	**Production of oil and natural gas** [(a)(b)]	(kboe/d)	**1,779**	**1,816**
173	Italy		174	178
255	Rest of Europe		256	240
565	North Africa		595	579
421	West Africa		330	401
117	Kazakhstan		119	120
130	Rest of Asia		150	119
209	America		135	156
16	Australia and Oceania		20	23
166.8	**Production sold** [(a)]	(mmboe)	**154.2**	**156.3**

PRODUCTION OF LIQUIDS BY REGION

Fourth Quarter 2009			First Quarter 2009	First Quarter 2010
1,073	**Production of liquids** [(a)]	(kbbl/d)	**1,013**	**1,011**
61	Italy		55	58
138	Rest of Europe		139	132
281	North Africa		304	287
349	West Africa		294	341
72	Kazakhstan		70	72
50	Rest of Asia		73	36
116	America		66	77
6	Australia and Oceania		12	8

PRODUCTION OF NATURAL GAS BY REGION

Fourth Quarter 2009			First Quarter 2009	First Quarter 2010
4,668	**Production of natural gas** [(a)(b)]	(mmcf/d)	**4,398**	**4,615**
645	Italy		685	687
673	Rest of Europe		672	618
1,629	North Africa		1,671	1,679
411	West Africa		210	339
261	Kazakhstan		276	272
458	Rest of Asia		446	479
534	America		395	453
57	Australia and Oceania		43	88

(a) Includes Eni's share of production of equity-accounted entities.
(b) Includes volumes of gas consumed in operations (316 and 289 mmcf/d in the first quarter 2010 and 2009, respectively and 318 mmcf/d in the fourth quarter 2009).

Petrochemicals

Fourth Quarter 2009			First Quarter 2009	First Quarter 2010
	Sales of petrochemical products	(€ million)		
503	Basic petrochemicals		341	673
584	Polymers		485	758
49	Other revenues		52	45
1,136			**878**	**1,476**
	Production	(ktonnes)		
1,080	Basic petrochemicals		1,019	1,241
575	Polymers		520	607
1,655			**1,539**	**1,848**

Engineering & Construction

(€ million)

Fourth Quarter 2009		First Quarter 2009	First Quarter 2010
	Offshore construction		
1,681	Offshore construction	561	1,105
891	Onshore construction	1,621	1,247
355	Offshore drilling	316	140
41	Onshore drilling	20	186
2,968		**2,518**	**2,678**

(€ million)

	Dec. 31, 2009	March 31, 2010
Order backlog	**18,730**	**18,769**