

ENI SPA  
Form 6-K  
August 05, 2009  
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**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

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**Form 6-K**

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

For the month of July 2009

**Eni S.p.A.**

(Exact name of Registrant as specified in its charter)

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

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

Form 20-F                       Form 40-F

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

Yes                       No

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

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Press Release dated July 24, 2009

Press Release dated July 31, 2009

Interim Consolidate Report as of June 30, 2009

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**SIGNATURES**

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

Eni S.p.A.

Name: Antonio Cristodoro  
Title: Deputy Corporate Secretary

Date: July 31, 2009

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## **Eni convenes Board of Directors**

*Rome, July 24, 2009* - Eni's Board of Directors will convene on July 30, 2009 in San Donato Milanese to examine the Report for the first half of 2009. The Board will also review the proposal for the 2009 interim dividend, which will be examined by the Board for approval at a subsequent meeting scheduled for September 10, 2009.

The related press release will be issued on July 31, 2009 during non trading hours and the conference call for the presentation of the results to the financial community will be held at 12.30 a.m. of the same day.

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## ENI ANNOUNCES RESULTS FOR THE SECOND QUARTER AND THE FIRST HALF OF 2009

San Donato Milanese, July 31, 2009 - Eni, the international oil and gas company, today announces its group results for the second quarter of 2009 (unaudited).

### Financial Highlights

**Adjusted net profit: down 60% to euro 0.90 billion for the second quarter and down 49.8% to euro 2.66 billion for the first half of 2009**

**Net profit: down 75.8% to euro 0.83 billion for the second quarter and down 59.5% to euro 2.74 billion for the first half of 2009**

**Cash flow: euro 2.18 billion for the second quarter (euro 7.62 billion for the first half of 2009)**

**Interim dividend proposal of euro 0.50 per share or \$1.42 per ADR<sup>1</sup>**

### Operational Highlights

**Oil and natural gas production for the second quarter: down 2.2% to 1.733 million barrels per day (down by 1.6% for the first half of 2009)**

**Natural gas sales for the second quarter: down 7.7% to 20.46 billion cubic meters (down by 0.5% for the first half of 2009)**

**Further development of our E&P portfolio especially in Africa and North America  
Consolidated relationship with Gazprom with progress on three major strategic partnerships**

**Concluded purchase of Distrigas, cementing Eni's position as a leader in European gas**

**Launched divestment of marginal upstream assets in line with stated strategy**

Paolo Scaroni, Chief Executive Officer, commented:

*"In the first six months of this year we have strengthened our position in our core areas and achieved sound financial results in the context of sharply lower commodity prices and demand. Eni's business portfolio proved to be resilient thanks in particular to the steady performance of the Gas & Power division. We are taking a prudent approach to the outlook for 2009 and beyond which is reflected in our proposed interim dividend of euro 0.50 per share, which we believe to be appropriate in the current environment."*

The Board has also approved the interim report as of June 30, 2009, which has been released to the public together with this press release. The Company's independent auditor is in the process of reviewing the consolidated interim accounts. The independent auditors' report is expected to be released to the public early in August 2009 upon completion of relevant audits.

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(1) As converted at the Noon Buying Rate of 1 EUR = 1.4213 USD taken from the US Federal Reserve Statistical Release on July 24, 2009.

Table of Contents**Financial highlights**

<b>Second Quarter 2008</b>	<b>First Quarter 2009</b>	<b>Second Quarter 2009</b>	<b>% Ch. 2 Q. 09 vs 2 Q. 08</b>		<b>First Half 2008</b>	<b>First Half 2009</b>	<b>% Ch.</b>
<b>SUMMARY GROUP RESULTS</b> (euro million)							
5,793	3,967	2,405	(58.5)	Operating profit	11,970	6,372	(46.8)
5,575	3,754	2,549	(54.3)	Adjusted operating profit <sup>(a)</sup>	11,471	6,303	(45.1)
<b>3,437</b>	<b>1,904</b>	<b>832</b>	<b>(75.8)</b>	<b>Net profit</b> <sup>(b)</sup>	<b>6,758</b>	<b>2,736</b>	<b>(59.5)</b>
0.94	0.53	0.23	(75.5)	- per ordinary share (euro) <sup>(c)</sup>	1.85	0.76	(58.9)
2.94	1.38	0.63	(78.6)	- per ADR (\$) <sup>(c) (d)</sup>	5.66	2.02	(64.3)
<b>2,255</b>	<b>1,759</b>	<b>902</b>	<b>(60.0)</b>	<b>Adjusted net profit</b> <sup>(a) (b)</sup>	<b>5,296</b>	<b>2,661</b>	<b>(49.8)</b>
0.62	0.49	0.25	(59.7)	- per ordinary share (euro) <sup>(c)</sup>	1.45	0.73	(49.7)
1.94	1.28	0.68	(64.9)	- per ADR (\$) <sup>(c) (d)</sup>	4.44	1.94	(56.3)

(a) For a detailed explanation of adjusted operating profit and net profit see page 25.

(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 for the quarter was euro 2.55 billion, down 54.3% from the second quarter of 2008. For the first half, adjusted operating profit was euro 6.30 billion, down 45.1% from a year ago. These results were principally due to the weaker operating result reported by the Exploration & Production division which was impacted by sharply lower oil and gas prices. Also the downstream oil business posted significantly lower operating results due to unprofitable refining margins. On the plus side, the Gas & Power division reported improved results in the quarter and the Engineering & Construction business reported improved results in both periods.

**Adjusted Net Profit**

Adjusted net profit for the quarter was euro 0.90 billion, down 60% and for the first half was euro 2.66 billion, down 49.8%. These results were mainly the result of a weaker operating environment and lower results reported by equity-accounted entities, partly offset by a lower adjusted tax rate (down 1.1 percentage point in the quarter; down 0.4 percentage point in the first half).

**Capital Expenditure**

Capital expenditure was euro 3,697 million for the quarter and euro 6,844 million for the first half mainly related to continuing development of oil and gas reserves, the construction of rigs and offshore vessels in the Engineering & Construction division and the upgrading of gas transportation infrastructure.

**Cash**

The main sources of cash for the quarter were: (i) net cash generated by operating activities amounting to euro 2,178 million; (ii) the divestment of a 20% interest in Gazprom Neft based on the call option agreement with Gazprom which yielded cash consideration of euro 3,070 million; and (iii) a share capital increase (euro 1,542 million) that was subscribed to by Snam Rete Gas minorities as part of the reorganization process of Eni's regulated gas businesses in Italy. These inflows were used to fund the financing requirements associated with capital expenditure (euro 3,697 million), the payment of the balance dividend for the fiscal year 2008 (euro 2,355 million) to Eni shareholders and the completion of the Distrigas acquisition by means of a mandatory cash tender offer on its minorities amounting to euro 2,045 million, increasing net borrowings<sup>2</sup> as of June 30, 2009 by euro 1,827 million from March 31, 2009.

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For the half year, net cash generated by operating activities amounted to euro 7,621 million. This, combined with proceeds from disposals (euro 3,275 million) and a share capital increase (euro 1,542 million) subscribed to by the Snam Rete Gas minorities, was used to fund the financing requirements associated with capital expenditure (euro 6,844 million), the payment of the remaining dividend for the fiscal year 2008 (euro 2,355 million) and the completion of the Distrigas acquisition (euro 2,045 million). At June 30, 2009 net borrowings amounted to euro 18,355 million almost unchanged (euro 18,376 million at December 31, 2008).

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(2) Information on net borrowings composition is furnished on page 35.

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**Table of Contents****Financial Ratios**

Return on Average Capital Employed (ROACE)<sup>3</sup> calculated on an adjusted basis for the twelve-month period to June 30, 2009 was 13% (19.7% at June 30, 2008).

The ratio of net borrowings to shareholders' equity including minority interest leverage decreased to 0.37 at June 30, 2009 from 0.38 as of December 31, 2008.

**Interim Dividend 2009**

In light of the financial results achieved for the first half of 2009 and the projected full-year results, the interim dividend proposal to the Board of Directors on September 10, 2009 will amount to euro 0.50 per share (euro 0.65 per share in 2008). The interim dividend is payable on September 24, 2009 to shareholders on the register on September 21, 2009.

**Operational highlights and trading environment**

Second Quarter 2008	First Quarter 2009	Second Quarter 2009	% Ch. 2 Q. 09 vs 2 Q. 08		First Half 2008	First Half 2009	% Ch.	
<b>KEY STATISTICS</b>								
1,772	1,779	1,733	(2.2)	<b>Production of hydrocarbons</b>	(kboe/d)	1,784	1,756	(1.6)
998	1,013	986	(1.2)	- Liquids	(kbbbl/d)	1,005	1,000	(0.5)
4,442	4,398	4,290	(4.0)	- Natural gas	(mmcf/d)	4,472	4,344	(3.1)
22.16	32.35	20.46	(7.7)	<b>Worldwide gas sales</b>	(bcm)	53.07	52.81	(0.5)
1.48	1.49	1.46	(1.4)	- of which: E&P sales		3.32	2.95	(11.1)
7.21	7.78	7.57	5.0	<b>Electricity sold</b>	(TWh)	15.37	15.35	(0.1)
3.00	2.79	3.07	2.3	<b>Retail sales of refined products in Europe</b>	(mmtonnes)	5.85	5.86	0.2

**Exploration & Production**

Oil and natural gas production for the second quarter 2009 amounted to 1,733 kboe/d, representing a decrease of 2.2% from the second quarter of 2008. For the half, oil and natural gas production amounted to 1,756 kboe/d, representing a decrease of 1.6% from the first half of 2008. These declines were mainly due to OPEC production cuts (down approximately 30 kboe/d), continuing security issues in West Africa, lower production uplifts associated with weak European gas demand and mature field declines. Those negatives were partially offset by continuing production ramp-up in Angola, Congo, USA, Kazakhstan and Venezuela, and the positive price impacts reported in the Company's PSAs (up approximately 60 kboe/d).

**Gas & Power**

Eni's worldwide natural gas sales were 20.46 bcm in the quarter, down 7.7% from a year ago, and were 52.81 bcm for the half, down 0.5%. This reflected weaker European gas demand as a result of the economic downturn. Italian gas consumption recorded a steep decline (down 3.71 bcm for the quarter) as the major gas-consuming sectors of thermoelectric utilities and industrial businesses used 45% and 20% less gas respectively in the quarter (45% and 21% in the first half) as compared to the same quarter in the previous year. The negative impact of the economic downturn was partly offset by the contribution of Distrigas (up 2.67 bcm in the quarter and up 8.53 bcm in the half).

**Realized Oil and Gas Prices**

Oil realizations declined by 48.2% in the quarter and by 49.5% in the half driven by falling Brent prices. Recorded natural gas realizations were down by 35.4% in the quarter and by 16.9% in the half as the pace of decline reflected the time lag between movements in oil prices and their effect on gas prices provided in pricing formulae.

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- (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 35 and 37 for leverage and ROACE, respectively.

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**Table of Contents****Refining & Marketing**

Eni's realized refining margins in dollar terms were sharply lower in both the quarter and the half due to a number of negative market trends. First of all, significantly compressed light-heavy crude differentials due to a reduction in heavy crude supplies from OPEC negatively affected the profitability of Eni's complex refineries. Secondly, the Company's refining operations have experienced rapid increases in feedstock costs in recent months which have not been fully recovered in the final prices of refined products due to weak industry fundamentals; prices of middle distillates were particularly impacted. Eni's margin performance was in line with the industry benchmark margin calculated on the Brent crude (down 55.1% in the second quarter and down 24.6% in the first half) due to the compressed light-heavy crude differentials on the negative side, and the appreciation of Eni's yields due to the relatively higher weight of the fuel oil on the plus side.

**Currency**

Results of operations for both periods were helped by the depreciation of the euro vs. the US dollar, down by 12.8% from the second quarter 2008 and 12.9% over the first half of the year.

**Strategic developments**

The half year has seen significant progress on a number of fronts, in particular in delivering progress on our stated strategy in Exploration & Production and Gas & Power. Of particular note and developments in Russia, Africa, and in our European Gas business.

**Russia**

- Eni and Gazprom have agreed upon a new scope of work in the development project of the South Stream pipeline, aimed at increasing its transport capacity from an original amount of 31 billion cubic meters per year to 63 billion cubic meters, as part of a framework agreement signed between Italy and Russia on May 15, 2009. Eni and Gazprom confirmed their full commitment to developing the project which conditioned to the positive outcome of the feasibility study will build a new route to supply Russian gas to Europe, increasing both security and diversification of gas sources to Europe.
- On May 15, 2009, Eni and its Italian partner Enel in the 60-40% owned joint-venture OOO SeverEnergiya signed a preliminary agreement with Gazprom regarding a call option arrangement on a 51% interest in the venture. OOO SeverEnergiya is the parent company of three Russian upstream companies which are presently engaging in exploration and development activities of gas reserves in the Yamal Nenets region, in Siberia. On June 5, 2009, the parties signed the relevant binding agreement. Total cash consideration from this transaction is anticipated to amount to \$1.5 billion (Eni's share being \$900 million) and will be paid by Gazprom in two tranches: (i) the first one is due on the transfer of the shares and is expected to occur in the third quarter of 2009 with the transaction effective from the same date; (ii) the second tranche is due by end of the first quarter of 2010. As a result of the transaction, Eni's interest in OOO SeverEnergiya will be equal to 29.4%. Eni's proved reserves of hydrocarbon at 2009 year-end will be determined based on this interest. The parties also agreed to move forward with the development plan of the Samburskoye field, targeting to achieve first gas by June 2011 and to ramp production up to a plateau of 150,000 boe/d within two years. In the next 90 days, the parties will define a plan to obtain all the authorizations, including the extensions of the mineral licenses by the Russian authority regulating the exploitation of the country's mineral resources. A number of amendments granting license extension have been already obtained.
- On April 7, 2009 Gazprom exercised its call option to purchase a 20% interest in OAO Gazprom Neft held by Eni based on the existing agreements between the two partners. Total cash consideration amounting to euro 3,070 million (US\$ 4.06 billion, increasing to approximately euro 3.16 billion or US\$ 4.2 billion when including the 2008 dividend) was paid by Gazprom on April 24, 2009. The 20% interest in Gazprom Neft was acquired by Eni on April 4, 2007 as part of a bid procedure for the assets of bankrupt Russian company Yukos. The exercise price of the call option is equal to the bid price (US\$ 3.7 billion) as adjusted by subtracting dividends distributed and adding the contractual yearly remuneration of 9.4% on the capital employed and financing collateral

expenses. At the same time, Eni and Gazprom signed new cooperation agreements targeting certain development projects to be conducted jointly in Russia and other countries of interest.

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### **Africa**

- On May 12, 2009 Eni and Egypt's Ministry of Petroleum signed a cooperation agreement to develop new hydrocarbon plays. Eni intends to adopt its comprehensive cooperation model in pursuing new ventures whereby the traditional oil business is integrated by activities aimed at satisfying the energy needs of host countries and supporting them in reaching high standards of social and economic development.
- On February 9, 2009 Eni signed three agreements as part of the Memorandum of Understanding signed in August 2008 with Angola's state oil company Sonangol. These agreements provide for: (i) a feasibility study to assess the economics of the utilization of associated gas in feeding a grass-root onshore power plant; (ii) a joint study to evaluate and collect data on certain Angolan onshore basins in view of identifying possible upstream opportunities; (iii) the design of a number of educational and training projects targeting Angolan professionals in the field of the development of energy resources.

### **European Gas**

- On March 19, 2009, the mandatory tender offer on the minorities of Distrigas was finalized. Shareholders representing 41.617% of the share capital of Distrigas, including the second larger shareholder Publigaz SCRL with a 31.25% interest, tendered their shares. The squeeze-out of the residual 1.14% of the share capital was finalized on May 4, 2009. Finally, Distrigas shares have been delisted from Euronext Brussels. The total cash consideration amounting to euro 2,045 million was determined based on the same price paid to Distrigas main shareholder, Suez, on October 2008 to acquire the controlling stake of 57.243%. As of June 30, 2009, Eni owns the entire share capital of Distrigas, except for one share with special powers owned by the Belgian State.

### **Other developments: gas developments in USA, marginal oil & gas assets divestment, Pakistan, exploration success and award of new exploratory acreage**

- On May 18, 2009 Eni signed a strategic alliance with Quicksilver Resources Inc, an independent US natural producer of gas from shale accumulations. Based on the terms of the agreement, Eni will acquire a 27.5% interest in the Alliance area, in Northern Texas, covering approximately 53 square kilometers, with gas shale reserves at an average depth of 2,300 meters. Quicksilver will retain the 72.5% of the interests and operatorship of the alliance properties.  
This transaction, effective April 1, 2009, was finalized on June 19, 2009, for cash consideration amounting to \$280 million. The expected production from the acquired assets will amount to 4,000 boe/d net to Eni for the full year 2009, ramping up to approximately 10,000 boe/d by 2011.
- Eni launched a plan to divest certain marginal upstream assets, expected to be finalized by end of the year.
- On March 18, 2009 Eni signed a Protocol for Cooperation with the government of Pakistan to develop a number of important upstream, midstream and downstream projects in the country. Eni will provide its expertise as well as new technologies developed in the field of exploring for and developing hydrocarbon fields.
- Eni continued to achieve exploration success in the Gulf of Mexico, North Sea and offshore Indonesia.
- Eni was awarded operatorship and 40% participating interests in new exploration licenses (PL 533 and PL 529) as well as the 30% interest in the PL 532 license (operated by StatoilHydro) in the Barents Sea.

### **Reorganization of the regulated business in the Italian gas sector**

- On June 30, 2009 the parent company Eni SpA concluded the sale of the entire share capital of its fully-owned subsidiaries Italgas SpA and Stocaggi Gas Italia SpA to its subsidiary Snam Rete Gas. The transaction, which was approved by the Eni's Board of Directors in February 2009, included cash consideration amounting to euro 4,509 million (euro 2,922 million and euro 1,587 million, respectively). Snam Rete Gas funded the transaction by means of: (i) a share capital increase amounting to euro 3.5 billion, which was entirely subscribed to by minorities and Eni for their respective shares; and (ii) arranging medium and long-term financing. The main impact expected on Eni's

consolidated financial statements are: (i) as of June 30, 2009 a decrease of euro 1.54 billion was reported in the Group consolidated net borrowings and a corresponding increase in total equity as a consequence of the pro-quota subscription of the Snam Rete Gas capital increase by minorities; (ii) a decrease in Eni's net profit equal to 45% of the aggregate net profit of Italgas and Stogit is expected to be reported in the consolidated profit and loss for the third quarter of 2009, with a corresponding increase in net profit pertaining to minorities.

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### **Outlook**

Taking into account the current economic downturn, Eni assumes Brent oil prices of \$48 bbl for the full year 2009 and weaker European demand for natural gas and fuels. Key business trends for the year are expected to be the following:

- **Hydrocarbon production:** the Company confirms that its oil and gas production will grow versus last year (1,797 kboe/d in 2008). As stated in April at the Q1, we continue to believe that our guidance of a 2% growth rate for 2009 when excluding the impact of OPEC cuts, is appropriate due to lower than anticipated gas demand, the impact of unplanned facility downtime, particularly in West Africa and rescheduling of certain projects in order to capture the expected downturn in costs. These declines will be offset by new field start-ups and continuing production ramp-up in the Company's core regions, namely the US and Congo;
- **Worldwide natural gas sales:** are forecasted to remain unchanged from 2008 levels (actual sales volumes in 2008 were 104.23 bcm) and the planned growth rate for the year has been revised down due to the continued impact of the economic downturn. Sales volumes will be underpinned by the contribution of the Distrigas acquisition and marketing activities designed to strengthen the market share and customers base in target European markets;
- **Refining throughputs on Eni's account:** are expected to increase slightly from 2008 (actual throughputs in 2008 were 35.84 mmt tonnes) reflecting improved performance at certain plants;
- **Retail sales of refined products in Italy and the rest of Europe:** are expected to decrease from 2008 (12.03 mmt tonnes in 2008, excluding the impact of the divestment of marketing activities in the Iberian Peninsula that was executed late in 2008) due to weak demand for fuels forecast in the main European markets, whilst it is anticipated that continuing marketing efforts and pricing initiatives on the Italian market will yield positive results in terms of both share and marketed volumes.

In 2009, management expects a slight decrease in capital expenditure versus 2008 (euro 14.56 billion in 2008).

Capital expenditure will be directed mainly to the development of oil and natural gas reserves, the upgrading of construction vessels and rigs, and the upgrading of natural gas transport infrastructure.

Management has taken a number of measures designed to ensure the achievement of a ratio of net borrowings to total equity (leverage) adequate to support the Company's current credit rating, although it may temporarily exceed the level recorded at the end of 2008 (0.38).

### **Other information**

In the second half of the year, developments in certain pending legal proceedings may have a significant impact on the Company's results. Currently, the Company believes that losses from those proceedings are either not probable or not reasonably quantifiable. The above referenced legal proceedings are discussed in Eni's interim consolidated financial statements as of and for the six-month period ended June 30, 2009 under the heading "Guarantees, Commitments and Risks", which is published together with this press release.

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This press release has been prepared on a voluntary basis in accordance with the best practices on the marketplace. It provides data and information on the Company's business and financial performance for the second quarter and the first half of 2009 (unaudited). Results of operations for the first half of 2009 and material business trends have been extracted from the interim report 2009 which has been prepared in compliance with Article 154-ter of the Italian code for securities and exchanges ("Testo Unico della Finanza" - TUF) and approved by the Company's Board of Directors and released to the public together with this press release. The interim report was transmitted to the Company's Board of statutory auditors as well as to the principal independent auditor as provided by applicable regulations. The Company's independent auditor is in the process of reviewing the consolidated interim accounts. The independent auditors' report is expected to be released to the public early in August 2009 upon completion of relevant audits. Quarterly and semi-annual 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 second quarter and the first half of 2009 are unchanged from those adopted for the preparation of the 2008 Annual Report on Form 20-F. From year 2009, the Company accounts gains and losses on non-hedging commodity derivatives instruments, including both fair value re-measurement and settled transactions, as items of operating profit. Prior period results have been restated accordingly.

Results are presented for the second quarter and the first half of 2009 and for the second quarter and the first half of 2008. Information on liquidity and capital resources relates to end of the period as of June 30, 2009, March 31, 2009 and December 31, 2008. 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. 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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\* \* \*



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**Capital Stock:** euro 4,005,358,876 fully paid

Tax identification number 00484960588

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\* \* \*

*This press release for the Second Quarter and the First Half of 2009 (unaudited) is also available on the Eni web site: [www.eni.it](http://www.eni.it)*

**About Eni**

*Eni is one of the leading integrated energy companies in the world operating in the oil and gas, power generation, petrochemicals, engineering and construction industries. Eni is present in 70 countries and is Italy's largest company by market capitalization.*

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(euro million)

Second Quarter 2008	First Quarter 2009	Second Quarter 2009	% Ch. 2 Q. 09 vs 2 Q. 08		First Half 2008	First Half 2009	% Ch.
27,096	23,741	18,267	(32.6)	<b>Net sales from operations</b>	55,388	42,008	(24.2)
5,793	3,967	2,405	(58.5)	<b>Operating profit <sup>(a)</sup></b>	11,970	6,372	(46.8)
(756)	125	(190)		Exclusion of inventory holding (gains) losses	(1,078)	(65)	
538	(338)	334		Exclusion of special items	579	(4)	
<b>5,575</b>	<b>3,754</b>	<b>2,549</b>	<b>(54.3)</b>	<b>Adjusted operating profit <sup>(a)</sup></b>	<b>11,471</b>	<b>6,303</b>	<b>(45.1)</b>
3,437	1,904	832	(75.8)	<b>Net profit pertaining to Eni</b>	6,758	2,736	(59.5)
(542)	91	(143)		Exclusion of inventory holding (gains) losses	(783)	(52)	
(640)	(236)	213		<i>Exclusion of special items</i>	(679)	(23)	
<b>2,255</b>	<b>1,759</b>	<b>902</b>	<b>(60.0)</b>	<b>Adjusted net profit pertaining to Eni</b>	<b>5,296</b>	<b>2,661</b>	<b>(49.8)</b>
195	206	208	6.7	Adjusted net profit of minorities	367	414	12.8
<b>2,450</b>	<b>1,965</b>	<b>1,110</b>	<b>(54.7)</b>	<b>Adjusted net profit</b>	<b>5,663</b>	<b>3,075</b>	<b>(45.7)</b>
				Breakdown by division <sup>(b)</sup> :			
2,035	908	1,008	(50.5)	Exploration & Production	4,073	1,916	(53.0)
399	988	497	24.6	Gas & Power	1,659	1,485	(10.5)
71	68	(99)	..	Refining & Marketing	124	(31)	..
(97)	(95)	(114)	(17.5)	Petrochemicals	(162)	(209)	(29.0)
203	223	226	11.3	Engineering & Construction	368	449	22.0
(68)	(25)	(75)	(10.3)	Other activities	(114)	(100)	12.3
(17)	(174)	(292)	..	Corporate and financial companies	(139)	(466)	..
(76)	72	(41)		Impact of unrealized profit in inventory <sup>(c)</sup>	(146)	31	
				<b>Net profit</b>			
0.94	0.53	0.23	(75.5)	per ordinary share (euro)	1.85	0.76	(58.9)
2.94	1.38	0.63	(78.6)	per ADR (\$)	5.66	2.02	(64.3)
				<b>Adjusted net profit</b>			
0.62	0.49	0.25	(59.7)	per ordinary share (euro)	1.45	0.73	(49.7)
1.94	1.28	0.68	(64.9)	per ADR (\$)	4.44	1.94	(56.3)
<b>3,645.1</b>	<b>3,622.4</b>	<b>3,622.4</b>	<b>(0.6)</b>	<b>Weighted average number of outstanding shares <sup>(d)</sup></b>	<b>3,649.1</b>	<b>3,622.4</b>	<b>(0.7)</b>
<b>5,191</b>	<b>5,443</b>	<b>2,178</b>	<b>(58.0)</b>	<b>Net cash provided by operating activities</b>	<b>9,950</b>	<b>7,621</b>	<b>(23.4)</b>
<b>3,641</b>	<b>3,147</b>	<b>3,697</b>	<b>1.5</b>	<b>Capital expenditures</b>	<b>6,759</b>	<b>6,844</b>	<b>1.3</b>

(a) From year 2009, the Company accounts gain and losses on non-hedging commodity derivatives instruments, including both fair value re-measurement and settled transactions, as items of operating profit. Adjusted operating profit and net profit only include gains and losses associated with settled transaction, gross and net of the associated tax impact respectively. Prior period results have been restated accordingly.

(b) For a detailed explanation of adjusted net profit by division see page 25.

(c) Unrealized profit in inventory concerned intragroup sales of goods and services recorded at period end in the equity of the purchasing business segment.

(d) Fully diluted.

**Trading environment indicators**

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<b>Second Quarter 2008</b>	<b>First Quarter 2009</b>	<b>Second Quarter 2009</b>	<b>% Ch. 2 Q. 09 vs 2 Q. 08</b>		<b>First Half 2008</b>	<b>First Half 2009</b>	<b>% Ch.</b>
121.38	44.40	<b>58.79</b>	(51.6)	Average price of Brent dated crude oil <sup>(a)</sup>	109.14	<b>51.60</b>	(52.7)
1.562	1.302	<b>1.362</b>	(12.8)	Average EUR/USD exchange rate <sup>(b)</sup>	1.530	<b>1.332</b>	(12.9)
77.71	34.10	<b>43.16</b>	(44.5)	Average price in euro of Brent dated crude oil	71.33	<b>38.74</b>	(45.7)
8.04	5.34	<b>3.61</b>	(55.1)	Average European refining margin <sup>(c)</sup>	5.93	<b>4.47</b>	(24.6)
11.25	6.28	3.90	(65.3)	Average European refining margin Brent/Ural <sup>(c)</sup>	8.64	<b>5.09</b>	(41.1)
5.15	4.10	<b>2.65</b>	(48.5)	Average European refining margin in euro	3.88	<b>3.36</b>	(13.4)
4.9	2.0	<b>1.3</b>	(73.5)	Euribor - three month rate (%)	4.7	<b>1.7</b>	(63.8)
2.8	1.2	<b>0.9</b>	(67.9)	Libor - three month dollar rate (%)	3.0	<b>1.0</b>	(66.7)

(a) In USD dollars per barrel. Source: Platt's Oilgram.

(b) Source: ECB.

(c) In USD per barrel FOB Mediterranean Brent dated crude oil. Source: Eni calculations based on Platt's Oilgram data.

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**Table of Contents****Group results****Net Profit**

Net profit for the second quarter of 2009 was euro 832 million, a decrease of euro 2,605 million from the second quarter of 2008, down 75.8%. For the first half net profit was euro 2,736 million, a decrease of euro 4,022 million from the first half of 2008, or 59.5%. The reduction reflected a decreased operating performance (down euro 3,388 million or 58.5% in the quarter, euro 5,598 million or 46.8% in the first half) recorded mainly in the Exploration & Production division driven by lower oil and gas prices. In addition, the Group results were affected by lower profits reported by equity-accounted entities, a higher consolidated tax rate up from 40.5% to 57.2% in the second quarter (43.1% to 51.6% in the first half) mainly due to recently enacted tax regulations that provided a one-percentage point increase in the tax-rate applicable to Italian companies engaged in the energy sector and enactment of a supplemental tax rate to be added to the Italian statutory tax-rate resulting in higher taxes currently payable amounting to euro 71 million in the quarter (euro 142 million in the first half), as well as the circumstance that tax gains related to an adjustment to deferred taxation amounting to euro 1 billion were recorded in 2008.

**Adjusted Net Profit**

Adjusted net profit amounted to euro 902 million, representing a reduction of euro 1,353 million from the second quarter of 2008, down 60%. For the first half, adjusted net profit amounted to euro 2,661 million, a reduction of euro 2,635 million from the first half of 2008 (down 49.8%). Second quarter adjusted net profit is calculated by excluding an inventory holding profit of euro 143 million and special charges of euro 213 million net, resulting in an overall adjustment equal to an increase of euro 70 million. For the first half, adjusted net profit excludes an inventory holding profit of euro 52 million and special gains of euro 23 million net, resulting in an overall adjustment equal to a decrease of euro 75 million. Special charges related mainly to the impairment of oil & gas properties in the Exploration & Production division, a number of petrochemicals plants and the goodwill recognized on marketing assets in the Refining & Marketing division as well as environmental and other risk provisions. Special gains related to re-measurement gains recorded on fair value evaluation of certain non-hedging commodity derivatives and, in the first half, gains on the divestment of certain oil & gas properties to the partner Suez.

*Results by division*

The decline in the Group adjusted net profit reflected lower results mainly reported by the Exploration & Production and the Refining & Marketing divisions.

**Exploration & Production**

The Exploration & Production division net results (down euro 1,027 million or 50.5% in the second quarter; down euro 2,157 million or 53% in the first half) were affected by a lower operating performance (down euro 2,898 million or 58.4% in the second quarter; down euro 5,015 million or 54.2% in the first half) driven by lower oil and gas realizations in dollar terms (down 48.2% and 35.4%, respectively in the second quarter; down 49.5% and 16.9%, respectively in the first half) and lower sales volumes (down 2.7 million boe or 1.7% in the second quarter; down 5.5 million boe, or 1.8% in the first half). These declines were partially offset by the positive impact of the depreciation of the euro against the dollar (down 12.8% in the second quarter and down 12.9% in the first half).

**Refining & Marketing**

The Refining & Marketing division reported an adjusted operating loss in the second quarter of euro 106 million (down euro 203 million), reversing a prior year profit of euro 97 million. In the first half, it reported an adjusted operating loss of euro 51 million, down euro 160 million from the first half of 2008. These declines were driven by sharply lower refining margins as a result of an unfavorable trading environment. This negative trend was partly offset by an improved operating performance delivered by marketing activities in Italy. Net results were down by euro 170 million and euro 155 million respectively in the second quarter and first half of 2009.

**Gas & Power**

In the second quarter the Gas & Power division achieved an increased adjusted net profit (up euro 98 million, or 24.6%) driven by better operating performance (up euro 61 million, or 9.7%). The main positive trends behind this were the favorable trading environment as a result of the euro/dollar exchange rate trend and movements in energy parameters, as well as the circumstance that certain operating expenses were incurred in the second

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quarter of 2008 and mainly related to a claim filed by the Authority for Electricity and Gas which reverted application of a favorable tariff regime on electricity productions. On the negative side, marketed volumes were lower from a year ago mainly on the Italian market. Regulated businesses in Italy reported higher results due to the positive performance of the Distribution activity while the results of International transport and of equity-accounted entities were negatively affected by lower gas demand.

In the first half, the division result (down euro 174 million, or 10.5%) was affected by a weaker operating performance (down euro 242 million or 10.5%) as marketing and power generation volumes decreased due to lower demand that was affected by the economic slowdown, particularly in Italy. This reduction also reflected a negative impact associated with the settlement of certain non-hedging commodity derivatives resulting in a deeper loss of euro 117 million relating to amounts of gas and electricity that the Gas & Power division expects to supply at fixed prices in future periods. Under applicable accounting principles, the Company is not allowed to bring forward this derivative impact to the future reporting periods where the associated revenues are expected to be recognized. In order to assist investors in assessing this business trend, the Company discloses as an alternative measure of performance, the Gas & Power EBITDA pro-forma adjusted that is used internally to evaluate underlying performance of the Marketing business (see page 20 below). When measured against this performance indicator, the Gas & Power division reported steady results compared to the first half of 2008. The negative trends in the marketing activities were partly offset by a favorable trading environment. Also the results of the Regulated businesses in Italy, International transport and of equity-accounted entities were negatively affected by lower gas demand.

**Engineering & Construction**

The Engineering & Construction division reporting improved net profit (up euro 23 million or 11.3% in the second quarter; up euro 81 million or 22% in the first half) driven by better operating performance (up euro 44 million in the second quarter up euro 102 million in the first half) driven by the large number of ongoing oil & gas projects that were started during the upward phase of the oil cycle.

**Petrochemicals**

In the second quarter the Petrochemicals division reported a net loss of euro 114 million down euro 17 million. In the first half the net loss amounted to euro 209 million, down euro 47 million. These losses were due to a deteriorating operating performance (unchanged in the second quarter; down euro 41 million in the first half), reflecting lower demand in its end-markets, which negatively affected both volumes and margins.

**Table of Contents****Liquidity and capital resources**  
*Summarized Group Balance Sheet*

(euro million)	December 31, 2008	March 31, 2009	June 30, 2009	Change vs Dec. 31, 2008	Change vs Mar. 31, 2009
Fixed assets	74,461	78,179	77,871	3,410	(308)
Net working capital	(9,437)	(11,797)	(8,409)	1,028	3,388
Equity instruments	2,741	3,034		(2,741)	(3,034)
Provisions for employee benefits	(947)	(950)	(966)	(19)	(16)
Non-current assets held for sale including related net borrowings	68	68	68		
<b>Capital employed, net</b>	<b>66,886</b>	<b>68,534</b>	<b>68,564</b>	<b>1,678</b>	<b>30</b>
Shareholders' equity including minority interest	48,510	52,006	50,209	1,699	(1,797)
Net borrowings	18,376	16,528	18,355	(21)	1,827
<b>Total liabilities and shareholders' equity</b>	<b>66,886</b>	<b>68,534</b>	<b>68,564</b>	<b>1,678</b>	<b>30</b>

**Fixed assets** amounted to euro 77,871 million, representing an increase of euro 3,410 million from December 31, 2008. This increase reflected capital expenditures incurred in the period (euro 6,844 million) and recognition of the share of goodwill associated with the buyout of the Distrigas minorities (euro 903 million), partly offset by depreciation, depletion, amortization and impairment charges (euro 4,588 million).

**Net working capital** was in negative territory at euro 8,409 million, increasing by euro 1,028 million from December 31, 2008, resulting from the elimination of the put option provided to Publigaz and accounted in the 2008 balance sheet among current liabilities (up euro 1,495 million) as it tendered its Distrigas shares in the course of the mandatory offer on the Distrigas minorities and a decrease in tax payables due to tax payments made in June by Italian subsidiaries offset by income taxes accrued for the half. On the opposite side, inventories of hydrocarbons and trade working capital registered a decrease.

The line item **equity instruments** decreased by an amount corresponding to the book value of a 20% interest in Gazprom Neft (euro 2,741 million at the 2008 balance sheet date) as the Russian company Gazprom exercised its call option on the whole interest based on the arrangements in place with Eni.

The **Group's equity including minorities** increased by euro 1,699 million to euro 50,209 million, reflecting: (i) net profit for the period (euro 3,150 million); (ii) closing of the mandatory public takeover bid on the minorities of Distrigas which determined an increase in shareholders' equity due to the cancellation of the put option awarded to Publigaz SCRL in 2008 (euro 1,495 million); (iii) the Snam Rete Gas' share capital increase subscribed by minorities for euro 1,542 million. These increases were offset by the payment of the balance dividend for fiscal year 2008 to Eni shareholders (euro 2,355 million) as well as dividend payment from certain consolidated subsidiaries to minorities (euro 258 million mainly relating to Saipem and Snam Rete Gas), the elimination of the book value, including their respective share of profit for the period, of the Distrigas minorities who tendered their shares to the public offer (euro 1,146 million) and other negative changes (approximately euro 700 million net of the related tax effect) associated with currency translation differences and losses on fair value evaluation of certain cash flow hedges taken to reserve.

**Table of Contents***Summarized Group Cash Flow Statement*

(euro million)

<b>Second Quarter 2008</b>	<b>First Quarter 2009</b>	<b>Second Quarter 2009</b>		<b>First Half 2008</b>	<b>First Half 2009</b>
<b>5,191</b>	<b>5,443</b>	<b>2,178</b>	<b>Net cash provided by operating activities</b>	<b>9,950</b>	<b>7,621</b>
(3,641)	(3,147)	(3,697)	Capital expenditure	(6,759)	(6,844)
(165)	(2,039)	(175)	Investments and acquisitions of consolidated subsidiaries and business	(1,949)	(2,214)
145	182	3,093	Disposals	473	3,275
257	1,745	(2,258)	Other cash flow related to capital expenditures, investments and disposals	581	(513)
<b>1,787</b>	<b>2,184</b>	<b>(859)</b>	<b>Free cash flow</b>	<b>2,296</b>	<b>1,325</b>
(2,739)		(2,355)	Dividends to Eni shareholders and shares repurchased	(2,930)	(2,355)
(220)	(2)	1,286	Dividends to minorities, shares repurchased and other changes in shareholders equity	(228)	1,284
198	(334)	101	Exchange differences and other changes	624	(233)
<b>(974)</b>	<b>1,848</b>	<b>(1,827)</b>	<b>CHANGE IN NET BORROWINGS</b>	<b>(238)</b>	<b>21</b>

Main cash inflows for the first half of 2009 were: (i) net cash provided by operating activities (euro 7,621 million); (ii) cash proceeds of euro 3,070 million associated with the divestment of a 20% interest in Gazprom Neft following exercise of a call option agreement by Gazprom, plus the collection of the dividend for fiscal year 2008 by same Gazprom Neft for euro 91 million; (iii) the subscription by Snam Rete Gas minorities of a share capital increase amounting to euro 1,542 million; (iv) cash proceeds of euro 205 million mainly associated with the divestment of certain non strategic assets in the Exploration & Production division, following agreements signed with Suez. These funds were used to meet cash requirements associated with: (i) capital expenditure of euro 6,844 million; (ii) execution of a mandatory takeover bid on the Distrigas minorities, including the squeeze-out procedure for a total cash consideration of euro 2,045 million, (iii) payment of the balance dividend for the fiscal year 2008 to Eni shareholders (euro 2,355 million) as well as dividend payment to minorities (euro 258 million, mainly relating to Snam Rete Gas and Saipem). Net borrowings decreased by euro 21 million to euro 18,355 million from December 31, 2008.

**Other information**

*Continuing listing standards provided by article No. 36 of Italian exchanges regulation about issuers that control subsidiaries incorporated or regulated in accordance with laws of extra-EU countries.*

Certain provisions have been recently enacted regulating continuing Italian listing standards of issuers controlling subsidiaries that are incorporated or regulated in accordance with laws of extra-EU countries, also having a material impact on the consolidated financial statements of the parent company.

Regarding the aforementioned provisions, as of June 30, 2009 eight of Eni's subsidiaries – Burren Energy (Bermuda) Ltd, Burren Energy (Congo) Ltd, Eni Congo SA, Eni Norge AS, Eni Petroleum Co Inc, NAOC - Nigerian Agip Oil Co Ltd, Nigerian Agip Exploration Ltd and Trans Tunisian Pipeline Co Ltd – fall within the scope of the new continuing listing standard. Eni has already adopted adequate procedures to ensure full compliance with the new regulation.

*Financial and operating information by division for the second quarter and the first half of 2009 is provided in the following pages.*



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## Exploration &amp; Production

Second Quarter 2008	First Quarter 2009	Second Quarter 2009	% Ch. 2 Q. 09 vs 2 Q. 08		First Half 2008	First Half 2009	% Ch.
<b>RESULTS</b> <sup>(a)</sup> (euro million)							
<b>9,035</b>	<b>6,145</b>	<b>5,683</b>	<b>(37.1)</b>	<b>Net sales from operations</b>	<b>17,721</b>	<b>11,828</b>	<b>(33.3)</b>
<b>4,774</b>	<b>2,374</b>	<b>1,778</b>	<b>(62.8)</b>	<b>Operating profit</b>	<b>9,043</b>	<b>4,152</b>	<b>(54.1)</b>
188	(201)	286		Exclusion of special items:	209	85	
274		220		- <i>asset impairments</i>	310	220	
	(163)	(4)		- <i>gains on disposal of assets</i>		(167)	
1	2	3		- <i>provision for redundancy incentives</i>	2	5	
(86)	(40)	67		- <i>re-measurement gains/losses on commodity derivatives</i>	(102)	27	
(1)				- <i>other</i>	(1)		
<b>4,962</b>	<b>2,173</b>	<b>2,064</b>	<b>(58.4)</b>	<b>Adjusted operating profit</b>	<b>9,252</b>	<b>4,237</b>	<b>(54.2)</b>
13	33	50		Net financial income (expense) <sup>(b)</sup>	32	83	
151	(12)	125		Net income from investments <sup>(b)</sup>	263	113	
(3,091)	(1,286)	(1,231)		Income taxes <sup>(b)</sup>	(5,474)	(2,517)	
60.3	58.6	55.0		Tax rate (%)	57.3	56.8	
<b>2,035</b>	<b>908</b>	<b>1,008</b>	<b>(50.5)</b>	<b>Adjusted net profit</b>	<b>4,073</b>	<b>1,916</b>	<b>(53.0)</b>
Results also include:							
1,708	1,686	1,785	4.5	- amortizations and depreciations	3,233	3,471	7.4
<i>of which:</i>							
492	478	442	(10.2)	exploration expenditures	1,056	920	(12.9)
371	376	394	6.2	- <i>amortization of exploratory drilling expenditures and other</i>	806	770	(4.5)
121	102	48	(60.3)	- <i>amortization of geological and geophysical exploration expenses</i>	250	150	(40.0)
<b>2,281</b>	<b>2,148</b>	<b>2,759</b>	<b>21.0</b>	<b>Capital expenditures</b>	<b>4,364</b>	<b>4,907</b>	<b>12.4</b>
<i>of which:</i>							
453	380	352	(22.3)	- <i>exploratory expenditures</i> <sup>(c)</sup>	981	732	(25.4)
<b>Production</b> <sup>(d) (e)</sup>							
998	1,013	986	(1.2)	Liquids <sup>(f)</sup> (kbb/d)	1,005	1,000	(0.5)
4,442	4,398	4,290	(4.0)	Natural gas (mmcf/d)	4,472	4,344	(3.1)
<b>1,772</b>	<b>1,779</b>	<b>1,733</b>	<b>(2.2)</b>	<b>Total hydrocarbons</b> (kboe/d)	<b>1,784</b>	<b>1,756</b>	<b>(1.6)</b>
<b>Average realizations</b>							
105.02	42.09	54.43	(48.2)	Liquids <sup>(f)</sup> (\$/bbl)	95.71	48.30	(49.5)
7.78	7.06	5.03	(35.4)	Natural gas (\$/mmcf)	7.29	6.05	(16.9)
80.32	41.46	44.20	<b>(45.0)</b>	<b>Total hydrocarbons</b> (\$/boe)	<b>73.11</b>	<b>42.83</b>	<b>(41.4)</b>
<b>Average oil market prices</b>							
121.38	44.40	58.79	(51.6)	Brent dated (\$/bbl)	109.14	51.60	(52.7)
77.71	34.10	43.16	(44.5)	Brent dated (euro/bbl)	71.33	38.74	(45.7)
123.98	42.97	59.54	(52.0)	West Texas Intermediate (\$/bbl)	110.96	51.26	(53.8)
401.88	161.39	131.02	(67.4)	Gas Henry Hub (\$/kcm)	353.50	146.20	(58.6)

- (a) From January 1, 2009, results of the gas storage business are reported within the Gas & Power segment reporting unit following restructuring of Eni's regulated gas businesses in Italy. Prior period results have been restated accordingly.
- (b) Excluding special items.
- (c) Includes exploration bonuses.
- (d) Supplementary operating data is provided on page 41.
- (e) Includes Eni's share of production of equity-accounted entities.
- (f) Includes condensates.

## Results

The Exploration & Production division reported adjusted operating profit amounting to euro 2,064 million for the **second quarter of 2009**, representing a decrease of euro 2,898 million from the second quarter 2008, down 58.4%, mainly driven by lower oil and gas realizations in dollars (down 48.2% and 35.4%, respectively). In addition, the business reported lower production sales volumes (down 2.7 million boe or 1.7%). These negatives were partly offset by a positive impact associated with the depreciation of the euro over the dollar (up approximately euro 300 million).

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Special charges excluded from the adjusted operating profit amounted to euro 286 million and mainly regarded impairments of oil & gas properties in the Gulf of Mexico, Nigeria and Egypt triggered by a revision of the commodity price scenario, as well as the re-measurement gains recorded on fair value evaluation of the ineffective portion of certain cash flow hedges.

Adjusted net profit decreased by euro 1,027 million to euro 1,008 million from the second quarter of 2008 due to a weaker operating performance and lower results from equity-accounted entities. The negatives were partly offset by a lower tax rate from 60.3% to 55%.

Adjusted operating profit for the **first half of 2009** was euro 4,237 million, a decrease of euro 5,015 million from the first half of 2008, down 54.2%, mainly driven by lower oil and gas realizations in dollars (down 49.5% and 16.9% respectively). Results for the period were also affected by lower production sales volumes (down 5.5 mboe) and higher amortization charges in connection with development activities. These negatives were partly offset by the depreciation of the euro over the dollar (approximately euro 600 million).

Adjusted net profit amounted to euro 1,916 million for the first half of 2009, with a reduction of euro 2,157 million (down 53%) due to a weaker operating performance and lower results from equity-accounted entities.

Special charges excluded by the adjusted operating profit of the first half of 2009 (euro 85 million) mainly regarded impairments of oil & gas properties in the Gulf of Mexico, Nigeria and Egypt, gains on the divestment of certain exploration and production assets as part of the agreements signed with Suez as well as the re-measurement gains recorded on fair value evaluation of the ineffective portion of certain cash flow hedges.

**Operating review**

Hydrocarbon production for the **second quarter of 2009** (1,733 kboe/d) decreased by 39 kboe/d from the second quarter 2008 (down 2.2%) mainly due to OPEC production cuts (down approximately 30 kboe/d), continuing security issues in West Africa, lower production uplifts associated with weak European gas demand and mature field declines. Those negatives were partially offset by continuing production ramp-up in Angola, Congo and Venezuela, a better performance in Kazakhstan and the positive price impact reported in the Company's PSAs (up approximately 60 kboe/d). The share of oil and natural gas produced outside Italy was 90% (88% in the second quarter of 2008).

Liquids production was 986 kbb/d, a decrease of 12 kbb/d from the second quarter of 2008, or 1.2%. Mature fields decline, mainly in Italy and in the North Sea, were partly offset by production increases achieved in Angola, benefiting from production ramp-up at the Saxi-Batuque fields (20%), in Congo, due to the development of the Ikalou (100%) and Awa Paloukou (90%) projects, in Venezuela due to the Corocoro production start-up (26%). Also Kazakhstan operations delivered better field performance and higher entitlements were reported in the Company PSAs as a result of lower oil prices.

Natural gas production (4,290 mmcf/d) decreased by 152 mmcf/d, or 4%. Main reductions were recorded in Libya, Italy and Nigeria. Increases were recorded in the Gulf of Mexico due to the lower facility downtime, in Kazakhstan and in Congo due to the start-up of the M Boundi field gas project (83%).

Hydrocarbon production for the **first half of 2009** (1,756 kboe/d) decreased by 28 kboe/d from the first half 2008 (down 1.6%) mainly due to OPEC production cuts (down approximately 30 kboe/d), continuing security issues in Nigeria, lower production uplifts associated with weak European gas demand and mature field declines. Those negatives were partially offset by continuing production ramp-up in Angola, Congo, the Gulf of Mexico, Egypt and Venezuela, and the positive price impact reported in the Company's PSAs (up approximately 60 kboe/d). The share of

oil and natural gas produced outside Italy was 90% (89% in the first half of 2008).

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Liquids production was 1,000 kbb/d, a decrease of 5 kbb/d from the first half of 2008, or 0.5%. Mature fields decline, mainly in Italy and in the North Sea, were partly offset by production increases achieved in Angola, Congo and Venezuela, as well as higher entitlements were reported in the Company PSAs as a result of lower oil prices.

Natural gas production (4,344 mmcf/d) decreased by 128 mmcf/d, or 3.1%, mainly in Italy, Nigeria and Libya. Increases were recorded in the Gulf of Mexico and in Congo, due to above mentioned causes.

**Liquids and gas realizations** for the quarter decreased on average by 45% in dollar terms (down 41.4% in the first half) driven by lower oil prices (Brent declined by 51.6% and 52.7% in the second quarter and first half, respectively). Eni's average oil realizations were increased by 0.13 \$/bbl (0.79 \$/bbl in the first half) due to the settlement of certain commodity derivatives relating to the sale of 10.5 mmbbl in the second quarter (21 mmbbl in the first half). This was part of a derivative transaction the Company entered into to hedge exposure to 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 58.7 mmbbl by end of June 2009. These hedging transactions were undertaken in connection with the acquisition of oil and gas assets in Congo and in the Gulf of Mexico that were executed in 2007. Excluding this impact, liquid realizations would have been \$54.30 per barrel (\$47.51 per barrel in the first half).

Eni's average gas realizations decreased by 35.4% in the quarter (down 16.9% in the first half) showing a slower pace of decline due to time lags between movements in oil prices and their effect on gas prices provided in pricing formulae.

Second Quarter 2008	First Quarter 2009	Second Quarter 2009			First Half 2008	2009
94.5	92.9	94.1	Sales volumes	(mmbbl)	182.6	187.0
11.5	10.5	10.5	Sales volumes hedged by derivatives (cash flow hedge)		23.0	21.0
112.03	40.63	54.30	Average realized price per barrel, excluding derivatives	(\$/bbl)	101.41	47.51
(7.01)	1.46	0.13	Realized gains (losses) on derivatives		(5.70)	0.79
105.02	42.09	54.43	Average realized price per barrel		95.71	48.30

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## Gas &amp; Power

Second Quarter 2008	First Quarter 2009	Second Quarter 2009	% Ch. 2 Q. 09 vs 2 Q. 08		First Half 2008	First Half 2009	% Ch.
<b>RESULTS</b> <sup>(a)</sup> (euro million)							
<b>7,021</b>	<b>11,849</b>	<b>5,619</b>	<b>(20.0)</b>	<b>Net sales from operations</b>	<b>16,971</b>	<b>17,468</b>	<b>2.9</b>
<b>690</b>	<b>1,253</b>	<b>863</b>	<b>25.1</b>	<b>Operating profit</b>	<b>2,425</b>	<b>2,116</b>	<b>(12.7)</b>
(61)	276	18		Exclusion of inventory holding (gains) losses	(138)	294	
	(166)	(191)		Exclusion of special items:	8	(357)	
14	2	15		- environmental charges	14	17	
		(5)		- gains on disposal of assets	(5)		
4	3	5		- provision for redundancy incentives	7	8	
(16)	(171)	(206)		- re-measurement gains/losses on commodity derivatives	(11)	(377)	
(2)				- other	(2)		
<b>629</b>	<b>1,363</b>	<b>690</b>	<b>9.7</b>	<b>Adjusted operating profit</b>	<b>2,295</b>	<b>2,053</b>	<b>(10.5)</b>
149	774	213	43.0	Marketing	1,106	987	(10.8)
349	469	390	11.7	Regulated businesses in Italy <sup>(a)</sup>	933	859	(7.9)
131	120	87	(33.6)	International transport	256	207	(19.1)
(3)	(6)	(6)		Net finance income (expense) <sup>(b)</sup>	(8)	(12)	
98	100	62		Net income from investments <sup>(b)</sup>	233	162	
(325)	(469)	(249)		Income taxes <sup>(b)</sup>	(861)	(718)	
44.9	32.2	33.4		Tax rate (%)	34.2	32.6	
<b>399</b>	<b>988</b>	<b>497</b>	<b>24.6</b>	<b>Adjusted net profit</b>	<b>1,659</b>	<b>1,485</b>	<b>(10.5)</b>
<b>519</b>	<b>390</b>	<b>361</b>	<b>(30.4)</b>	<b>Capital expenditures</b>	<b>969</b>	<b>751</b>	<b>(22.5)</b>
<b>Natural gas sales</b> (bcm)							
<b>18.84</b>	<b>28.36</b>	<b>17.33</b>	<b>(8.0)</b>	<b>Sales of consolidated subsidiaries</b>	<b>45.28</b>	<b>45.69</b>	<b>0.9</b>
11.61	13.21	7.90	(32.0)	Italy (includes own consumption)	28.57	21.11	(26.1)
6.96	15.03	9.17	31.8	Rest of Europe	16.32	24.20	48.3
0.27	0.12	0.26	(3.7)	Outside Europe	0.39	0.38	(2.6)
<b>1.84</b>	<b>2.50</b>	<b>1.67</b>	<b>(9.2)</b>	<b>Eni's share of sales of natural gas of affiliates</b>	<b>4.47</b>	<b>4.17</b>	<b>(6.7)</b>
<b>20.68</b>	<b>30.86</b>	<b>19.00</b>	<b>(8.1)</b>	<b>Total sales and own consumption (G&amp;P)</b>	<b>49.75</b>	<b>49.86</b>	<b>0.2</b>
1.48	1.49	1.46	(1.4)	E&P in Europe and in the Gulf of Mexico	3.32	2.95	(11.1)
<b>22.16</b>	<b>32.35</b>	<b>20.46</b>	<b>(7.7)</b>	<b>Worldwide gas sales</b>	<b>53.07</b>	<b>52.81</b>	<b>(0.5)</b>
<b>20.15</b>	<b>20.29</b>	<b>17.81</b>	<b>(11.6)</b>	<b>Gas volumes transported in Italy</b> (bcm)	<b>45.38</b>	<b>38.10</b>	<b>(16.0)</b>
11.90	10.42	9.62	(19.2)	Eni	27.23	20.04	(26.4)
8.25	9.87	8.19	(0.7)	On behalf of third parties	18.15	18.06	(0.5)
<b>7.21</b>	<b>7.78</b>	<b>7.57</b>	<b>5.0</b>	<b>Electricity sold</b> (TWh)	<b>15.37</b>	<b>15.35</b>	<b>(0.1)</b>

(a) From January 1, 2009, results of the gas storage business are reported within the Gas & Power segment reporting unit, within the regulated businesses results, following restructuring of Eni regulated gas businesses in Italy. As of that date, the results of the regulated businesses in Italy therefore include results of the Transport, Distribution, Re-gasification and Storage activities in Italy. Prior period results have been restated accordingly.

(b) Excluding special items.

## Results

In the **second quarter of 2009** the Gas & Power division reported adjusted operating profit of euro 690 million, an increase of euro 61 million or 9.7% from the second quarter of 2008, driven by a better performance achieved by the Marketing business. The Marketing performance also benefited from the impact of the settlement of certain non-hedging commodity derivatives resulting in a larger gain of euro 37 million relating to amounts of gas and electricity that the Gas & Power division expects to supply at fixed prices in future periods. Under applicable accounting principles, the Company is not allowed to bring forward this derivative impact to the future reporting periods where the associated revenues are expected to be recognized. In order to assist investors in assessing this business trend, the Company discloses as an alternative measure of performance, the Gas & Power EBITDA pro-forma adjusted that is used internally to evaluate underlying performance of the Marketing business (see page 20 below). When measured against this performance indicator, the Gas & Power division confirmed positive trends in the Marketing business for the second quarter of 2009.

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Special items excluded from the adjusted operating profit amounted to euro 191 million, and mainly related to re-measurement gains recorded on fair value evaluation of certain non-hedging commodity derivatives (euro 206 million) in marketing activities.

Adjusted net profit for the second quarter of 2009 was euro 497 million, increasing by euro 98 million from the second quarter of 2008 (up 24.6%) due to the improvement achieved in the operating performance and to lower taxes currently payable. These positives were partly offset by lower earnings reported by equity-accounted entities.

In the **first half of 2009** the Gas & Power division reported adjusted operating profit of euro 2,053 million, a decrease of euro 242 million or 10.5% from the first half of 2009, mainly due to lower results recorded by marketing activities due to a weaker gas and electricity demand, particularly in Italy. This reduction also reflected a negative impact associated with the settlement of certain non-hedging commodity derivatives resulting in a deeper loss of euro 117 million relating to amounts of gas and electricity that the Gas & Power division expects to supply at fixed prices in future periods. Under applicable accounting principles, the Company is not allowed to bring forward this derivative impact to the future reporting periods where the associated revenues are expected to be recognized. In order to assist investors in assessing this business trend, the Company discloses as an alternative measure of performance, the Gas & Power EBITDA pro-forma adjusted that is used internally to evaluate underlying performance of the Marketing business (see page 20 below). When measured against this performance indicator, the Gas & Power division reported steady results compared to the first half of 2008.

Regulated Businesses in Italy and International Transport results were lower.

Special items excluded from operating profit amounted to euro 357 million, and related mainly to re-measurement gains recorded on fair value evaluation of certain non-hedging commodity derivatives (euro 377 million) in marketing activities.

Adjusted net profit for the first half of 2009 was euro 1,485 million, declining by euro 174 million from the first half of 2008 (down 10.5%) due to a weaker operating performance, as well as lower earnings reported by equity-accounted entities, partly offset by lower taxes currently payable.

## **Operating review**

### *Marketing*

This business reported **adjusted operating profit** of euro 213 million for the **second quarter of 2009**, representing an increase of euro 64 million from the second quarter of 2008 mainly due to:

- a favorable trading environment associated with trends in the euro/dollar exchange rate and movements in energy parameters;
- the circumstance that certain operating expenses were incurred in the second quarter of 2008 and mainly related to a claim filed by the Authority for Electricity and Gas which reverted application of a favorable tariff regime on electricity productions.

These positives were partly offset by lower sales volumes of gas reported by consolidated subsidiaries (down 8%) driven by the economic downturn that particularly affected the Italian market (down 32%). In addition the settlement of certain non-hedging commodity derivatives resulted in a larger gain of euro 37 million charged to profit, which related to amounts of gas and electricity that the Gas & Power division expects to supply at fixed prices in future periods. Under applicable accounting principles, the Company is not allowed to bring forward this derivative impact to the future reporting periods where the associated revenues are expected to be recognized. In order to assist investors in assessing this business trend, the Company discloses as an alternative measure of performance, the Gas & Power EBITDA pro-forma adjusted that is used internally to evaluate underlying performance of the Marketing business (see



page 20 below). When measured against this performance indicator, the Gas & Power division confirmed positive trends in the Marketing business for the second quarter of 2009.

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Marketing business reported adjusted operating profit of euro 987 million for the **first half of 2009**, a decrease of euro 119 million from first half of 2008 mainly due to lower sales volumes reported by consolidated subsidiaries as a result of the economic downturn that particularly hit the Italian market where volumes were down 26.1%.

This reduction also reflected a negative impact associated with the settlement of certain non-hedging commodity derivatives resulting in a deeper loss of euro 117 million relating to amounts of gas and electricity that the Gas & Power division expects to supply at fixed prices in future periods. Under applicable accounting principles, the Company is not allowed to bring forward this derivative impact to the future reporting periods where the associated revenues are expected to be recognized. In order to assist investors in assessing this business trend, the Company discloses as an alternative measure of performance, the Gas & Power EBITDA pro-forma adjusted that is used internally to evaluate underlying performance of the Marketing business (see page 20 below). When measured against this performance indicator, the Gas & Power division reported steady results compared to the first half of 2008. These negatives were partly offset by the positive trend results associated with favorable movements in energy parameters and the circumstance that certain operating expenses were incurred a year ago.

**NATURAL GAS SALES BY MARKET**

(bcm)

<b>Second Quarter 2008</b>	<b>First Quarter 2009</b>	<b>Second Quarter 2009</b>	<b>% Ch. 2 Q. 09 vs 2 Q. 08</b>		<b>First Half 2008</b>	<b>First Half 2009</b>	<b>% Ch.</b>
<b>11.61</b>	<b>13.21</b>	<b>7.90</b>	<b>(32.0)</b>	<b>ITALY</b>	<b>28.60</b>	<b>21.11</b>	<b>(26.2)</b>
1.24	2.81	0.94	(24.2)	- Wholesalers	4.45	3.75	(15.7)
1.02	0.41	0.24	(76.5)	- Gas release	2.12	0.65	(69.3)
0.37	0.10	0.29	(21.6)	- Italian exchange for gas and spot markets	0.52	0.39	(25.0)
2.56	2.60	2.09	(18.4)	- Industries	5.80	4.69	(19.1)
2.46	2.12	1.97	(19.9)	<i>Industries</i>	5.21	4.09	(21.5)
0.10	0.48	0.12	20.0	<i>Medium-sized enterprises and services</i>	0.59	0.60	1.7
4.27	2.65	2.35	(45.0)	- Power generation	9.04	5.00	(44.7)
0.82	3.13	0.74	(9.8)	- Residential	3.72	3.87	4.0
1.33	1.51	1.25	(6.0)	- Own consumption	2.95	2.76	(6.4)
<b>10.55</b>	<b>19.14</b>	<b>12.56</b>	<b>19.1</b>	<b>INTERNATIONAL SALES</b>	<b>24.47</b>	<b>31.70</b>	<b>29.5</b>
<b>8.45</b>	<b>17.18</b>	<b>10.65</b>	<b>26.0</b>	<b>Rest of Europe</b>	<b>20.01</b>	<b>27.83</b>	<b>39.1</b>
3.04	3.41	2.36	(22.4)	- Importers in Italy	6.84	5.77	(15.6)
5.41	13.77	8.29	53.2	- European target markets	13.17	22.06	67.5
1.71	1.55	1.70	(0.6)	<i>Iberian Peninsula</i>	3.63	3.25	(10.5)
1.01	1.73	0.95	(5.9)	<i>Germany-Austria</i>	2.65	2.68	1.1
	5.10	2.16	..	<i>Belgium</i>		7.26	..
0.35	1.29	0.17	(51.4)	<i>Hungary</i>	1.59	1.46	(8.2)
0.79	0.97	1.01	27.8	<i>North Europe</i>	1.47	1.98	34.7
1.05	1.30	1.02	(2.9)	<i>Turkey</i>	2.64	2.32	(12.1)
0.45	1.34	1.02	..	<i>France</i>	1.03	2.36	..
0.05	0.49	0.26	..	<i>Other</i>	0.16	0.75	..
<b>0.62</b>	<b>0.47</b>	<b>0.45</b>	<b>(27.4)</b>	<b>Extra European markets</b>	<b>1.14</b>	<b>0.92</b>	<b>(19.3)</b>
<b>1.48</b>	<b>1.49</b>	<b>1.46</b>	<b>(1.4)</b>	<b>E&amp;P in Europe and in the Gulf of Mexico</b>	<b>3.32</b>	<b>2.95</b>	<b>(11.1)</b>
<b>22.16</b>	<b>32.35</b>	<b>20.46</b>	<b>(7.7)</b>	<b>WORLDWIDE GAS SALES</b>	<b>53.07</b>	<b>52.81</b>	<b>(0.5)</b>

In the **second quarter of 2009** natural gas sales were 20.46 bcm, a decrease of 1.70 bcm from the second quarter of 2008, down 7.7%, driven by sharply lower gas demand in Europe, particularly in Italy, caused by the economic

downturn. This negative was partly offset by the contribution of the Distrigas acquisition (up 2.67 bcm). Sales included own consumption, Eni's share of sales made by equity-accounted entities and upstream sales in Europe and the Gulf of Mexico.

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Sales volumes on the Italian market declined by 3.71 bcm, or 32%, to 7.90 bcm driven by sharply lower supplies to the power generation business (down 1.92 bcm) and, to a lesser extent, to industrial customers (down 0.47 bcm) dragged down by a deep fall in industrial production, and wholesalers (down 0.30 bcm). Lower sales to power generation customers were also caused by greater use of water basins in the production of electricity thus replacing gas-fired production. Sales volumes to the residential sector registered a slight reduction (down 0.08 bcm).

International sales were up 2.01 bcm, or 19.1%, to 12.56 bcm, benefiting from the contribution of Distrigas (up 2.67 bcm).

Organic growth was achieved in a number of European markets, including the French market where ongoing marketing initiatives and a growing customer base helped boost sales (up 0.27 bcm) and in Northern Europe (up 0.22 bcm). Lower sales volumes were recorded in Hungary (down 0.18 bcm) and Germany-Austria markets (down 0.10 bcm). Sales to importers to Italy were also lower (down by 0.68 bcm) reflecting a difficult market situation.

In the **first half of 2009 natural gas sales** were 52.81 bcm, a decrease of 0.26 bcm from the first half of 2008, down 0.5%, due to sharply lower gas demand in Europe caused by the economic downturn. This negative was partly offset by the contribution of the Distrigas acquisition (up 8.53 bcm). Sales included own consumption, Eni's share of sales made by equity-accounted entities and upstream sales in Europe and the Gulf of Mexico.

In Italy, sales volumes decreased by 7.49 bcm, or 26.2%, to 21.11 bcm reflecting sharply lower supplies to power generation (down 4.04 bcm) and industrial customers (down 1.12 bcm) due to a decline in industrial production and to a lesser extent, to wholesalers (down 0.70 bcm) also reflecting competitive pressure. Lower sales to power generation customers reflected also a wider use of water basins. These negatives were partly offset by increased volumes to the residential sector (up 0.15 bcm) mainly due to stronger weather-related sales.

International sales were up 7.23 bcm, or 29.5%, to 31.70 bcm, benefiting from the contribution of Distrigas. In addition to this positive, organic sales increases were achieved in a number of European markets, including France (up 0.62 bcm) and Northern Europe (up 0.51 bcm). Lower volumes were reported in supplies to importers to Italy (down 1.07 bcm) as a result of the weak demand outlook in that country, in the Exploration & Production segment sales in particular in Europe (down 0.37 bcm or 11.1%), and in certain European markets, mainly in the Iberian Peninsula (down 0.38 bcm) and Turkey (down 0.32 bcm).

In the second quarter of 2009, **electricity sales** increased to 7.57 TWh, up 5%, driven by higher volumes traded. A negative trend was recorded by lower availability of electricity production volumes. Increased volumes mainly related to higher sales on open markets and to the Italian Power Exchange.

In the first half of 2009 **electricity sales** of 15.35 TWh were in line with the same period of 2008.

*Regulated businesses in Italy*

These businesses reported **adjusted operating profit** of euro 390 million for the **second quarter of 2009**, up euro 41 million, or 11.7% from the same period of 2008 due to increased results reported by the Distribution business (up euro 57 million). This trend was mainly driven by a new tariff mechanism set by the Authority for electricity and gas effective from January 1, 2009 which provided for elimination of the commodity component of the tariff resulting in a revenue profile that is largely unaffected by seasonal swings in volumes of gas distributed.

This positive was partly offset by the decline in Transport activities which were negatively affected by lower volumes as a result of the weak gas demand in Italy (down euro 26 million). On the positive side, results benefited from tariff increases associated with new capital expenditures.

The Storage business reported adjusted operating profit of euro 42 million for the second quarter of 2009 (euro 32 million in the second quarter of 2008).

Regulated businesses in Italy reported **adjusted operating profit** of euro 859 million for the **first half of 2009**, down euro 74 million, or 7.9% from the same period of 2008 due to weaker results reported by Transport activities (down euro 58 million), caused by a decline in gas demand in Italy, and by Distribution business (down euro 25 million) which

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recorded a negative trend mainly driven by the impact of the above mentioned new tariff mechanism set by the Authority for electricity and gas.

The Storage business reported adjusted operating profit of euro 126 million, a slight increase from the first half of 2008 (euro 117 million).

**Volumes of gas transported in Italy** (17.81 bcm in the second quarter of 2009 and 38.10 bcm in the first half of 2009) decreased by 2.34 bcm, or 11.6%, from the second quarter of 2008 (down 7.28 bcm from the first half of 2008) due to lower gas deliveries to all market segments associated with the current economic downturn.

In the first half of 2009, 4.3 bcm were input to Company's **storage** deposits (3.1 bcm on the second quarter of 2008), an increase of 1.2 bcm compared to the same period of 2008.

*International Transport*

This business reported **adjusted operating profit** of euro 87 million for the **second quarter of 2009** (euro 207 million for the first half of 2009), representing a decrease of euro 44 million or 33.6% from the second quarter of 2008 mainly due to the recognition of the costs incurred to repair and restore to full capacity the underwater TMPC pipeline that was damaged in an accident occurred in December 2008.

**Other performance indicators**

(euro million)

Second Quarter 2008	First Quarter 2009	Second Quarter 2009	% Ch. 2 Q. 09 vs 2 Q. 08		First Half 2008	First Half 2009	% Ch.
<b>806</b>	<b>1,720</b>	<b>821</b>	<b>1.9</b>	<b>Pro-forma adjusted EBITDA</b>	<b>2,583</b>	<b>2,541</b>	<b>(1.6)</b>
345	1,184	374	8.4	Marketing	1,534	1,558	1.6
<i>1</i>	<i>175</i>	<i>(15)</i>		<i>of which: +/- adjustment on commodity derivatives</i>	<i>(2)</i>	<i>160</i>	
268	343	301	12.3	Regulated businesses in Italy	680	644	(5.3)
193	193	146	(24.4)	International transport	369	339	(8.1)

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 certain impacts associated with derivatives instruments as discussed below.

This performance indicator include adjusted EBITDA of Eni's wholly owned subsidiaries and Eni's share of adjusted EBITDA generated by certain affiliates which are accounted for under the equity method for IFRS purposes.

The EBITDA of Snam Rete Gas is included according to Eni's share of equity (55.58% as of June 30, 2009, which takes into account the amount of own shares held in treasury by the subsidiary itself) although being fully consolidated when preparing consolidated financial statements in accordance with IFRS, due to its status of listed company. Also results of Italgas SpA and Stoccaggi Gas SpA are included according to the same share of equity as Snam Rete Gas due to closing of the restructuring deal which involved Eni's regulated business in the Italian gas sector whereby the parent company Eni SpA divested the entire share capital of the two subsidiaries to Snam Rete Gas.

In order to calculate the EBITDA proforma adjusted, the adjusted operating profit of the marketing business is 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. Those are entered into by the Company in view of certain amounts of gas and electricity that the Company expects to supply at fixed prices in future periods. The impact of those derivatives is allocated to the EBITDA pro-forma adjusted relating to the reporting periods during which those supplies at fixed prices are recognized.

Management believes that the EBITDA pro-forma adjusted is an important alternative measure to assess the performance of Eni's Gas & Power division taking account of evidence that this division is comparable to European utilities in the gas and power generation sector. This measure is provided with the intent 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.

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## Refining &amp; Marketing

Second Quarter 2008	First Quarter 2009	Second Quarter 2009	% Ch. 2 Q. 09 vs 2 Q. 08		First Half 2008	First Half 2009	% Ch.
<b>RESULTS</b> (euro million)							
<b>13,281</b>	<b>6,386</b>	<b>7,735</b>	<b>(41.8)</b>	<b>Net sales from operations</b> <sup>(a)</sup>	<b>24,240</b>	<b>14,121</b>	<b>(41.7)</b>
<b>561</b>	<b>240</b>	<b>47</b>	<b>(91.6)</b>	<b>Operating profit</b>	<b>776</b>	<b>287</b>	<b>(63.0)</b>
(609)	(209)	(258)		Exclusion of inventory holding (gains) losses	(816)	(467)	
145	24	105		Exclusion of special items:	149	129	
	7	15		- <i>environmental charges</i>	6	22	
149	6	46		- <i>asset impairments</i>	149	52	
	(1)	2		- <i>gains on disposal of assets</i>	1		
		15		- <i>risk provisions</i>		15	
4	5	3		- <i>provision for redundancy incentives</i>	6	8	
1	7	24		- <i>re-measurement gains/losses on commodity derivatives</i>		31	
(9)				- <i>other</i>	(12)		
<b>97</b>	<b>55</b>	<b>(106)</b>	<b>..</b>	<b>Adjusted operating profit</b>	<b>109</b>	<b>(51)</b>	<b>..</b>
2	35	4		Net income from investments <sup>(b)</sup>	64	39	
(28)	(22)	3		Income taxes <sup>(b)</sup>	(49)	(19)	
28.3	24.4	2.9		Tax rate (%)	28.3	..	
<b>71</b>	<b>68</b>	<b>(99)</b>	<b>..</b>	<b>Adjusted net profit</b>	<b>124</b>	<b>(31)</b>	<b>..</b>
<b>201</b>	<b>85</b>	<b>132</b>	<b>(34.3)</b>	<b>Capital expenditures</b>	<b>350</b>	<b>217</b>	<b>(38.0)</b>
<b>Global indicator refining margin</b>							
8.04	5.34	3.61	(55.1)	Brent (\$/bbl)	5.93	4.47	(24.6)
5.15	4.10	2.65	(48.5)	Brent (euro/bbl)	3.88	3.36	(13.4)
11.25	6.28	3.90	(65.3)	Brent/Ural (\$/bbl)	8.64	5.09	(41.1)
<b>Refining throughputs and sales</b> (mmtonnes)							
<b>6.34</b>	<b>5.72</b>	<b>5.91</b>	<b>(6.8)</b>	<b>Refining throughputs of wholly-owned refineries</b>	<b>12.69</b>	<b>11.63</b>	<b>(8.4)</b>
7.39	7.05	7.11	(3.8)	Refining throughputs on own account Italy	14.91	14.16	(5.0)
1.31	1.28	1.21	(7.6)	Refining throughputs on own account Rest of Europe	2.74	2.49	(9.1)
<b>8.70</b>	<b>8.33</b>	<b>8.32</b>	<b>(4.4)</b>	<b>Refining throughputs on own account</b>	<b>17.65</b>	<b>16.65</b>	<b>(5.7)</b>
2.18	2.10	2.31	6.0	Retail sales Italy	4.24	4.41	4.0
0.82	0.69	0.76	(7.3)	Retail sales Rest of Europe	1.61	1.45	(9.9)
<b>3.00</b>	<b>2.79</b>	<b>3.07</b>	<b>2.3</b>	<b>Total retail sales in Europe</b>	<b>5.85</b>	<b>5.86</b>	<b>0.2</b>
2.80	2.41	2.25	(19.6)	Wholesale Italy	5.36	4.66	(13.1)
1.02	0.91	0.85	(16.7)	Wholesale Rest of Europe	1.92	1.76	(8.3)
<b>3.82</b>	<b>3.32</b>	<b>3.10</b>	<b>(18.8)</b>	<b>Total wholesale in Europe</b>	<b>7.28</b>	<b>6.42</b>	<b>(11.8)</b>
0.14	0.09	0.12	(14.3)	Wholesale Rest of World	0.28	0.21	(25.0)
4.47	4.77	4.87	8.9	Other sales	9.11	9.64	5.8
<b>11.43</b>	<b>10.97</b>	<b>11.16</b>	<b>(2.4)</b>	<b>Sub-total</b>	<b>22.52</b>	<b>22.13</b>	<b>(1.7)</b>
0.53			..	Iberian Peninsula	1.04		..
<b>11.96</b>	<b>10.97</b>	<b>11.16</b>	<b>(6.7)</b>	<b>SALES</b>	<b>23.56</b>	<b>22.13</b>	<b>(6.1)</b>



Refined product sales by region						
6.72	6.18	6.72		Italy	14.31	12.90 (9.9)
2.37	1.60	1.61	(32.1)	Rest of Europe	4.57	3.21 (29.8)
2.87	3.19	2.83	(1.4)	Rest of World	4.68	6.02 28.6

(a) From January 1, 2009 Eni adopted IFRIC 13 "Customer Loyalty Programmes" providing that the award credits granted to clients within the related loyalty programs should be accounted as a separate component of the basic sale transaction, evaluated at their fair value and recognized as revenues when redeemed. Prior period results have been restated accordingly.

(b) Excluding special items.

## Results

The Refining & Marketing division reported adjusted operating loss amounting to euro 106 million for the **second quarter of 2009**, reversing a prior year profit of euro 97 million. The reduction was mainly driven by sharply lower refining margin as a result of an unfavorable trading environment. Marketing activities delivered an improved operating performance reflecting market share gains posted by the Italian retailing activities supported by effective marketing campaigns and pricing initiatives, partly offset by lower marketed volumes on both wholesale markets in Italy and retail European markets affected by a weak demand.

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Adjusted net loss for the quarter was euro 99 million mainly due to a lower operating performance partly offset by lower income taxes.

The Refining & Marketing division reported an adjusted operating loss of euro 51 million for the **first half of 2009**, a decrease of euro 160 million from the first half of 2008 mainly driven by sharply lower refining margin as a result of an unfavorable trading environment. Marketing activities delivered an improved operating performance.

Special charges excluded from adjusted operating profit amounted to euro 105 million for the quarter and euro 129 million for the first half of 2009 mainly related to impairment of goodwill recognized on marketing assets acquired in Central-Eastern Europe, capital expenditure for the period on asset impaired in previous reported years, as well as environmental and other risk provisions and re-measurement losses recorded on fair value evaluation of certain not hedging commodity derivatives.

Adjusted net loss for the first half of 2009 was euro 31 million mainly due to a lower operating performance (down euro 160 million) and decreased profits reported by equity-accounted entities. These negatives were partly offset by lower income taxes.

### **Operating review**

Eni's refining throughputs for the **second quarter of 2009** were 8.32 mmt tonnes, down 4.4% from the second quarter of 2008. Lower volumes were recorded in Italy (down 3.8%) as refinery operations were rescheduled at certain plants to take account of a weak demand environment and refinery downtime was prolonged.

Volumes processed outside Italy declined particularly at Eni's plants in the Czech Republic due to lower capacity utilization in response to weak market demand for fuels.

Excluding the impact of the divestment of marketing activities in the Iberian Peninsula late in 2008 (down 0.53 mmt tonnes), sales of refined products for the second quarter of 2009 decreased by approximately of 270 ktonnes, down 2.4%, to 11.16 mmt tonnes compared to the second quarter of 2008. Retail sales in Italy followed a different trend and increased to 2.31 mmt tonnes, up 6%, as the impact of declining demand was absorbed by increased volumes marketed under self-service promotional sales programs and other marketing campaigns mainly on ordinary service stations, while sales on highways outlets declined. The retail market share as of June 30, 2009 was 31.6%, up 1.8 percentage points from June 30, 2008.

Retail sales in Italy (2.31 mmt tonnes) increased by approximately 130 ktonnes, up 6%, mainly due to higher gasoil sales.

Wholesale sales in Italy (2.25 mmt tonnes) decreased by approximately 550 ktonnes, down 19.6%, mainly due to lower consumptions reflecting the economic downturn.

Retail sales in the rest of Europe (760 ktonnes) decreased by approximately 60 ktonnes, or 7.3%, mainly reflecting a decline in demand, in particular in Germany and Eastern Europe.

Wholesale sales in the rest of Europe (850 ktonnes) decreased by 170 ktonnes, or 16.7%, mainly in Czech Republic, Germany and Switzerland.

Eni's refining throughputs for the **first half of 2009** were 16.65 mmt tonnes, down 5.7% from the first half of 2008. Lower volumes were recorded in Italy (down 5%) as refinery operations were rescheduled at certain plants to take account of the weak demand for products and refinery downtime was prolonged. Volumes processed outside Italy declined in particular in Czech Republic and in Germany due to lower utilization of plants capacity in response to weak market conditions and the restructuring of the Bayernoil-Ingolstadt facility.



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Retail sales in Italy (4.41 mmt tonnes) increased by approximately 170 ktonnes, up 4%, mainly due to higher gasoil sales. The average market share as the first half of 2009 was 31.6%, up 1.8 percentage points from the first half of 2008 (29.8%).

Wholesale sales in Italy (4.66 mmt tonnes) decreased by approximately 700 ktonnes, down 13.1%, mainly due to lower consumptions reflecting the economic downturn.

Retail sales in the rest of Europe (1.45 mmt tonnes) decreased by approximately 160 ktonnes, or 9.9%, mainly reflecting a decline in demand, in particular in Germany and Eastern Europe.

Wholesale sales in the rest of Europe (1.76 mmt tonnes) decreased by 160 ktonnes, mainly in Germany, Switzerland and Czech Republic.

**Table of Contents****Profit and loss account**

(euro million)

<b>Second Quarter 2008</b>	<b>First Quarter 2009</b>	<b>Second Quarter 2009</b>	<b>% Ch. 2 Q. 09 vs 2 Q. 08</b>		<b>First Half 2008</b>	<b>First Half 2009</b>	<b>% Ch.</b>
27,096	23,741	18,267	(32.6)	Net sales from operations <sup>(a)</sup>	55,388	42,008	(24.2)
237	360	141	(40.5)	Other income and revenues	408	501	22.8
(19,167)	(17,973)	(13,624)	28.9	Operating expenses	(39,506)	(31,597)	20.0
(2,443)	(2,178)	(2,410)	1.4	Depreciation, depletion, amortization and impairments	(4,389)	(4,588)	(4.5)
70	17	31	(55.7)	Other operating income (expense) <sup>(b)</sup>	69	48	(30.4)
<b>5,793</b>	<b>3,967</b>	<b>2,405</b>	<b>(58.5)</b>	<b>Operating profit</b>	<b>11,970</b>	<b>6,372</b>	<b>(46.8)</b>
(31)	(30)	(189)	..	Finance income (expense)	(130)	(219)	(68.5)
340	144	214	(37.1)	Net income from investments	869	358	(58.8)
<b>6,102</b>	<b>4,081</b>	<b>2,430</b>	<b>(60.2)</b>	<b>Profit before income taxes</b>	<b>12,709</b>	<b>6,511</b>	<b>(48.8)</b>
(2,470)	(1,971)	(1,390)	43.7	Income taxes	(5,482)	(3,361)	38.7
40.5	48.3	57.2		<i>Tax rate (%)</i>	43.1	51.6	
3,632	2,110	1,040	(71.4)	Net profit	7,227	3,150	(56.4)
				<i>Attributable to:</i>			
<b>3,437</b>	<b>1,904</b>	<b>832</b>	<b>(75.8)</b>	<b>- Eni</b>	<b>6,758</b>	<b>2,736</b>	<b>(59.5)</b>
195	206	208	6.7	- minority interest	469	414	(11.7)
<b>3,437</b>	<b>1,904</b>	<b>832</b>	<b>(75.8)</b>	<b>Net profit attributable to Eni</b>	<b>6,758</b>	<b>2,736</b>	<b>(59.5)</b>
(542)	91	(143)		Exclusion of inventory holding (gain) loss	(783)	(52)	
(640)	(236)	213		Exclusion of special items	(679)	(23)	
<b>2,255</b>	<b>1,759</b>	<b>902</b>	<b>(60.0)</b>	<b>Eni's adjusted net profit <sup>(c)</sup></b>	<b>5,296</b>	<b>2,661</b>	<b>(49.8)</b>

(a) From January 1, 2009 Eni adopted IFRIC 13 "Customer Loyalty Programmes" providing that the award credits granted to clients within the related loyalty programs should be accounted as a separate component of the basic sale transaction, evaluated at their fair value and recognized as revenues when redeemed. Prior period results have been restated accordingly.

(b) From year 2009, the Company accounts gain and losses on commodity derivatives instruments, including both fair value re-measurement and settled transactions, as items of operating profit. Adjusted operating profit and net profit only include gains and losses associated with settled transaction, gross and net of the associated tax impact respectively. Prior period results have been restated accordingly.

(c) For a detailed explanation of adjusted operating profit and adjusted net profit see page 25.

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## NON-GAAP measure

**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. Further, finance charges on finance debt, interest income, gains or losses deriving from 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 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 (33% in previous reporting periods).

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 abovementioned 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.



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(euro million)

First Half of 2009	E&P	G&P	R&M	Petrochemicals	Engineering & Construction	Other activities	Corporate and financial companies	Impact of unrealized profit in inventory	Group
<b>Reported operating profit</b>	<b>4,152</b>	<b>2,116</b>	<b>287</b>	<b>(454)</b>	<b>580</b>	<b>(177)</b>	<b>(187)</b>	<b>55</b>	<b>6,372</b>
Exclusion of inventory holding (gains) losses			294	(467)	108				(65)
<b>Exclusion of special items:</b>									
environmental charges			17	22			45		84
asset impairments	220			52	89		4		365
gains on disposal of assets	(167)	(5)	1		(1)	(2)			(174)
risk provisions				15		(4)			11
provision for redundancy incentives	5	8	8	3		2	12		38
re-measurement gains/losses on commodity derivatives	27	(377)	31	(3)	(10)				(332)
other							4		4
<b>Special items of operating profit</b>	<b>85</b>	<b>(357)</b>	<b>129</b>	<b>89</b>	<b>(11)</b>	<b>49</b>	<b>12</b>		<b>(4)</b>
<b>Adjusted operating profit</b>	<b>4,237</b>	<b>2,053</b>	<b>(51)</b>	<b>(257)</b>	<b>569</b>	<b>(128)</b>	<b>(175)</b>	<b>55</b>	<b>6,303</b>
Net finance (expense) income <sup>(a)</sup>	83	(12)				28	(318)		(219)
Net income from investments <sup>(a)</sup>	113	162	39		19				333
Income taxes <sup>(a)</sup>	(2,517)	(718)	(19)	48	(139)		27	(24)	(3,342)
<i>Tax rate (%)</i>	<i>56.8</i>	<i>32.6</i>	<i>..</i>		<i>23.6</i>				<i>52.1</i>
<b>Adjusted net profit</b>	<b>1,916</b>	<b>1,485</b>	<b>(31)</b>	<b>(209)</b>	<b>449</b>	<b>(100)</b>	<b>(466)</b>	<b>31</b>	<b>3,075</b>
<i>of which:</i>									
- adjusted net profit of Minority interest									414
<b>- Eni s adjusted net profit</b>									<b>2,661</b>
<b>Eni reported net profit</b>									<b>2,736</b>
Exclusion of inventory holding (gains) losses									(52)
Exclusion of special items									(23)
<b>Eni s adjusted net profit</b>									<b>2,661</b>

(a) Excluding special items.



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(euro million)

First Half of 2008	E&P	G&P	R&M	Petrochemicals	Engineering & Construction	Other activities	Corporate and financial companies	Impact of unrealized profit in inventory	Group
<b>Reported operating profit</b>	<b>9,043</b>	<b>2,425</b>	<b>776</b>	<b>(263)</b>	<b>467</b>	<b>(141)</b>	<b>(107)</b>	<b>(230)</b>	<b>11,970</b>
Exclusion of inventory holding (gains) losses			(138)	(816)	(124)				(1,078)
<b>Exclusion of special items:</b>									
environmental charges			14	6				28	48
asset impairments		310		149	172			2	633
risk provisions								20	20
provision for redundancy incentives		2	7	6			1	11	27
re-measurement gains/losses on commodity derivatives		(102)	(11)					1	(112)
other		(1)	(2)	(12)	(1)			(12)	(37)
<b>Special items of operating profit</b>	<b>209</b>	<b>8</b>	<b>149</b>	<b>171</b>		<b>39</b>	<b>3</b>		<b>579</b>
<b>Adjusted operating profit</b>	<b>9,252</b>	<b>2,295</b>	<b>109</b>	<b>(216)</b>	<b>467</b>	<b>(102)</b>	<b>(104)</b>	<b>(230)</b>	<b>11,471</b>
Net finance (expense) income <sup>(a)</sup>	32	(8)					(12)	(142)	(130)
Net income from investments <sup>(a)</sup>	263	233	64	2	26				588
Income taxes <sup>(a)</sup>	(5,474)	(861)	(49)	52	(125)		107	84	(6,266)
<i>Tax rate (%)</i>	<i>57.3</i>	<i>34.2</i>	<i>28.3</i>		<i>25.4</i>				<i>52.5</i>
<b>Adjusted net profit</b>	<b>4,073</b>	<b>1,659</b>	<b>124</b>	<b>(162)</b>	<b>368</b>	<b>(114)</b>	<b>(139)</b>	<b>(146)</b>	<b>5,663</b>
<i>of which:</i>									
- adjusted net profit of Minority interest									367
<b>- Eni s adjusted net profit</b>									<b>5,296</b>
<b>Eni reported net profit</b>									<b>6,758</b>
Exclusion of inventory holding (gains) losses									(783)
<i>Exclusion of special items</i>									(679)
<b>Eni s adjusted net profit</b>									<b>5,296</b>

(a) Excluding special items.

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(euro million)

Second Quarter of 2009	E&P	G&P	R&M	Petrochemicals	Engineering & Construction	Other activities	Corporate and financial companies	Impact of unrealized profit in inventory	Group
<b>Reported operating profit</b>	<b>1,778</b>	<b>863</b>	<b>47</b>	<b>(287)</b>	<b>310</b>	<b>(122)</b>	<b>(124)</b>	<b>(60)</b>	<b>2,405</b>
Exclusion of inventory holding (gains) losses			18	(258)	50				(190)
<b>Exclusion of special items:</b>									
environmental charges			15	15			45		75
asset impairments	220			46	89		3		358
gains on disposal of assets	(4)	(5)	2		(1)	(1)			(9)
risk provisions				15			(4)		11
provision for redundancy incentives	3	5	3	2		2	7		22
re-measurement gains/losses on commodity derivatives	67	(206)	24		(12)				(127)
other							4		4
<b>Special items of operating profit</b>	<b>286</b>	<b>(191)</b>	<b>105</b>	<b>91</b>	<b>(13)</b>	<b>49</b>	<b>7</b>		<b>334</b>
<b>Adjusted operating profit</b>	<b>2,064</b>	<b>690</b>	<b>(106)</b>	<b>(146)</b>	<b>297</b>	<b>(73)</b>	<b>(117)</b>	<b>(60)</b>	<b>2,549</b>
Net finance (expense) income <sup>(a)</sup>	50	(6)				(2)	(231)		(189)
Net income from investments <sup>(a)</sup>	125	62	4		11				202
Income taxes <sup>(a)</sup>	(1,231)	(249)	3	32	(82)		56	19	(1,452)
<i>Tax rate (%)</i>	<i>55.0</i>	<i>33.4</i>	<i>2.9</i>		<i>26.6</i>				<i>56.7</i>
<b>Adjusted net profit</b>	<b>1,008</b>	<b>497</b>	<b>(99)</b>	<b>(114)</b>	<b>226</b>	<b>(75)</b>	<b>(292)</b>	<b>(41)</b>	<b>1,110</b>
<i>of which:</i>									
- adjusted net profit of Minority interest									208
<b>- Eni s adjusted net profit</b>									<b>902</b>
<b>Eni reported net profit</b>									<b>832</b>
Exclusion of inventory holding (gains) losses									(143)
<i>Exclusion of special items</i>									213
<b>Eni s adjusted net profit</b>									<b>902</b>

(a) Excluding special items.

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(euro million)

Second Quarter of 2008	E&P	G&P	R&M	Petrochemicals	Engineering & Construction	Other activities	Corporate and financial companies	Impact of unrealized profit in inventory	Group	
<b>Reported operating profit</b>	<b>4,774</b>		<b>690</b>	<b>561</b>	<b>(231)</b>	<b>253</b>	<b>(94)</b>	<b>(32)</b>	<b>(128)</b>	<b>5,793</b>
Exclusion of inventory holding (gains) losses			(61)	(609)	(86)					(756)
<b>Exclusion of special items:</b>										
environmental charges			14					28		42
asset impairments	274			149	170			1		594
risk provisions								20		20
provision for redundancy incentives	1		4	4				1	6	16
re-measurement gains/losses on commodity derivatives	(86)		(16)	1				1		(100)
other	(1)		(2)	(9)	(1)			(12)	(9)	(34)
<b>Special items of operating profit</b>	<b>188</b>			<b>145</b>	<b>169</b>			<b>38</b>	<b>(2)</b>	<b>538</b>
<b>Adjusted operating profit</b>	<b>4,962</b>		<b>629</b>	<b>97</b>	<b>(148)</b>	<b>253</b>	<b>(56)</b>	<b>(34)</b>	<b>(128)</b>	<b>5,575</b>
Net finance (expense) income <sup>(a)</sup>	13		(3)		(1)			(12)	(28)	(31)
Net income from investments <sup>(a)</sup>	151		98	2	2	11				264
Income taxes <sup>(a)</sup>	(3,091)		(325)	(28)	50	(61)		45	52	(3,358)
<i>Tax rate (%)</i>	<i>60.4</i>		<i>44.9</i>	<i>28.3</i>		<i>23.1</i>				<i>57.8</i>
<b>Adjusted net profit</b>	<b>2,035</b>		<b>399</b>	<b>71</b>	<b>(97)</b>	<b>203</b>	<b>(68)</b>	<b>(17)</b>	<b>(76)</b>	<b>2,450</b>
<i>of which:</i>										
- adjusted net profit of Minority interest										195
<b>- Eni s adjusted net profit</b>										<b>2,255</b>
<b>Eni reported net profit</b>										<b>3,437</b>
Exclusion of inventory holding (gains) losses										(542)
<i>Exclusion of special items</i>										(640)
<b>Eni s adjusted net profit</b>										<b>2,255</b>

(a) Excluding special items.

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(euro million)

First Quarter of 2009	E&P	G&P	R&M	Petrochemicals	Engineering & Construction	Other activities	Corporate and financial companies	Impact of unrealized profit in inventory	Group
<b>Reported operating profit</b>	<b>2,374</b>	<b>1,253</b>	<b>240</b>	<b>(167)</b>	<b>270</b>	<b>(55)</b>	<b>(63)</b>	<b>115</b>	<b>3,967</b>
Exclusion of inventory holding (gains) losses			276	(209)	58				125
<b>Exclusion of special items:</b>									
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)
other							4		4
<b>Special items of operating profit</b>	<b>(201)</b>	<b>(166)</b>	<b>24</b>	<b>(2)</b>	<b>2</b>		<b>5</b>		<b>(338)</b>
<b>Adjusted operating profit</b>	<b>2,173</b>	<b>1,363</b>	<b>55</b>	<b>(111)</b>	<b>272</b>	<b>(55)</b>	<b>(58)</b>	<b>115</b>	<b>3,754</b>
Net finance (expense) income <sup>(a)</sup>	33	(6)					30	(87)	(30)
Net income from investments <sup>(a)</sup>	(12)	100	35		8				131
Income taxes <sup>(a)</sup>	(1,286)	(469)	(22)	16	(57)		(29)	(43)	(1,890)
<i>Tax rate (%)</i>	<i>58.6</i>	<i>32.2</i>	<i>24.4</i>		<i>20.4</i>				<i>49.0</i>
<b>Adjusted net profit</b>	<b>908</b>	<b>988</b>	<b>68</b>	<b>(95)</b>	<b>223</b>	<b>(25)</b>	<b>(174)</b>	<b>72</b>	<b>1,965</b>
<i>of which:</i>									
- adjusted net profit of Minority interest									206
<b>- Eni s adjusted net profit</b>									<b>1,759</b>
<b>Eni reported net profit</b>									<b>1,904</b>
Exclusion of inventory holding (gains) losses									91
<i>Exclusion of special items</i>									(236)
<b>Eni s adjusted net profit</b>									<b>1,759</b>

(a) Excluding special items.

**Table of Contents****Breakdown of special items**

(euro million)

Second Quarter 2008	First Quarter 2009	Second Quarter 2009		First Half 2008	First Half 2009
			<b>Other special items:</b>		
594	7	358	asset impairments	633	365
42	9	75	environmental charges	48	84
	(165)	(9)	gains on disposal of property, plant and equipment		(174)
20		11	risk provisions	20	11
16	16	22	provisions for redundancy incentives	27	38
(100)	(205)	(127)	re-measurement gains/losses on commodity derivatives	(112)	(332)
(34)		4	other	(37)	4
<b>538</b>	<b>(338)</b>	<b>334</b>		<b>579</b>	<b>(4)</b>
	<b>(10)</b>	<b>2</b>	<b>Net finance (expense) income</b>	<b>(185)</b>	<b>(8)</b>
			<i>of which:</i>		
			- gain on the disposal of GTT (Gaztransport et Technigaz sas)	(185)	
<b>(1,178)</b>	<b>112</b>	<b>(123)</b>	<b>Income taxes</b>	<b>(1,175)</b>	<b>(11)</b>
			<i>of which:</i>		
(537)		(27)	tax impact pursuant to Law Decree No. 112 of June 25, 2008 for Italian subsidiaries	(537)	(27)
(443)			- on inventories	(443)	
(94)		(27)	- on deferred taxes	(94)	(27)
(290)			tax impact pursuant Budget Law 2008 for Italian subsidiaries	(290)	
(173)			adjustment to deferred tax for Libyan assets	(173)	
(40)			other tax items	(40)	
(138)	112	(96)	taxes on special items of operating profit	(135)	16
<b>(640)</b>	<b>(236)</b>	<b>213</b>	<b>Total special items of net profit</b>	<b>(781)</b>	<b>(23)</b>
			<i>attributable to:</i>		
			- Minority interest	(102)	
<b>(640)</b>	<b>(236)</b>	<b>213</b>	<b>- Eni</b>	<b>(679)</b>	<b>(23)</b>

**Breakdown of impairment**

(euro million)

Second Quarter 2008	First Quarter 2009	Second Quarter 2009		First Half 2008	First Half 2009
508	7	324	Asset impairment	511	331
		23	Goodwill impairment		23
<b>508</b>	<b>7</b>	<b>347</b>	<b>Sub Total</b>	<b>511</b>	<b>354</b>
86		11	Impairment losses of receivables equivalent to fixed assets	122	11
<b>594</b>	<b>7</b>	<b>358</b>	<b>Impairment</b>	<b>633</b>	<b>365</b>

## Adjusted operating profit

(euro million)

<b>Second Quarter 2008</b>	<b>First Quarter 2009</b>	<b>Second Quarter 2009</b>	<b>% Ch. 2 Q. 09 vs 2 Q. 08</b>		<b>First Half 2008</b>	<b>First Half 2009</b>	<b>% Ch.</b>
4,962	2,173	2,064	(58.4)	Exploration & Production	9,252	4,237	(54.2)
629	1,363	690	9.7	Gas & Power	2,295	2,053	(10.5)
97	55	(106)	..	Refining & Marketing	109	(51)	..
(148)	(111)	(146)	1.4	Petrochemicals	(216)	(257)	(19.0)
253	272	297	17.4	Engineering & Construction	467	569	21.8
(56)	(55)	(73)	(30.4)	Other activities	(102)	(128)	(25.5)
(34)	(58)	(117)	..	Corporate and financial companies	(104)	(175)	(68.3)
(128)	115	(60)		Impact of unrealized profit in inventory	(230)	55	
<b>5,575</b>	<b>3,754</b>	<b>2,549</b>	<b>(54.3)</b>		<b>11,471</b>	<b>6,303</b>	<b>(45.1)</b>

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**Table of Contents****Net sales from operations**

(euro million)

<b>Second Quarter 2008</b>	<b>First Quarter 2009</b>	<b>Second Quarter 2009</b>	<b>% Ch. 2 Q. 09 vs 2 Q. 08</b>		<b>First Half 2008</b>	<b>First Half 2009</b>	<b>% Ch.</b>
9,035	6,145	5,683	(37.1)	Exploration & Production	17,721	11,828	(33.3)
7,021	11,849	5,619	(20.0)	Gas & Power	16,971	17,468	2.9
13,281	6,386	7,735	(41.8)	Refining & Marketing	24,240	14,121	(41.7)
1,759	878	1,027	(41.6)	Petrochemicals	3,519	1,905	(45.9)
2,160	2,415	2,466	14.2	Engineering & Construction	4,211	4,881	15.9
44	26	21	(52.3)	Other activities	95	47	(50.5)
342	309	302	(11.7)	Corporate and financial companies	643	611	(5.0)
	(14)	(5)		Impact of unrealized profit in inventory		(19)	
(6,546)	(4,253)	(4,581)		Consolidation adjustment	(12,012)	(8,834)	
<b>27,096</b>	<b>23,741</b>	<b>18,267</b>	<b>(32.6)</b>		<b>55,388</b>	<b>42,008</b>	<b>(24.2)</b>

**Operating expenses**

(euro million)

<b>Second Quarter 2008</b>	<b>First Quarter 2009</b>	<b>Second Quarter 2009</b>	<b>% Ch. 2 Q. 09 vs 2 Q. 08</b>		<b>First Half 2008</b>	<b>First Half 2009</b>	<b>% Ch.</b>
18,136	16,983	12,537	(30.9)	Purchases, services and other	37,534	29,520	(21.4)
151	9	101		<i>of which: - other special items</i>	190	110	
1,031	990	1,087	5.4	Payroll and related costs	1,972	2,077	5.3
16	16	22		<i>of which: - provision for redundancy incentives and other</i>	27	38	
<b>19,167</b>	<b>17,973</b>	<b>13,624</b>	<b>(28.9)</b>		<b>39,506</b>	<b>31,597</b>	<b>(20.0)</b>

**Non-hedging commodity derivative instruments**

(euro million)

<b>Second Quarter 2008</b>	<b>First Quarter 2009</b>	<b>Second Quarter 2009</b>		<b>First Half 2008</b>	<b>First Half 2009</b>
86	44	(66)	Exploration & Production	101	(22)
	4	1	<i>- settled transactions</i>	(1)	5
86	40	(67)	<i>- re-measurement gains/losses</i>	102	(27)
27	(36)	149	Gas & Power	25	113
11	(207)	(57)	<i>- settled transactions</i>	14	(264)
16	171	206	<i>- re-measurement gains/losses</i>	11	377
(54)	3	(66)	Refining & Marketing	(71)	(63)
(53)	10	(42)	<i>- settled transactions</i>	(71)	(32)
(1)	(7)	(24)	<i>- re-measurement gains/losses</i>		(31)
9	9	1	Petrochemicals	9	10
9	6	1	<i>- settled transactions</i>	9	7

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	3		- re-measurement gains/losses		3
(3)	16		Engineering & Construction		13
(1)	4		- settled transactions		3
(2)	12		- re-measurement gains/losses		10
2		(3)	Corporate and financial companies	5	(3)
3		(3)	- settled transactions	6	(3)
(1)			- re-measurement gains/losses	(1)	
<b>70</b>	<b>17</b>	<b>31</b>	<b>Total</b>	<b>69</b>	<b>48</b>
(30)	(188)	(96)	- settled transactions	(43)	(284)
<b>100</b>	<b>205</b>	<b>127</b>	<b>- re-measurement gains/losses</b>	<b>112</b>	<b>332</b>

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**Table of Contents****Depreciation, depletion, amortization and impairments**

(euro million)

<b>Second Quarter 2008</b>	<b>First Quarter 2009</b>	<b>Second Quarter 2009</b>	<b>% Ch. 2 Q. 09 vs 2 Q. 08</b>		<b>First Half 2008</b>	<b>First Half 2009</b>	<b>% Ch.</b>
1,521	1,686	1,576	3.6	Exploration & Production	3,046	3,262	7.1
183	240	237	29.5	Gas & Power	366	477	30.3
106	99	98	(7.5)	Refining & Marketing	218	197	(9.6)
32	24	24	(25.0)	Petrochemicals	64	48	(25.0)
79	107	109	38.0	Engineering & Construction	154	216	40.3
(1)		1	..	Other activities	1	1	..
18	19	21	16.7	Corporate and financial companies	35	40	14.3
(3)	(4)	(3)		Impact of unrealized profit in inventory	(6)	(7)	
<b>1,935</b>	<b>2,171</b>	<b>2,063</b>	<b>6.6</b>	<b>Total depreciation, depletion and amortization</b>	<b>3,878</b>	<b>4,234</b>	<b>9.2</b>
<b>508</b>	<b>7</b>	<b>347</b>	<b>(31.7)</b>	<b>Impairments</b>	<b>511</b>	<b>354</b>	<b>(30.7)</b>
<b>2,443</b>	<b>2,178</b>	<b>2,410</b>	<b>(1.4)</b>		<b>4,389</b>	<b>4,588</b>	<b>4.5</b>

**Net income from investments**

(euro million)

<b>First Half of 2009</b>	<b>Exploration &amp; Production</b>	<b>Gas &amp; Power</b>	<b>Refining &amp; Marketing</b>	<b>Engineering &amp; Construction</b>	<b>Group</b>
Share of gains (losses) from equity-accounted investments	(5)	154	39	17	<b>205</b>
Dividends	110	8	16	2	<b>136</b>
Net gains on disposal				10	<b>10</b>
Other income (expense), net	7				<b>7</b>
	<b>112</b>	<b>162</b>	<b>55</b>	<b>29</b>	<b>358</b>

**Income taxes**

(euro million)

<b>Second Quarter 2008</b>	<b>First Quarter 2009</b>	<b>Second Quarter 2009</b>		<b>First Half 2008</b>	<b>First Half 2009</b>	<b>% Ch.</b>
<b>Profit before income taxes</b>						
1,102	1,595	467	Italy	3,133	2,062	(1,071)
5,000	2,486	1,963	Outside Italy	9,576	4,449	(5,127)
<b>6,102</b>	<b>4,081</b>	<b>2,430</b>		<b>12,709</b>	<b>6,511</b>	<b>(6,198)</b>
<b>Income taxes</b>						
(236)	666	341	Italy	406	1,007	601
2,706	1,305	1,049	Outside Italy	5,076	2,354	(2,722)
<b>2,470</b>	<b>1,971</b>	<b>1,390</b>		<b>5,482</b>	<b>3,361</b>	<b>(2,121)</b>

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			Tax rate (%)			
(21.4)	41.8	73.0	Italy	13.0	48.8	35.8
54.1	52.5	53.4	Outside Italy	53.0	52.9	(0.1)
<b>40.5</b>	<b>48.3</b>	<b>57.2</b>		<b>43.1</b>	<b>51.6</b>	

**Table of Contents****Summarized Group balance sheet**

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 BALANCE SHEET**

(euro million)

	Dec. 31, 2008	Mar. 31, 2009	June 30, 2009	Change vs Dec. 31, 2008	Change vs Mar. 31, 2009
<b>Fixed assets</b>					
Property, plant and equipment	59,255	61,588	61,199	1,944	(389)
Other assets					
Inventory - Compulsory stock	1,196	1,444	1,607	411	163
Intangible assets	7,697	8,487	8,365	668	(122)
Equity-accounted investments and other investments	5,881	6,015	6,044	163	29
Receivables and securities for financing operating activities	1,219	1,275	1,204	(15)	(71)
Net payables related to capital expenditures	(787)	(630)	(548)	239	82
	<b>74,461</b>	<b>78,179</b>	<b>77,871</b>	<b>3,410</b>	<b>(308)</b>
<b>Net working capital</b>					
Inventories	6,082	4,533	5,477	(605)	944
Trade receivables	16,444	16,723	13,139	(3,305)	(3,584)
Trade payables	(12,590)	(11,563)	(10,634)	1,956	929
Tax payables and provisions for net deferred tax liabilities	(5,323)	(6,933)	(4,345)	978	2,588
Provisions for contingencies	(9,506)	(9,516)	(9,225)	281	291
Other current assets and liabilities:					
Equity instruments	2,741	3,034		(2,741)	(3,034)
Other <sup>(a)</sup>	(4,544)	(5,041)	(2,821)	1,723	2,220
	<b>(6,696)</b>	<b>(8,763)</b>	<b>(8,409)</b>	<b>(1,713)</b>	<b>354</b>
<b>Provisions for employee benefits</b>	<b>(947)</b>	<b>(950)</b>	<b>(966)</b>	<b>(19)</b>	<b>(16)</b>
<b>Net assets held for sale including related net borrowings</b>	<b>68</b>	<b>68</b>	<b>68</b>		
<b>Capital employed, net</b>	<b>66,886</b>	<b>68,534</b>	<b>68,564</b>	<b>1,678</b>	<b>30</b>
<b>Shareholders' equity</b>					
attributable to:					
- Eni	44,436	48,919	46,684	2,248	(2,235)
- Minority	4,074	3,087	3,525	(549)	438
	<b>48,510</b>	<b>52,006</b>	<b>50,209</b>	<b>1,699</b>	<b>(1,797)</b>

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<b>Net borrowings</b>	<b>18,376</b>	<b>16,528</b>	<b>18,355</b>	<b>(21)</b>	<b>1,827</b>
<b>Total liabilities and shareholders' equity</b>	<b>66,886</b>	<b>68,534</b>	<b>68,564</b>	<b>1,678</b>	<b>30</b>

(a) Include receivables and securities for financing operating activities for euro 582 million at June 30, 2009 (euro 404 million at March 31, 2009; euro 410 million at December 31, 2008) and securities covering technical reserves of Eni's insurance activities for euro 269 million at June 30, 2009 (euro 381 million at March 31, 2009; euro 302 million at December 31, 2008).

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**Table of Contents****Leverage and net borrowings**

Leverage is a measure of a company's level of indebtedness, calculated as the ratio between net borrowings which is calculated by excluding cash and cash equivalents and certain very liquid assets from financial debt and shareholders equity, including minority interests. Management makes use of 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.

(euro million)

	Dec. 31, 2008	Mar. 31, 2009	June 30, 2009	Change vs Dec. 31, 2008	Change vs Mar. 31, 2009
Total debt	20,837	18,800	19,873	(964)	1,073
Short-term debt	6,908	5,536	5,682	(1,226)	146
Long-term debt	13,929	13,264	14,191	262	927
Cash and cash equivalent	(1,939)	(1,845)	(1,340)	599	505
Securities not related to operations	(185)	(116)	(107)	78	9
Non-operating financing receivables	(337)	(311)	(71)	266	240
<b>Net borrowings</b>	<b>18,376</b>	<b>16,528</b>	<b>18,355</b>	<b>(21)</b>	<b>1,827</b>
Shareholders' equity including minority interest	48,510	52,006	50,209	1,699	(1,797)
<b>Leverage</b>	<b>0.38</b>	<b>0.32</b>	<b>0.37</b>	<b>(0.01)</b>	<b>0.05</b>

**Bonds maturing in the 18-months period starting on June 30, 2009**

(euro million)

Issuing entity	Amounts at June 30, 2009 <sup>(a)</sup>
Eni SpA	501
Eni Coordination Center SA	373
	<b>874</b>

(a) Amounts in euro at June 30, 2009 include interest accrued and discount on issue.

**Bonds issued in the first half of 2009 (granted by Eni SpA)**

Issuing entity	Nominal amount (million)	Currency	Amounts at June 30, 2009 <sup>(a)</sup>	Maturity	Rate	%
			(euro million)			
Eni SpA	1,500	euro	1,519	2016	fixed	5.00
Eni SpA	1,500	euro	985	2015	variable	
Eni SpA	1,500	euro	984	2015	fixed	4.00
			<b>3,488</b>			

(a) Amounts in euro at June 30, 2009 include interest accrued and discount on issue.



**Table of Contents****Comprehensive income**

(euro million)

	<b>First Half 2008</b>	<b>First Half 2009</b>
<b>Net profit (loss)</b>	<b>7,227</b>	<b>3,150</b>
Other items of net comprehensive income (loss):		
- foreign currency translation differences	(1,312)	(443)
- change in the fair value of available-for-sale securities	2	
- change in the fair value of cash flow hedge derivatives	(2,890)	(465)
- minority interest		2
- taxation effect of other items of the net profit (loss)	1,139	191
<b>Other comprehensive income</b>	<b>(3,061)</b>	<b>(715)</b>
<b>Total comprehensive income</b>	<b>4,166</b>	<b>2,435</b>
of which:		
- Eni	3,713	2,035
- minority interest	453	400

**Changes in shareholders' equity**

(euro million)

<b>Shareholders equity at December 31, 2008</b>	<b>48,510</b>
Total comprehensive income	2,435
Dividends paid to Eni shareholders	(2,355)
Dividends paid by consolidated subsidiaries to minorities	(258)
Acquisition of Distrigas minorities	(1,146)
Cancellation of Distrigas put option	1,495
Share capital increase subscribed by Snam Rete Gas minorities	1,542
Other changes	(14)
<b>Total changes</b>	<b>1,699</b>
<b>Shareholders equity at June 30, 2009</b>	<b>50,209</b>
Attributable to:	
- Eni	46,684
- Minority interest	3,525

Table of Contents**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 between net adjusted profit before minority interest, plus net finance charges on net borrowings net of the related tax effect, and net average capital employed. The tax rate applied on finance charges is the Italian statutory tax rate of 34% effective from January 1, 2009 (33% in previous reporting periods). The capital invested as of period-end used for the calculation of net average capital invested is obtained by deducting inventory gains or losses as of in the period, net of the related tax effect. ROACE by division is determined as the ratio between adjusted net profit and 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).

(euro million)

Calculated on a twelve-month period ending on  
**June 30, 2009**

	Exploration & Production	Gas & Power	Refining & Marketing	Group
<b>Adjusted net profit</b>	5,743	2,481	366	8,207
Exclusion of after-tax finance expenses/interest income	-	-	-	243
<b>Adjusted net profit unlevered</b>	5,743	2,481	366	8,450
Adjusted capital employed, net:				
- at the beginning of period	22,763	21,017	9,466	60,454
- at the end of period	30,489	23,614	8,539	70,018
<b>Adjusted average capital employed, net</b>	26,626	22,316	9,003	65,236
<b>ROACE adjusted (%)</b>	21.6	11.1	4.1	13.0

(euro million)

Calculated on a twelve-month period ending on  
**June 30, 2008**

	Exploration & Production	Gas & Power	Refining & Marketing	Group
<b>Adjusted net profit</b>	7,468	3,085	183	10,605
Exclusion of after-tax finance expenses/interest income	-	-	-	325
<b>Adjusted net profit unlevered</b>	7,468	3,085	183	10,930
Adjusted capital employed, net:				
- at the beginning of period	20,872	19,257	5,775	51,418
- at the end of period	22,763	20,892	8,490	59,282
<b>Adjusted average capital employed, net</b>	21,818	20,075	7,133	55,350
<b>ROACE adjusted (%)</b>	34.2	15.4	2.6	19.7

(euro million)

Calculated on a twelve-month period ending on  
**December 31, 2008**

	Exploration & Production	Gas & Power	Refining & Marketing	Group
--	-----------------------------	-------------	-------------------------	-------



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<b>Adjusted net profit</b>	<b>7,900</b>	<b>2,655</b>	<b>521</b>	<b>10,795</b>
Exclusion of after-tax finance expenses/interest income	-	-	-	<b>335</b>
<b>Adjusted net profit unlevered</b>	<b>7,900</b>	<b>2,655</b>	<b>521</b>	<b>11,130</b>
Adjusted capital employed, net:				
- at the beginning of period	23,826	21,333	7,675	<b>59,194</b>
- at the end of period	30,362	22,273	8,260	<b>67,609</b>
<b>Adjusted average capital employed, net</b>	<b>27,094</b>	<b>21,803</b>	<b>7,968</b>	<b>63,402</b>
<b>ROACE adjusted (%)</b>	<b>29.2</b>	<b>12.2</b>	<b>6.5</b>	<b>17.6</b>

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**Table of Contents****Summarized Group Cash Flow Statement and change in net borrowings**

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 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.

**SUMMARIZED GROUP CASH FLOW STATEMENT**

(euro million)

<b>Second Quarter 2008</b>	<b>First Quarter 2009</b>	<b>Second Quarter 2009</b>		<b>First Half 2008</b>	<b>First Half 2009</b>
<b>3,632</b>	<b>2,110</b>	<b>1,040</b>	<b>Net profit</b>	<b>7,227</b>	<b>3,150</b>
			<i>Adjustments to reconcile to cash generated from operating profit before changes in working capital:</i>		
2,130	2,078	1,878	- amortization and depreciation and other non monetary items	3,874	3,956
(12)	(157)	(8)	- net gains on disposal of assets	(207)	(165)
2,296	1,886	1,311	- dividends, interest, taxes and other changes	5,262	3,197
<b>8,046</b>	<b>5,917</b>	<b>4,221</b>	<b>Net cash generated from operating profit before changes in working capital</b>	<b>16,156</b>	<b>10,138</b>
103	1,167	871	Changes in working capital related to operations	(1,150)	2,038
(2,958)	(1,641)	(2,914)	Dividends received, taxes paid, interest (paid) received during the period	(5,056)	(4,555)
<b>5,191</b>	<b>5,443</b>	<b>2,178</b>	<b>Net cash provided by operating activities</b>	<b>9,950</b>	<b>7,621</b>
(3,641)	(3,147)	(3,697)	Capital expenditures	(6,759)	(6,844)
(165)	(2,039)	(175)	Investments and purchase of consolidated subsidiaries and businesses	(1,949)	(2,214)
145	182	3,093	Disposals	473	3,275
257	1,745	(2,258)	Other cash flow related to capital expenditures, investments and disposals	581	(513)
<b>1,787</b>	<b>2,184</b>	<b>(859)</b>	<b>Free cash flow</b>	<b>2,296</b>	<b>1,325</b>
(1,200)	102	368	Borrowings (repayment) of debt related to financing activities	(1,829)	470
1,423	(2,380)	1,057	Changes in short and long-term financial debt	2,110	(1,323)
(2,959)	(2)	(1,069)	Dividends paid and changes in minority interests and reserves	(3,158)	(1,071)
126	2	(2)	Effect of changes in consolidation and exchange differences	(15)	
<b>(823)</b>	<b>(94)</b>	<b>(505)</b>	<b>NET CASH FLOW FOR THE PERIOD</b>	<b>(596)</b>	<b>(599)</b>

**CHANGE IN NET BORROWINGS**

(euro million)

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<b>Second Quarter 2008</b>	<b>First Quarter 2009</b>	<b>Second Quarter 2009</b>		<b>First Half 2008</b>	<b>First Half 2009</b>
<b>1,787</b>	<b>2,184</b>	<b>(859)</b>	<b>Free cash flow</b>	<b>2,296</b>	<b>1,325</b>
			Net borrowings of acquired companies		
			Net borrowings of divested companies		
198	(334)	101	Exchange differences on net borrowings and other changes	624	(233)
(2,959)	(2)	(1,069)	Dividends paid and changes in minority interests and reserves	(3,158)	(1,071)
<b>(974)</b>	<b>1,848</b>	<b>(1,827)</b>	<b>CHANGE IN NET BORROWINGS</b>	<b>(238)</b>	<b>21</b>

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**Table of Contents****CAPITAL EXPENDITURE**

(euro million)

<b>Second Quarter 2008</b>	<b>First Quarter 2009</b>	<b>Second Quarter 2009</b>		<b>First Half 2008</b>	<b>First Half 2009</b>
2,281	2,148	2,759	Exploration & Production	4,364	4,907
519	390	361	Gas & Power	969	751
201	85	132	Refining & Marketing	350	217
48	9	36	Petrochemicals	68	45
556	495	393	Engineering & Construction	977	888
11	6	8	Other activities	14	14
26	10	12	Corporate and financial companies	36	22
(1)	4	(4)	Impact of unrealized profit in inventory	(19)	
<b>3,641</b>	<b>3,147</b>	<b>3,697</b>	<b>Capital expenditure</b>	<b>6,759</b>	<b>6,844</b>

In the first half of 2009 capital expenditure amounting to euro 6,844 million (euro 6,759 million in the first half 2008) related mainly to:

- Development activities (euro 3,651 million) deployed mainly in Egypt, Kazakhstan, the United States, Italy, Nigeria and Angola and exploratory projects (euro 732 million) of which 96% was spent outside Italy, primarily in Libya, the United States, Egypt, and Indonesia;
- Development and upgrading of Eni's natural gas transport network in Italy (euro 400 million) and distribution network (euro 144 million), as well as development and increase of storage capacity (euro 132 million);
- Projects aimed at improving the conversion capacity and flexibility of refineries (euro 135 million), as well as building and upgrading service stations in Italy and outside Italy (euro 65 million);
- Upgrading of the fleet used in the Engineering & Construction division (euro 888 million).

**Table of Contents****Capital expenditure by division****EXPLORATION & PRODUCTION**

(euro million)

<b>Second Quarter 2008</b>	<b>First Quarter 2009</b>	<b>Second Quarter 2009</b>		<b>First Half 2008</b>	<b>First Half 2009</b>
<b>297</b>	<b>9</b>	<b>468</b>	<b>Acquisitions of proved and unproved property</b>	<b>621</b>	<b>477</b>
277	6	219	North Africa	601	225
13		73	West Africa	13	73
7	3	176	Rest of world	7	179
<b>453</b>	<b>380</b>	<b>352</b>	<b>Exploration</b>	<b>981</b>	<b>732</b>
49	21	5	Italy	71	26
90	113	121	North Africa	213	234
46	74	43	West Africa	139	117
64	24	33	North Sea	148	57
3	8	7	Caspian Area	7	15
201	140	143	Rest of world	403	283
<b>1,510</b>	<b>1,744</b>	<b>1,907</b>	<b>Development</b>	<b>2,729</b>	<b>3,651</b>
141	174	185	Italy	259	359
270	378	296	North Africa	542	674
474	387	544	West Africa	780	931
123	122	143	North Sea	212	265
224	243	286	Caspian Area	435	529
278	440	453	Rest of world	501	893
<b>21</b>	<b>15</b>	<b>32</b>	<b>Other</b>	<b>33</b>	<b>47</b>
<b>2,281</b>	<b>2,148</b>	<b>2,759</b>		<b>4,364</b>	<b>4,907</b>

**GAS & POWER**

(euro million)

<b>Second Quarter 2008</b>	<b>First Quarter 2009</b>	<b>Second Quarter 2009</b>		<b>First Half 2008</b>	<b>First Half 2009</b>
352	371	339	Italy	766	710
167	19	22	Outside Italy	203	41
<b>519</b>	<b>390</b>	<b>361</b>		<b>969</b>	<b>751</b>
<b>50</b>	<b>24</b>	<b>31</b>	<b>Marketing and Power generation</b>	<b>82</b>	<b>55</b>
32	10	16	- Marketing	41	26
12		5	Italy	13	5
20	10	11	Outside Italy	28	21
18	14	15	- Power generation	41	29
<b>322</b>	<b>357</b>	<b>319</b>	<b>Regulated businesses in Italy</b>	<b>712</b>	<b>676</b>
210	237	163	- Transport	529	400
53	65	79	- Distribution	85	144
59	55	77	- Storage	98	132
<b>147</b>	<b>9</b>	<b>11</b>	<b>International transport</b>	<b>175</b>	<b>20</b>

**519      390      361**

**969      751**

## REFINING & MARKETING

(euro million)

<b>Second Quarter 2008</b>	<b>First Quarter 2009</b>	<b>Second Quarter 2009</b>		<b>First Half 2008</b>	<b>First Half 2009</b>
178	77	117	Italy	318	194
23	8	15	Outside Italy	32	23
<b>201</b>	<b>85</b>	<b>132</b>		<b>350</b>	<b>217</b>
<b>138</b>	<b>48</b>	<b>87</b>	<b>Refining, Supply and Logistic</b>	<b>251</b>	<b>135</b>
138	48	87	Italy	251	135
<b>53</b>	<b>26</b>	<b>39</b>	<b>Marketing</b>	<b>81</b>	<b>65</b>
30	18	24	Italy	49	42
23	8	15	Outside Italy	32	23
<b>10</b>	<b>11</b>	<b>6</b>	<b>Other activities</b>	<b>18</b>	<b>17</b>
<b>201</b>	<b>85</b>	<b>132</b>		<b>350</b>	<b>217</b>

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## Exploration &amp; Production

## PRODUCTION OF OIL AND NATURAL GAS BY REGION

Second Quarter 2008	First Quarter 2009	Second Quarter 2009			First Half 2008	First Half 2009
1,772	1,779	1,733	Production of oil and natural gas <sup>(a) (b)</sup>	(kboe/d)	1,784	1,756
204	174	169	Italy		205	171
652	595	567	North Africa		639	581
305	330	343	West Africa		315	337
249	242	232	North Sea		243	237
124	132	133	Caspian Area		131	133
238	306	289	Rest of world		251	297
<b>156.9</b>	<b>154.2</b>	<b>154.2</b>	<b>Oil and natural gas sold <sup>(a)</sup></b>	(mmboe)	<b>313.9</b>	<b>308.4</b>

## PRODUCTION OF LIQUIDS BY REGION

Second Quarter 2008	First Quarter 2009	Second Quarter 2009			First Half 2008	First Half 2009
998	1,013	986	Production of liquids <sup>(a)</sup>	(kbbbl/d)	1,005	1,000
70	55	56	Italy		71	55
346	304	289	North Africa		340	297
259	294	304	West Africa		269	299
145	139	130	North Sea		143	134
82	84	87	Caspian Area		86	86
96	137	120	Rest of world		96	129

## PRODUCTION OF NATURAL GAS BY REGION

Second Quarter 2008	First Quarter 2009	Second Quarter 2009			First Half 2008	First Half 2009
4,442	4,398	4,290	Production of natural gas <sup>(a) (b)</sup>	(mmcf/d)	4,472	4,344
771	685	648	Italy		770	666
1,755	1,671	1,593	North Africa		1,718	1,632
263	210	230	West Africa		261	220
598	591	584	North Sea		574	588
239	276	263	Caspian Area		261	269
816	965	972	Rest of world		888	969

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

(b) Includes volumes of gas consumed in operations (295 and 285 mmcf/d in the second quarter 2009 and 2008, respectively, 299 and 284 mmcf/d in the first half of 2009 and 2008 respectively and 289 mmcf/d in the first quarter of 2009).

**Table of Contents****Petrochemicals**

(ktonnes)

<b>Second Quarter 2008</b>	<b>First Quarter 2009</b>	<b>Second Quarter 2009</b>		<b>First Half 2008</b>	<b>First Half 2009</b>
<b>Sales of petrochemical products</b>					
678	474	570	Basic petrochemicals	1,437	1,044
257	199	233	Styrene and elastomers <sup>(a)</sup>	519	432
368	329	313	Polyethylene	721	642
<b>1,303</b>	<b>1,002</b>	<b>1,116</b>		<b>2,677</b>	<b>2,118</b>
<b>1,979</b>	<b>1,540</b>	<b>1,714</b>	<b>Production</b>	<b>4,136</b>	<b>3,254</b>

(a) From January 2009, results of the styrene business are reported within the Basic petrochemicals.

**Engineering & Construction**

(euro million)

<b>Second Quarter 2008</b>	<b>First Quarter 2009</b>	<b>Second Quarter 2009</b>		<b>First Half 2008</b>	<b>First Half 2009</b>
<b>Orders acquired</b>					
1,838	561	1,303	<i>Offshore construction</i>	3,419	1,864
591	1,621	719	<i>Onshore construction</i>	1,055	2,340
82	316	15	Offshore drilling	213	331
705	20	513	Onshore drilling	784	533
<b>3,216</b>	<b>2,518</b>	<b>2,550</b>		<b>5,471</b>	<b>5,068</b>

(euro million)

	<b>Dec. 31, 2008</b>	<b>June 30, 2009</b>
<b>Order backlog</b>	<b>19,105</b>	<b>19,015</b>



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# Interim Consolidated Report as of June 30, 2009

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*"Eni" means the parent company Eni SpA and its consolidated subsidiaries*

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**ENI OPERATING AND FINANCIAL REVIEW / HIGHLIGHTS**

# Highlights

## **Financial Highlights**

In the first half of 2009 Eni reported net profit of euro 2.74 billion, down 59.5% from a year earlier. On an adjusted basis, net profit amounted to euro 2.66 billion, down 49.8%, driven by a weaker operating performance which was dragged down by the economic downturn.

Cash flow amounting to euro 7.62 billion was used to fund the financing requirements associated with capital expenditure (euro 6.84 billion), the completion of the Distrigas acquisition (euro 2.05 billion) so as to support continued growth in the business and the payment of the remaining dividend for the fiscal year 2008 (euro 2.36 billion). The capital structure is sound as expressed by a level of net borrowings to total equity of 0.37.

Based on the first half of 2009 results and taking into account the projected full-year results and outlook, the interim dividend proposal to Eni Board of Directors will amount to euro 0.50 per share (euro 0.65 in 2008). The interim dividend is payable from September 24, 2009 being the ex-dividend date September 21, 2009.

## **Operational Highlights**

Oil and natural gas production for the first half of 2009 amounted to 1,756 kboe/d, representing a decrease of 1.6% from the first half of 2008 mainly due to OPEC production cuts (down approximately 30 kboe/d), continuing security issues in West Africa and mature field declines. These negatives were partly offset by organic growth in Angola, Congo, the Gulf of Mexico, Egypt and Venezuela as well as the positive price impact reported in the Company's PSAs.

Eni's worldwide natural gas sales were 52.81 bcm, down 0.26 bcm or 0.5% from a year earlier, reflecting weaker European gas demand, mainly in Italy, caused by the economic downturn. The negative impact of the economic downturn was partly offset by the contribution of Distrigas (up 8.53 bcm).

## **Strategic developments**

The half year has seen significant progress on a number of fronts, in particular in delivering progress on our stated strategy in E&P and G&P. Of particular note and developments in Russia, Africa, and in our European Gas business.

### **Russia**

Eni and Gazprom have agreed upon a new scope of work in the development project of the South Stream pipeline, aimed at increasing its transport capacity from an original amount of 31 billion cubic meters per year to 63 billion cubic meters, as part of a framework agreement signed between Italy and Russia on May 15, 2009. Eni and Gazprom confirmed their full commitment to developing the project which will build a new route to supply Russian gas to Europe, increasing both security and diversification of gas sources to Europe.

On May 15, 2009 Eni and its Italian partner Enel in the 60-40% owned joint-venture OOO SeverEnergia signed a preliminary agreement with Gazprom regarding a call option arrangement on a 51% interest in the venture. OOO SeverEnergia is the parent company of three Russian upstream companies which are presently engaging in exploration and development activities of gas reserves in the Yamal Nenets region, in Siberia. On June 5, 2009, the parties signed the relevant binding agreement. Total cash consideration from this transaction is anticipated to amount to \$1.5 billion (Eni's share being \$900 million) and will be paid by Gazprom in two tranches: (i) the first one is due on the transfer of the shares and is expected to occur in the third quarter of 2009 with the transaction effective from the same date; (ii) the second tranche is due by end of the first quarter of 2010. As a result of the transaction, Eni's interest in OOO SeverEnergia will be equal to 29.4%. The parties also agreed to move forward with the development plan of the

Samburskoye field, targeting to achieve first gas by June 2011 and to ramp production up to a plateau of 150,000 boe/d within two years. In the next 90 days, the parties will define a plan to obtain all the authorizations, including the

**Contents****ENI OPERATING AND FINANCIAL REVIEW / HIGHLIGHTS**

extensions of the mineral licenses by the Russian authority regulating the exploitation of the country's mineral resources. A number of amendments granting license extension have been already obtained.

On April 7, 2009 Gazprom exercised its call option to purchase a 20% interest in OAO Gazprom Neft held by Eni based on the existing agreements between the two partners. Total cash consideration amounting to euro 3,070 million (\$4,062 million, increasing to approximately euro 3.16 billion or \$4.2 billion when including the 2008 dividend) was paid by Gazprom on April 24, 2009. The 20% interest in Gazprom Neft was acquired by Eni on April 4, 2007 as part of a bid procedure for the assets of bankrupt Russian company Yukos. The exercise price of the call option is equal to the bid price (\$3.7 billion) as adjusted by subtracting dividends distributed and adding the contractual yearly remuneration of 9.4% on the capital employed and financing collateral expenses. At the same time, Eni and Gazprom signed new cooperation agreements targeting certain development projects to be conducted jointly in Russia and other countries of interest.

**Africa**

On May 12, 2009 Eni and Egypt's Ministry of Petroleum signed a cooperation agreement to develop new hydrocarbon plays. Eni intends to adopt its comprehensive cooperation model in pursuing new ventures whereby the traditional oil business is integrated by activities aimed at satisfying the energy needs of host countries and supporting them in reaching high standards of social and economic development.

On February 9, 2009 Eni signed three agreements as part of the Memorandum of Understanding signed in August 2008 with Angola's state oil company Sonangol. These agreements provide for: (i) a feasibility study to assess the economics of the utilization of associated gas in feeding a grass-root onshore power plant; (ii) a joint study to evaluate and collect data on certain Angolan onshore basins in view of identifying possible upstream opportunities; (iii) the design of a number of educational and training projects targeting Angolan professionals in the field of development of energy resources.

**European Gas**

On March 19, 2009 the mandatory tender offer on the minorities of Distrigas was finalized. Shareholders representing 41.61% of the share capital of Distrigas, including the second largest shareholder Publigaz SCRL with a 31.25% interest, tendered their shares. The squeeze-out of the residual 1.14% of the share capital was finalized on May 4, 2009. Finally, Distrigas shares have been delisted from Euronext Brussels. The total cash consideration amounting to euro 2,045 million was determined based on the same price paid to Distrigas main shareholder, Suez, on October 2008 to acquire the controlling stake of 57.243%. As of June 30, 2009, Eni owns the entire share capital of Distrigas, except for one share with special powers owned by the Belgian State.

**Other developments: gas developments in USA, Italian oil & gas properties divestment, Pakistan, exploration success and award of new exploratory acreage**

On May 18, 2009 Eni signed a strategic alliance with Quicksilver Resources Inc, an independent US natural gas producer. Based on the terms of the agreement, Eni will acquire a 27.5% interest in the Alliance area, in Northern Texas, covering approximately 53 square kilometers, with gas shale reserves at an average depth of 2,300 meters. Quicksilver will retain the 72.5% of the interests and operatorship of the alliance properties. This transaction, effective April 1, 2009, was finalized on June 19, 2009, for cash consideration amounting to \$280 million. Expected production from the acquired assets will amount to 4,000 boe/d net to Eni for the full year 2009, ramping up to approximately 10,000 boe/d by 2011.

Eni launched the divestment of marginal upstream assets, expected to be finalized by end of the year.



On March 18, 2009 Eni signed a Protocol for Cooperation with the government of Pakistan to develop a number of important upstream, midstream and downstream projects in the country. Eni will provide its expertise as well as new technologies developed in the field of exploring for and developing hydrocarbon fields.

Eni continued to achieve exploration success in the Gulf of Mexico, North Sea and offshore Indonesia.

Eni was awarded operatorship and 40% participating interests in new exploration licenses (PL 533 and PL 529) as well as the 30% interest in the PL 532 license (operated by StatoilHydro) in the Barents Sea.

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**ENI OPERATING AND FINANCIAL REVIEW / HIGHLIGHTS**

**Reorganization of the regulated business in the Italian gas sector**

On June 30, 2009 the parent company Eni SpA concluded the sale of the entire share capital of its fully-owned subsidiaries Italgas SpA and Stoccaggi Gas Italia SpA to its subsidiary Snam Rete Gas. The transaction, which was approved by the Eni's Board of Directors in February 2009, included cash consideration amounting to euro 4,509 million (euro 2,922 million and euro 1,587 million, respectively). Snam Rete Gas funded the transaction by means of: (i) a share capital increase amounting to euro 3.5 billion, which was entirely subscribed to by minorities and Eni for their respective shares; and (ii) arranging medium and long-term financing. The main impact expected on Eni's consolidated financial statements are: (i) as of June 30, 2009 a decrease of euro 1.54 billion was reported in the Group consolidated net borrowings and a corresponding increase in total equity as a consequence of the pro-quota subscription of the Snam Rete Gas capital increase by minorities; (ii) a decrease in Eni's net profit equal to 45% of the aggregate net profit of Italgas and Stogit is expected to be reported in the consolidated profit and loss for the third quarter of 2009, with a corresponding increase in net profit pertaining to minorities.

*Disclaimer*

*This report contains certain forward-looking statements in particular under the section "Outlook" regarding capital expenditures, development and management of oil and gas resources, dividends, share repurchases, allocation of future cash flow from operations, future operating performance, gearing, targets of production and sale growth, new markets, and the progress and timing of projects. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements, depending on a variety of factors, including the timing of bringing new fields on stream; management's ability in carrying out industrial plans and in succeeding in commercial transactions; future levels of industry product supply; demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; development and use of new technology; changes in public expectations and other changes in business conditions; the actions of competitors and other factors discussed elsewhere in this document.*

*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 of operations and changes in net borrowings for the first half of the year cannot be extrapolated for the full year.*

**Contents****ENI INTERIM CONSOLIDATED REPORT / STATISTIC RECAP****Financial highlights**

2008		(euro million)			
		2008	First Half 2009	Change	% Ch.
108,082	Net sales from operations	55,388	<b>42,008</b>	(13,380)	(24.2)
18,517	Operating profit	11,970	<b>6,372</b>	(5,598)	(46.8)
21,608	Adjusted operating profit <sup>(a)</sup>	11,471	<b>6,303</b>	(5,168)	(45.1)
8,825	Net profit <sup>(b)</sup>	6,758	<b>2,736</b>	(4,022)	(59.5)
10,164	Adjusted net profit <sup>(a)(b)</sup>	5,296	<b>2,661</b>	(2,635)	(49.8)
21,801	Net cash provided by operating activities	9,950	<b>7,621</b>	(2,329)	(23.4)
14,562	Capital expenditures	6,759	<b>6,844</b>	85	1.3
4,305	Acquisition of investments and businesses <sup>(c)</sup>	1,949	<b>2,214</b>	265	13.6
217	R&D expenditures	126	<b>117</b>	(9)	(7.1)
116,673	Total assets at period end	109,044	<b>112,171</b>	3,127	2.9
20,837	Debts and bonds at period end	21,323	<b>19,873</b>	(1,450)	(6.8)
48,510	Shareholders' equity including minority interests at period end	43,889	<b>50,209</b>	6,320	14.4
18,376	Net borrowings at period end	16,565	<b>18,355</b>	1,790	10.8
66,886	Net capital employed at period end	60,454	<b>68,564</b>	8,110	13.4

(a) For a detailed explanation of adjusted profits (net and operating), that do not include inventory gain/loss and special items, see paragraph "Reconciliation of reported operating profit and reported net profit to results on an adjusted basis".

(b) Profit attributable to Eni shareholders.

(c) Net of acquired cash.

**Summary financial data**

2008			First Half			
			2008	2009	Change	% Ch.
	Net profit					
2.43	- per ordinary share <sup>(a)</sup>	(EUR)	1.85	<b>0.76</b>	(1.09)	(58.9)
7.15	- per ADR <sup>(a)(b)</sup>	(USD)	5.66	<b>2.02</b>	(3.64)	(64.3)
	Adjusted net profit					
2.79	- per ordinary share <sup>(a)</sup>	(EUR)	1.45	<b>0.73</b>	(0.72)	(49.7)
8.21	- per ADR <sup>(a)(b)</sup>	(USD)	4.44	<b>1.94</b>	(2.50)	(56.3)
	Return On Average Capital Employed (ROACE) <sup>(c)</sup>					
15.7	- reported	(%)	23.8	<b>8.9</b>	(14.9)	
17.6	- adjusted	(%)	19.7	<b>13.0</b>	(6.7)	
0.38	Leverage		0.38	<b>0.37</b>	(0.01)	

(a) Fully diluted. Ratio of net profit and average number of shares outstanding in the period. Dollar amounts are converted on the basis of the average EUR/USD exchange rate quoted by ECB for the period presented.

(b) One American Depositary Receipt (ADR) is equal to two Eni ordinary shares.

(c) Calculated on a 12-month period ending on June 30, 2009, on June 30, 2008 and on December 31, 2008.

**Key market indicators**

First Half

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2008		2008	2009	Change	% Ch.
96.99	Average price of Brent dated crude oil <sup>(a)</sup>	109.14	<b>51.60</b>	(57.54)	(52.7)
1.471	Average EUR/USD exchange rate <sup>(b)</sup>	1.530	<b>1.332</b>	(0.198)	(12.9)
65.93	Average price in euro of Brent dated crude oil	71.33	<b>38.74</b>	(32.59)	(45.7)
6.49	Average European refining margin <sup>(c)</sup>	5.93	<b>4.47</b>	(1.46)	(24.6)
8.85	Average European refining margin Brent/Ural <sup>(c)</sup>	8.64	<b>5.09</b>	(3.55)	(41.1)
4.4	Average European refining margin in euro	3.9	<b>3.4</b>	(0.5)	(13.4)
4.6	Euribor-three-month euro rate	(%) 4.7	<b>1.7</b>	(3.0)	(63.8)
2.9	Libor-three-month dollar rate	(%) 3.0	<b>1.0</b>	(2.0)	(66.7)

(a) In USD per barrel. Source: Platt's Oilgram.

(b) Source: ECB.

(c) In USD per barrel FOB Mediterranean Brent dated crude oil. Source: Eni calculations based on Platt's Oilgram data.

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**Contents****ENI INTERIM CONSOLIDATED REPORT / STATISTIC RECAP****Summary operating data**

2008			2008	First Half		
				2009	Change	% Ch.
<b>Exploration &amp; Production</b>						
1,797	Production of hydrocarbons	(kboe/d)	1,784	<b>1,756</b>	(28)	(1.6)
1,026	- Liquids	(kbbbl/d)	1,005	<b>1,000</b>	(5)	(0.5)
4,424	- Natural gas	(mmcf/d)	4,472	<b>4,344</b>	(128)	(3.1)
<b>Gas &amp; Power</b>						
104.23	Worldwide gas sales	(bcm)	53.07	<b>52.81</b>	(0.26)	(0.5)
6.00	- of which E&P sales <sup>(a)</sup>	(bcm)	3.32	<b>2.95</b>	(0.37)	(11.1)
85.64	Gas volumes transported in Italy	(bcm)	45.38	<b>38.10</b>	(7.28)	(16.0)
29.93	Electricity sold	(TWh)	15.37	<b>15.35</b>	(0.02)	(0.1)
<b>Refining &amp; Marketing</b>						
35.84	Refining throughputs on own account	(mmtonnes)	17.65	<b>16.65</b>	(1.00)	(5.7)
58	Conversion index	(%)	56	<b>59</b>	3	5.4
12.67	Retail sales of petroleum products in Europe	(mmtonnes)	6.27	<b>5.86</b>	(0.41)	(6.5)
5,956	Service stations in Europe at period end	(units)	6,373	<b>6,018</b>	(355)	(5.6)
2,502	Average throughput of service stations in Europe	(kliters)	1,210	<b>1,206</b>	(4)	(0.3)
<b>Petrochemicals</b>						
7,372	Production	(ktonnes)	4,136	<b>3,254</b>	(882)	(21.3)
4,684	Sales of petrochemical products	(ktonnes)	2,677	<b>2,118</b>	(559)	(20.9)
69	Average plant utilization rate	(%)	77	<b>66</b>	(11)	(14.6)
<b>Engineering &amp; Construction</b>						
13,860	Orders acquired	(euro million)	5,471	<b>5,068</b>	(403)	(7.4)
19,105	Order backlog at period end	(euro million)	16,191	<b>19,015</b>	2,824	17.4
<b>78,880</b>	<b>Employees at period end</b>	(units)	<b>76,360</b>	<b>78,268</b>	<b>1,908</b>	<b>2.5</b>

(a) E&P sales include volumes marketed by the Exploration & Production division in Europe (1.83, 1.32 and 3.36 bcm for the first half of 2008, 2009 and the full year 2008, respectively) and in the Gulf of Mexico (1.49, 1.63 e 2.64 bcm for the first half of 2008, 2009 and the full year 2008, respectively).

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ENI INTERIM CONSOLIDATED REPORT / OPERATING REVIEW

## Exploration &amp; Production

## Key performance indicators

2008	(euro million)	First Half	
		2008	2009
33,042	Net sales from operations <sup>(a)</sup>	17,721	<b>11,828</b>
16,239	Operating profit	9,043	<b>4,152</b>
17,222	Adjusted operating profit <sup>(b)</sup>	9,252	<b>4,237</b>
7,900	Adjusted net profit	4,073	<b>1,916</b>
	Results also include:		
7,488	- amortization and depreciation	3,233	<b>3,471</b>
	- of which:		
2,057	exploration expenditures	1,056	<b>920</b>
1,577	amortization of exploratory drilling expenditures and other	806	<b>770</b>
480	amortization of geological and geophysical exploration expenses	<b>150</b>	
9,281	Capital expenditures	4,364	<b>4,907</b>
1,918	- of which: exploration expenditures <sup>(c)</sup>	981	<b>732</b>
30,362	Adjusted capital employed, net	22,763	<b>30,489</b>
29.2	Adjusted ROACE	(%) 34.2	<b>21.6</b>
	<b>Production</b> <sup>(d)</sup>		
1,026	Liquids <sup>(e)</sup>	(kbbbl/d) 1,005	<b>1,000</b>
4,424	Natural gas	(mmcf/d) 4,472	<b>4,344</b>
<b>1,797</b>	<b>Total hydrocarbons</b>	(kboe/d) <b>1,784</b>	<b>1,756</b>
	<b>Average realizations</b>		
84.05	Liquids <sup>(e)</sup>	(\$/bbl) 95.71	<b>48.30</b>
8.01	Natural gas	(\$/mmcf) 7.29	<b>6.05</b>
<b>68.13</b>	<b>Total hydrocarbons</b>	(\$/boe) <b>73.11</b>	<b>42.83</b>
10,891	Employees at period end	(units) 10,429	<b>11,055</b>

(a) Before elimination of intragroup sales.

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

(c) Includes exploration bonuses.

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

(e) Includes condensates.

## Mineral right portfolio and exploration activities

As of June 30, 2009, Eni's mineral right portfolio consisted of 1,243 exclusive or shared rights for exploration and development in 39 countries on five continents for a total net acreage of 439,605 square kilometers (415,494 at December 31, 2008). Of these 42,367 square kilometers concerned production and development (39,244 at December 31, 2008). Outside Italy net acreage (416,950 square kilometers) increased by 21,865 square kilometers mainly due to the acquisition of new exploration leases in Algeria, Yemen and the North Sea. In Italy net acreage (22,655 square

kilometers) increased by 2,246 square kilometers mainly due to the new leases acquired.

In the first half of 2009, a total of 37 new exploratory wells were drilled (22 of which represented Eni's share), as compared to 64 exploratory wells completed in the first half of 2008 (31 of which represented Eni's share). Overall commercial success rate was 37% (36.4% net to Eni), as compared to 38.2% (46% net to Eni) in the first half of 2008.

**Contents****ENI INTERIM CONSOLIDATED REPORT / OPERATING REVIEW****Oil and natural gas interests**

	December 31, 2008	June 30, 2009			Number of interests
	Gross exploration and development acreage <sup>(a)</sup>	Gross exploration and development acreage <sup>(a)</sup>	Net exploration and development acreage <sup>(a)</sup>	Net development acreage <sup>(a)</sup>	
<b>Italy</b>	<b>25,522</b>	<b>28,241</b>	<b>22,655</b>	<b>12,445</b>	<b>169</b>
<b>Outside Italy</b>	<b>732,976</b>	<b>753,734</b>	<b>416,950</b>	<b>29,922</b>	<b>1,074</b>
<b>North Africa</b>					
Algeria	2,921	19,593	17,272	1,229	37
Egypt	26,335	24,256	8,918	2,549	59
Libya	36,375	36,375	18,164	994	13
Mali	193,200	193,200	128,801		5
Tunisia	6,464	6,464	2,274	1,558	11
	<b>265,295</b>	<b>279,888</b>	<b>175,429</b>	<b>6,330</b>	<b>125</b>
<b>West Africa</b>					
Angola	20,492	20,492	3,323	1,397	55
Congo	15,655	15,589	8,189	1,013	25
Gabon	7,615	7,615	7,615		6
Nigeria	44,049	44,049	8,574	6,533	50
	<b>87,811</b>	<b>87,745</b>	<b>27,701</b>	<b>8,943</b>	<b>136</b>
<b>North Sea</b>					
Norway	11,771	11,186	3,507	123	51
United Kingdom	5,207	5,472	1,557	929	90
	<b>16,978</b>	<b>16,658</b>	<b>5,064</b>	<b>1,052</b>	<b>141</b>
<b>Caspian Area</b>					
Kazakhstan	4,933	4,933	880	453	6
Turkmenistan	200	200	200	200	1
	<b>5,133</b>	<b>5,133</b>	<b>1,080</b>	<b>653</b>	<b>7</b>
<b>Rest of the world</b>					
Australia	60,486	49,482	20,694	891	16
Brazil	1,389	1,389	1,067		2
China	899	899	192	103	3
Croatia	1,975	1,975	988	988	2
East Timor	12,224	12,224	9,779		5
Ecuador	2,000	2,000	2,000	2,000	1
India	24,425	25,749	9,630	416	10
Indonesia	28,605	25,929	15,858	1,064	11
Iran	1,456	1,456	820	820	4



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Pakistan	35,938	35,819	18,788	615	21
Russia	6,636	6,504	3,812	3,812	5
Saudi Arabia	51,687	51,687	25,844		1
Trinidad & Tobago	382	382	66	66	1
United States	11,478	11,251	6,526	907	556
Venezuela	1,556	1,556	614	145	3
Yemen	3,911	23,296	20,560		2
	<b>245,047</b>	<b>251,598</b>	<b>137,238</b>	<b>11,827</b>	<b>643</b>
Other countries	6,311	6,311	1,363	1,117	9
Other countries with only exploration activity	106,401	106,401	69,075		13
<b>Total</b>	<b>758,498</b>	<b>781,975</b>	<b>439,605</b>	<b>42,367</b>	<b>1,243</b>

(a) Square kilometers.

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## ENI INTERIM CONSOLIDATED REPORT / OPERATING REVIEW

## Production

2008		2008	First Half 2009	Change	% Ch.
<b>Production of oil and natural gas</b> <sup>(a) (b)</sup>					
<b>1,797</b>	(kboe/d)	<b>1,784</b>	<b>1,756</b>	<b>(28)</b>	<b>(1.6)</b>
199	Italy	205	171	(34)	(16.6)
645	North Africa	639	581	(58)	(9.1)
335	West Africa	315	337	22	7.0
237	North Sea	243	237	(6)	(2.5)
123	Caspian Area	131	133	2	1.5
258	Rest of the world	251	297	46	18.3
<b>632.0</b>	<b>Oil and natural gas sold</b> <sup>(a)</sup>	<b>313.9</b>	<b>308.4</b>	<b>(5.5)</b>	<b>(1.8)</b>
<b>Production of liquids</b> <sup>(b)</sup>					
<b>1,026</b>	(kbb/d)	<b>1,005</b>	<b>1,000</b>	<b>(5)</b>	<b>(0.5)</b>
68	Italy	71	55	(16)	(22.5)
338	North Africa	340	297	(43)	(12.6)
289	West Africa	269	299	30	11.2
140	North Sea	143	134	(9)	(6.3)
81	Caspian Area	86	86		
110	Rest of the world	96	129	33	34.4
<b>Production of natural gas</b> <sup>(a) (b)</sup>					
<b>4,424</b>	(mmcf/d)	<b>4,472</b>	<b>4,344</b>	<b>(128)</b>	<b>(3.1)</b>
750	Italy	770	666	(104)	(13.6)
1,762	North Africa	1,718	1,632	(86)	(6.1)
261	West Africa	261	220	(41)	(25.0)
558	North Sea	574	588	14	6.3
245	Caspian Area	261	269	8	14.3
849	Rest of the world	888	969	81	8.0

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

(b) Includes production volumes of natural gas consumed in operations (299 and 284 mmcf/d in the first half of 2009 and 2008, respectively, and 281 mmcf/d in 2008).

Oil and natural gas production for the first half of 2009 (1,756 kboe/d) decreased by 28 kboe/d from the first half of 2008 (down 1.6%) mainly due to OPEC production cuts (down approximately 30 kboe/d), continuing security issues in Nigeria, lower production uplifts associated with weak European gas demand and mature field declines. Those negatives were partially offset by continuing production ramp-up in Angola, Congo, the Gulf of Mexico, Egypt and Venezuela, and the positive price impact reported in the Company's PSAs (up approximately 60 kboe/d). The share of

oil and natural gas produced outside Italy was 90% (89% in the first half of 2008).

Liquids production was 1,000 kbbbl/d, a decrease of 5 kbbbl/d from the first half of 2008, or 0.5%. Mature fields declines, mainly in Italy and in the North Sea, were partly offset by production increases achieved in Angola, benefiting from production ramp-up at the Saxi-Batuque fields (Eni's interest 20%), Congo, due to the development of the Ikalou-Ikalou Sud (Eni's interest 100%) and Awa Paloukou fields (Eni's interest 90%), and Venezuela, due to the Corocoro (Eni's interest 26%) production start-up, as well as higher entitlements reported in the Company PSAs as a result of lower oil prices.

Natural gas production (4,344 mmcf/d) decreased by 128 mmcf/d, or 3.1%, mainly in Italy, Nigeria and Libya.

Increases were recorded in the Gulf of Mexico, due to lower facility downtime, and in Congo, due to the start-up of the M'Boundi field gas project (Eni operator with a 83% interest).

Oil and gas production sold amounted to 308.4 mmboe. The difference over production (317.8 mmboe) reflected volumes of natural gas consumed in operations (9.4 mmboe).

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ENI INTERIM CONSOLIDATED REPORT / OPERATING REVIEW

**Main exploration and development projects****NORTH AFRICA**

*Algeria* In 2009, relevant authorities confirmed the acquisition of the operatorship of the Kerzaz exploration area (Blocks 319a, 321a and 316b) covering a gross acreage of 16,000 square kilometers. Activity start-up is expected in 2009.

Main projects underway are the following: (a) the MLE and CAFC integrated project for the development of Block 405b (Eni's interest 75%) purchased in 2008 from Canadian company First Calgary. The project provides for the construction of a treatment plant with a capacity of 350 mmcf/d of NGL and 35 kbbl/d of oil. Production start-up is expected in 2011 with a production plateau of approximately 30 kboe/d net to Eni by 2012; (b) the Rom Integrated project, designed to develop the reserves of the ROM Main, ZEA and ROM Nord fields. The project provides for the construction of a new oil treatment plant with start-up in 2012. Current production of 14 kboe/d is expected to reach 32 kboe/d by 2012; (c) the El Merk Synergy project (Eni's interest 12.25%), with the construction of a new treatment plant with a capacity of 600 mmcf/d of NGL and 65 kbbl/d of oil on two trains and production plateau of about 11 kbbl/d net to Eni. In the first half of 2009 nearly all EPC contracts of the project have been awarded. Start-up is expected in 2012.

The Algerian hydrocarbon Law No. 05 of 2007 introduced a higher tax burden for the national oil company Sonatrach that requested to renegotiate the economic terms of certain PSAs in order to restore the initial economic equilibrium. Eni signed an agreement for Block 403 while negotiations are ongoing for Block 401a/402a (Eni's interest 55%) and Block 208 (Eni's interest 12.25%). At present, management is not able to foresee the final outcome of such renegotiations.

*Egypt* In May 2009, Eni and Egypt's Ministry of Petroleum signed a cooperation agreement to increase and widen cooperation in development activities and start joint activities in training and knowledge management. The agreement has extended the terms of the Belayim field (Eni's interest 100%) in the Gulf of Suez till 2030. The two partners have also agreed to jointly evaluate a number of industrial initiatives to monetize the natural gas reserves at high depths. In 2009, in the offshore area of the Nile Delta the Thekah gas field was started up by linking it to existing production facilities. Production is expected to peak at 81 mmcf/d in 2009.

Main projects underway are the following: (i) the second phase at the Denise field through the drilling of additional wells to be linked to the dedicated Denise B platform; (ii) the finalization of the basic engineering for the upgrading of facilities at the Belayim field to recover residual reserves.

Upgrading of the el Gamil compression plant progressed by adding new capacity.

Eni and the partners of the Damietta LNG plant have planned to double the capacity of this facility through the construction of a second train with a treatment capacity of 265 bcf/y of gas. Eni will provide 88 bcf/y to the second train for a period of twenty years. The project is awaiting to be sanctioned by the Egyptian authorities. The reserves have been already identified which are destined to feed the second train, including any additional amounts that must be developed to meet the country's domestic requirements under existing laws.

*Libya* The plans for the monetization of gas reserves ratified in the strategic agreements between Eni and NOC are underway: (i) upgrading of plants and facilities of the Western Libyan Gas project (Eni's interest 50%) in order to increase gas production by 35 bcf/y. Additional 71 bcf/y will be on-stream by 2014 through the installation of a new platform on structure A and an upgrading of the Mellitah plant; (ii) maintaining production profiles at the Wafa and Bahr Essalam fields through increasing compression capacity and drilling additional wells.

Other ongoing development activities concern the A-NC118 field (Eni's interest 50%) linking it via pipelines to the Wafa/Mellitah plant and with the valorization of associated gas of the Bouri field (Eni's interest 50%). Purified gas will be shipped by sealine to the nearby Sabratha platform, from here to the Mellitah plant and exported through the GreenStream pipeline.



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*Tunisia* Development activities progressed at the production platform of the Maamoura (Eni's interest 49%) and Baraka (Eni's interest 49%) fields. Start-up is expected in 2009.

The ongoing development projects mainly regarded the optimization of production at the Adam (Eni's interest 25%), Djebel Grouz (Eni's interest 50%) and Oued Zar (Eni's interest 50%) fields, located in the Southern desert area.

**WEST AFRICA**

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

In May 2009 the Mafumeira field located in Block 0 in Cabinda-Area A (Eni's interest 9.8%) was started up with peak production at 33 kbb/d expected in 2012.

Within the activities for reducing gas flaring, projects progressed at the Takula and Nemba fields in Block 0.

Flaring-down on Takula is expected in to be completed in 2009. Gas currently flared will be re-injected in the field; condensates will be shipped via a new pipeline to the Malongo treatment plant to be converted into LPG.

Development activities at the Nemba field are planned including the drilling of gas injection wells and the installation of a new production platform. Start-up is expected in 2011.

Development at the Landana and Tombua oil fields in offshore Block 14 (Eni's interest 20%) progressed. Early production is ongoing in the north area of Landana that was linked to the Benguela/Belize-Lobito/Tomboco facilities. Production is expected to peak at 135 kbb/d (24 net to Eni) in 2011 at the end of drilling program.

*Congo* In June 2009, Eni acquired a 2.9% stake in the M Boundi operated field (Eni's interest 83%) from Courrat. Activities on this field moved forward with the revision of the production schemes and layout to plan application of advanced recovery techniques and a design to monetize associated gas. In the first half of 2009, Eni signed a long term agreement to supply associated gas from M Boundi to fire the Koilou potassium plant owned by Canadian company MagIndustries and doubled the existing Djeno power plant (Eni's interest 50%). In addition a new 450 MW power station (Eni's interest 20%) will be fired with the associated natural gas from M Boundi as foreseen in the cooperation agreement signed by Eni and the Republic of Congo in 2008.

*Nigeria* In Blocks OML 60, 61, 62 and 63 (Eni operator with a 20% interest) within the activities aimed at guaranteeing production to feed the Bonny liquefaction plant (Eni's interest 10.4%), the development of gas reserves continued for increasing capacity at the Obiafu/Obrikom plant as well as the installation of a new treatment plant and transport facilities for carrying 155 mmcm/d net to Eni of feed gas for 20 years. To the same end the development plan of the Tuomo gas field has been progressing along with its linkage to the Ogbainbiri treatment plant.

In Blocks OML 120/121 (Eni operator with a 40% interest), the Oyo oil discovery is under development. The project provides for the installation of an FPSO unit with treatment capacity of 40 kbb/d and storage capacity of 1 mmbbl. Production start-up is expected in 2009.

Development of the Forcados/Yokri oil and gas field progressed as part of the integrated associated gas gathering project aimed at supplying gas to the Bonny liquefaction plant. Completion is expected in 2009.

**NORTH SEA**

*Norway* Exploration activities yielded positive results in Prospecting License 128 (Eni's interest 11.5%) with the Dompap gas discovery at a depth of approximately 2,750 meters. Appraisal activities are underway.



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In May 2009 following an international bid procedure Eni was awarded in the Barents Sea the operatorship of exploration licenses PL 533 (Eni's interest 40%) and PL 529 (Eni's interest 40%) in addition to a 30% stake in PL 532. In January 2009, production of the Yttergyta field (Eni's interest 9.8%) started-up at 81 mmcf/d with the completion of development activities.

In July 2009, the Tyrihans field (Eni's interest 6.23%) was started-up in coincidence with the production decline of Kristin (Eni's interest 8.25%) which makes spare capacity available to process production from Tyrihans.

In Prospecting License 229 (Eni operator with a 65% interest) appraisal activities of the Goliath oil discovery are underway. The project is progressing according to schedule. Start-up is expected in 2013 with production plateau at 100 kbbl/d. The final investment decision is expected in the second half of 2009.

*United Kingdom* Exploration activities yielded positive results in Block 22/25a (Eni's interest 16.95%) with the gas and condensate Culzean discovery near the Elgin/Franklin producing field (Eni's interest 21.87%). Study of development activities is underway.

Development activities concerned: (i) infilling actions at the Elgin/Franklin, Mac Culloch (Eni's interest 40%), Jade (Eni's interest 7%) and Magnus (Eni's interest 5%) fields targeted to maintain production levels; (ii) progressing activities at the Burgley discovery (Eni's interest 21.92%) with start-up expected in 2010.

Pre-development activities are underway at the following discoveries: (i) the Jasmine gas field in the J-Block (Eni's interest 33%) with expected start-up in 2012; (ii) the Laggan-Tormore gas field (Eni's interest 20%) located in the Shetland Islands with expected start-up in 2013; (iii) the Kinnoul oil and gas field in Block 16/23 (Eni's interest 16.67%) to be developed in synergy with the production facilities of the Andrew field (Eni's interest 16.21%) with expected start-up in 2011.

**CASPIAN AREA**

*Kazakhstan - Karachaganak* Ongoing development activities concerned: (i) the completion of the fourth treatment unit which will enable to increase export of oil volumes to European markets. Currently non-stabilized oil production is delivered to the Orenburg terminal; (ii) the construction of the Uralsk Gas Pipeline. This new infrastructure, with a length of 150 kilometers, will link the Karachaganak field to the Kazakhstan gas network. Start-up is expected in 2009.

In 2008, the Kazakh authorities approved a tax decree enacting a new duty tax on crude oil exports. In January 2009 the rate applied for the determination of that charge was cleared. In the same month the authorities enacted a new tax code that does not affect the profitability of this project taking into account that certain clauses in the PSA regulating the activities at the field provide the stability of the tax burden for the ventures.

**REST OF WORLD**

*Australia* Development activities are underway at the Blacktip gas field (Eni operator with a 100% interest). The development strategy envisages installation of a platform that will be linked to an onshore treatment plant. Start-up is expected in the second half of 2009, peaking at 26 bcf/y in 2010. Natural gas production is destined to supply a power station.

*Indonesia* Exploration activity yielded positive results with the Jangkrik discovery located in the Muara Bukay Block (Eni's interest 55%) in the offshore of Borneo.

Eni is also involved in the ongoing joint development of the five discoveries in the Kutei Deep Water Basin area (Eni's interest 20%). Gas production will be treated at the Bontang LNG plant.

*Pakistan* In March 2009, Eni signed a Protocol for Cooperation with the government of Pakistan to develop a number of important upstream, midstream and downstream projects in the country. The deal is part of Eni's growth strategy by identifying new resources. Eni will provide its expertise as well as new technologies developed in the field of



exploring for and developing hydrocarbon fields.

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*Russia* On April 7, 2009 Gazprom exercised its call option to purchase a 20% interest in OAO Gazprom Neft held by Eni based on the existing agreements between the two partners. Total cash consideration amounting to euro 3,070 million (US \$4,062 million at the exchange rate of that date) (for further details on this deal, see the discussion on the balance sheet section of the financial review).

On May 15, 2009, Eni and its Italian partner Enel in the 60-40% owned joint-venture OOO SeverEnergiya signed a preliminary agreement with Gazprom regarding a call option arrangement on a 51% interest in the venture. OOO SeverEnergiya is the parent company of three Russian upstream companies which are presently engaging in exploration and development activities of gas reserves in the Yamal Nenets region, in Siberia. On June 5, 2009, the parties signed the relevant binding agreement. Total cash consideration from this transaction is anticipated to amount to \$1.5 billion (Eni's share being \$900 million) and will be paid by Gazprom in two tranches (for further details on this deal, see the discussion on the balance sheet section of the financial review).

The parties also agreed to move forward with the development plan of the Samburskoye field, targeting to achieve first gas by June 2011 and to ramp production up to a plateau of 150 kboe/d within two years. In the next 90 days, the parties will define a plan to obtain all the authorizations, including the extensions of the mineral licenses, from the Russian authority regulating the exploitation of the country's mineral resources. The amendments for some licenses have been issued.

Eni and Gazprom signed new cooperation agreements targeting certain development projects to be conducted jointly in Russia and other countries of interest.

*United States - Gulf of Mexico* Offshore exploration activities yielded positive results in the following blocks: (i) Block Green Canyon 859 (Eni's interest 12.5%) with the oil and gas Heidelberg - 1 discovery at a depth of 9,163 meters; (ii) near to the Longhorn field (Eni's interest 75%) with the Leo appraisal well that will be linked to the existing production facilities.

In May 2009, Eni signed a strategic alliance with Quicksilver Resources Inc, an independent US natural gas producer, to acquire a 27.5% interest in the Alliance area, in the Fort Worth basin, in Texas. The acquisition for cash consideration amounting to \$280 million includes gas shale<sup>1</sup> production assets with 40 mmbbl of resources base. Production plateau at 10 kboe/d net to Eni is expected in 2011.

The development plan of the Appaloosa discovery (Eni's interest 100%) was sanctioned. Start-up is expected in 2010 with peak production at 7 kboe/d.

In July 2009, production started-up at the Thunderhawk field, in block Mississippi Canyon 734 (Eni's interest 25%), through the drilling of underwater wells and linkage to a semi submersible production unit with a treatment capacity of 45 kbbbl/d of oil and about 71 mmcf/d of natural gas.

Development activities are nearing completion at the Longhorn field (Eni's interest 75%) with the installation of a fixed platform linked to 3 underwater wells. Start-up is expected in 2009 with peak production at 29 kboe/d (about 20 net to Eni).

*United States - Alaska* Ongoing activities concerned the phased development plan of the Nikaitchuq field (Eni's interest 100%). The project provides for the drilling of onshore and offshore wells and linkage to a treatment plant to be built at Olitok point. First oil is expected in 2010 with production plateau at 26 kboe/d.

*Italy* Development activities concerned in particular: (i) optimization of producing fields by means of sidetrack and work over activities (Cervia, Giovanna, Antares, Luna and Barbara); (ii) continuation of drilling in the Val d'Agri concession.

Other development activities were: (i) linkage to the Val d'Agri oil treatment plant of the first 3 wells in the Cerro Falcone area. Start-up is expected in October 2009 at approximately 6 kboe/d; (ii) the development of the Annamaria B and Tesoro fields. Start-up is expected in 2009 with peak production of 4 kboe/d at

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(1) Shale gas is a continuous natural gas reservoir contained within fine grained rocks, dominated by shale.

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Annamaria B. Start-up is expected in the second half of 2009 at Tresauro; (iii) the development of the Guendalina field with start-up in 2010 and peaking production of 3 kboe/d.

**Capital expenditures**

Capital expenditures of the Exploration & Production division (euro 4,907 million) concerned development of oil and gas reserves (euro 3,651 million) directed mainly outside Italy, in particular Kazakhstan, Egypt, Congo, the United States and Angola. Development expenditures in Italy concerned well drilling program and facilities upgrading in Val d'Agri as well as sidetrack and infilling activities in mature fields. About 96% of exploration expenditures that amounted to euro 732 million were directed outside Italy in particular Libya, the United States, Egypt and Indonesia. In Italy, exploration activities were conducted mainly in the offshore of Sicily.

Acquisition of proved and unproved property concerned mainly the acquisition of a 27.5% stake in the Quicksilver Resources assets and the extension of Eni's mineral rights in Egypt, following the agreement signed in May 2009 with Egypt's Ministry of Petroleum.

As compared to the first half of 2008, capital expenditures increased by euro 543 million, up 12.4%, due to higher development expenditures mainly in the United States, Australia, Congo, Italy and Kazakhstan.

		(euro million)			
2008		2008	First Half 2009	Change	% Ch.
<b>836</b>	<b>Acquisition of proved and unproved property</b>	<b>621</b>	<b>477</b>	<b>(144)</b>	<b>(23.2)</b>
626	North Africa	601	225		
210	West Africa	13	73		
	Rest of world	7	179		
<b>1,918</b>	<b>Exploration</b>	<b>981</b>	<b>732</b>	<b>(249)</b>	<b>(25.4)</b>
135	Italy	71	26	(45)	(63.4)
398	North Africa	213	234	21	9.9
460	West Africa	139	117	(22)	(15.8)
214	North Sea	148	57	(91)	(61.5)
28	Caspian Area	7	15	8	..
683	Rest of world	403	283	(120)	(29.8)
<b>6,429</b>	<b>Development</b>	<b>2,729</b>	<b>3,651</b>	<b>922</b>	<b>33.8</b>
570	Italy	259	359	100	38.6
1,246	North Africa	542	674	132	24.4
1,717	West Africa	780	931	151	19.4
505	North Sea	212	265	53	25.0
997	Caspian Area	435	529	94	21.6
1,394	Rest of world	501	893	392	78.2
<b>98</b>	<b>Other expenditures</b>	<b>33</b>	<b>47</b>	<b>14</b>	<b>42.4</b>
<b>9,281</b>		<b>4,364</b>	<b>4,907</b>	<b>543</b>	<b>12.4</b>

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## Gas &amp; Power

## Key performance indicators

2008	(euro million)	First Half	
		2008	2009
37,062	Net sales from operations <sup>(a)</sup>	16,971	<b>17,468</b>
4,030	Operating profit	2,425	<b>2,116</b>
3,564	Adjusted operating profit <sup>(b)</sup>	2,295	<b>2,053</b>
1,309	Marketing	1,106	<b>987</b>
1,732	Regulated businesses in Italy	933	<b>859</b>
523	International transport	256	<b>207</b>
2,655	Adjusted net profit	1,659	<b>1,485</b>
4,310	Adjusted pro-forma EBITDA <sup>(b)</sup>	2,583	<b>2,541</b>
2,271	Marketing	1,534	<b>1,558</b>
1,284	Regulated businesses in Italy	680	<b>644</b>
755	International transport	369	<b>339</b>
2,058	Capital expenditures	969	<b>751</b>
22,273	Adjusted capital employed, net	20,892	<b>23,614</b>
12.2	Adjusted ROACE	(%) 15.4	<b>11.1</b>
104.23	Worldwide gas sales	(bcm) 53.07	<b>52.81</b>
6.00	of which: E&P sales <sup>(c)</sup>	3.32	<b>2.95</b>
85.64	Gas volumes transported in Italy	(bcm) 45.38	<b>38.10</b>
29.93	Electricity sold	(TWh) 15.37	<b>15.35</b>
11,692	Employees at period end	(units) 11,685	<b>11,623</b>

(a) Before elimination of intragroup sales.

(b) From January 1, 2009, results of the gas storage business are reported within the Gas & Power segment reporting unit, within the regulated businesses results, following restructuring of Eni regulated gas businesses in Italy. As of that date, the results of the regulated businesses in Italy therefore include results of the Transport, Distribution, Regasification and Storage activities in Italy. Prior period results have been restated accordingly.

(c) Exploration & Production sales in Europe and in the Gulf of Mexico.

## NATURAL GAS

## Supply of natural gas

In the first half of 2009 Eni's consolidated subsidiaries, including Distrigas share amounting to 8.22 bcm, supplied 44.07 bcm of natural gas with a 1 bcm decrease from the first half of 2008, down 2.2%. Excluding the contribution of Distrigas, lower gas sales in particular in Italy related to the economic downturn determined a decline in gas volumes supplied outside Italy of 8.66 bcm mainly (i) from Russia (down 2.74 bcm); (ii) from Algeria (down 2.63 bcm); (iii) supplies destined to the Hungarian market (down 1.33 bcm); (iv) from the Netherlands (down 1.09 bcm). Supplies in Italy (3.48 bcm) declined by 0.56 bcm from the first half of 2008, or 13.9%, due to lower domestic production.



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2008	(bcm)	First Half			
		2008	2009	Change	% Ch.
<b>8.00</b>	<b>Italy</b>	<b>4.04</b>	<b>3.48</b>	<b>(0.56)</b>	<b>(13.9)</b>
22.91	Russia	12.65	<b>9.91</b>	(2.74)	(21.7)
19.22	Algeria (including LNG)	10.65	<b>8.02</b>	(2.63)	(24.7)
9.87	Libya	5.02	<b>4.83</b>	(0.19)	(3.8)
9.83	Netherlands	4.25	<b>5.39</b>	1.14	26.8
6.97	Norway	2.98	<b>6.10</b>	3.12	..
3.12	United Kingdom	1.47	<b>1.50</b>	0.03	2.0
2.84	Hungary	1.67	<b>0.34</b>	(1.33)	(79.6)
0.71	Qatar (LNG)		<b>1.50</b>	1.50	..
4.07	Other supplies of natural gas	1.39	<b>2.35</b>	0.96	69.1
2.11	Other supplies of LNG	0.95	<b>0.65</b>	(0.30)	(31.6)
<b>81.65</b>	<b>Outside Italy</b>	<b>41.03</b>	<b>40.59</b>	<b>(0.44)</b>	<b>(1.1)</b>
<b>89.65</b>	<b>Total supplies of Eni's consolidated subsidiaries</b>	<b>45.07</b>	<b>44.07</b>	<b>(1.00)</b>	<b>(2.2)</b>
(0.08)	Offtake from (input to) storage	0.33	<b>1.75</b>	1.42	..
(0.25)	Network losses and measurement difference	(0.12)	<b>(0.13)</b>	(0.01)	8.3
<b>89.32</b>	<b>Available for sale by Eni's consolidated subsidiaries</b>	<b>45.28</b>	<b>45.69</b>	<b>0.41</b>	<b>0.9</b>
<b>8.91</b>	<b>Available for sale by Eni's affiliates</b>	<b>4.47</b>	<b>4.17</b>	<b>(0.30)</b>	<b>(6.7)</b>
<b>6.00</b>	<b>E&amp;P volumes</b>	<b>3.32</b>	<b>2.95</b>	<b>(0.37)</b>	<b>(11.1)</b>
<b>104.23</b>	<b>Total available for sale</b>	<b>53.07</b>	<b>52.81</b>	<b>(0.26)</b>	<b>(0.5)</b>

**TAKE-OR-PAY**

In order to meet the medium and long-term demand for natural gas, in particular in the Italian market, Eni entered into long-term purchase contracts with producing countries. The residual average life of the Company's supply portfolio currently amounts to approximately 20.5 years. Such contracts, which generally contain take-or-pay clauses, will ensure a total of approximately 62.4 bcm/y of natural gas by 2010.

Despite the fact that an increasing portion of natural gas volumes is planned to be sold outside Italy, management believes that in the long-term unfavorable trends in Italian natural gas demand and supply, also due to the increase in import capacity (pipeline upgrading and new LNG plants) that took place in 2008 and the closing of projects in progress or publicly announced by Eni and third parties, as well as the evolution of Italian regulations in the natural gas sector, represent risk factors to the fulfillment of Eni's obligations in connection with its take-or-pay supply contracts (see "Risk factors and uncertainties" below).

The purchase of Belgian company Distrigas (for details on this deal see "Main development projects for the first half of 2009" below) has entailed a significant expansion of Eni's supply portfolio with an addition of long-term supplies of approximately 14.7 bcm (Norway, the Netherlands and Qatar) having a residual life of a maximum of 19 years.

**Sales of natural gas**

In the first half of 2009 natural gas sales were 52.81 bcm, a decrease of 0.26 bcm from the first half of 2008, down 0.5%, driven by lower gas demand in Europe, particularly in Italy, caused by the economic downturn. This negative was partly offset by the contribution of the Distrigas acquisition (up 8.53 bcm). 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 7.49 bcm, or 26.2%, to 21.11 bcm driven by significantly lower supplies to the power generation business (down 4.04 bcm) and, to a lesser extent, to industrial customers (down 1.12

bcm) dragged down by a deep fall in industrial production, and to wholesalers (down 0.70 bcm) due also to competitive pressure. Lower sales to power generation customers were also caused by greater use of water basins in the production of electricity thus replacing gas-fired production. Sales volumes to the residential sector registered a slight increase (up 0.15 bcm).

International sales were up 7.23 bcm, or 29.5%, to 31.70 bcm, mainly benefiting from the contribution of Distrigas (up 8.53 bcm). Organic growth was achieved in the French market (up 0.62 bcm) where ongoing



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marketing initiatives and a growing customer base helped boost sales and in Northern Europe (up 0.51 bcm). Lower sales volumes resulted from lower sales to importers in Italy (down 1.07 bcm) reflecting the economic downturn in the domestic market and lower consumption in Europe, in particular in the Iberian Peninsula (down 0.38 bcm), Turkey (down 0.32 bcm) and Hungary (down 0.13 bcm).

Sales to markets outside Europe (0.92 bcm) declined by 0.22 bcm from the first half of 2008.

E&P sales in Europe and in the United States (2.95 bcm) decreased by 0.37 bcm, down 11.1%, in particular in Europe.

**Gas sales by market**

		(bcm)			
2008		2008	First Half 2009	Change	% Ch.
<b>52.87</b>	<b>ITALY</b>	<b>28.60</b>	<b>21.11</b>	<b>(7.49)</b>	<b>(26.2)</b>
7.52	Wholesalers	4.45	3.75	(0.70)	(15.7)
3.28	Gas release	2.12	0.65	(1.47)	(69.3)
1.89	Italian gas exchange and spot markets	0.52	0.39	(0.13)	(25.0)
10.64	Industries	5.80	4.69	(1.11)	(19.1)
9.59	<i>Industries</i>	5.21	4.09	(1.12)	(21.5)
1.05	<i>Medium-sized enterprises and services</i>	0.59	0.60	0.01	1.7
17.69	Power generation	9.04	5.00	(4.04)	(44.7)
6.22	Residential	3.72	3.87	0.15	4.0
5.63	Own consumption	2.95	2.76	(0.19)	(6.4)
<b>51.36</b>	<b>INTERNATIONAL SALES</b>	<b>24.47</b>	<b>31.70</b>	<b>7.23</b>	<b>29.5</b>
<b>43.03</b>	<b>Rest of Europe</b>	<b>20.01</b>	<b>27.83</b>	<b>7.82</b>	<b>39.1</b>
11.25	Importers in Italy	6.84	5.77	(1.07)	(15.6)
31.78	European markets	13.17	22.06	8.89	67.5
7.44	<i>Iberian Peninsula</i>	3.63	3.25	(0.38)	(10.5)
5.29	<i>Germany-Austria</i>	2.65	2.68	0.03	1.1
4.57	<i>Belgium</i>		7.26	7.26	..
2.82	<i>Hungary</i>	1.59	1.46	(0.13)	(8.2)
3.21	<i>Northern Europe</i>	1.47	1.98	0.51	34.7
4.93	<i>Turkey</i>	2.64	2.32	(0.32)	(12.1)
2.66	<i>France</i>	1.03	2.36	1.33	..
0.86	<i>Other</i>	0.16	0.75	0.59	..
<b>2.33</b>	<b>Extra European markets</b>	<b>1.14</b>	<b>0.92</b>	<b>(0.22)</b>	<b>(19.3)</b>
<b>6.00</b>	<b>E&amp;P in Europe and in the Gulf of Mexico</b>	<b>3.32</b>	<b>2.95</b>	<b>(0.37)</b>	<b>(11.1)</b>
<b>104.23</b>	<b>WORLDWIDE GAS SALES</b>	<b>53.07</b>	<b>52.81</b>	<b>(0.26)</b>	<b>(0.5)</b>

**Gas sales by entity**

		(bcm)			
2008		2008	First Half 2009	Change	% Ch.
<b>89.32</b>	<b>Sales of consolidated companies</b>	<b>45.28</b>	<b>45.69</b>	<b>0.41</b>	<b>0.9</b>
52.82	Italy (including own consumption)	28.57	21.11	(7.46)	(26.1)
35.61	Rest of Europe	16.32	24.20	7.88	48.3
0.89	Outside Europe	0.39	0.38	(0.01)	(2.6)

<b>8.91</b>	<b>Sales of Eni's affiliates (net to Eni)</b>	<b>4.47</b>	<b>4.17</b>	<b>(0.30)</b>	<b>(6.7)</b>
0.05	Italy	0.03		(0.03)	..
7.42	Rest of Europe	3.69	<b>3.63</b>	(0.06)	(1.6)
1.44	Outside Europe	0.75	<b>0.54</b>	(0.21)	(28.0)
<b>6.00</b>	<b>E&amp;P in Europe and in the Gulf of Mexico</b>	<b>3.32</b>	<b>2.95</b>	<b>(0.37)</b>	<b>(11.1)</b>
<b>104.23</b>	<b>WORLDWIDE GAS SALES</b>	<b>53.07</b>	<b>52.81</b>	<b>(0.26)</b>	<b>(0.5)</b>

**Contents****ENI INTERIM CONSOLIDATED REPORT / OPERATING REVIEW****Power****Power Generation**

Eni's electricity generation sites are located in Ferrera Erbognone, Ravenna, Livorno, Taranto, Mantova, Brindisi and Ferrara.

In the first half of 2009, electricity production was 11.22 TWh, down 1.06 TWh or 8.6% from the first half of 2008, due mainly to lower production at the Ferrera Erbognone, Ravenna, Brindisi and Livorno plants, affected by lower demand on the domestic market (down 8%) related to the economic downturn. These declines were offset in part by increased production at the Ferrara plant (Eni's interest 51%), in connection with the coming on line of two new 390 megawatt combined cycle units, and at the Mantova plant.

Power available in the first half of 2009 was substantially in line with the same period of 2008 due to the effect of the growth in electricity sales (up 1 TWh from the first half of 2008 or 33.7%) as a consequence of lower purchase prices. At June 30, 2009, installed capacity was 5.3 GW.

**Electricity sales**

In the first half of 2009, sales of electricity (15.35 TWh) were substantially in line with the first half of 2008 (down 0.02 TWh or 0.1%) and were directed to the free market (81%), the Italian electricity exchange (10%) and industrial sites (9%). Increased marketing activities, contrasting declines in production, supported increased sales on the free market that concerned in particular sales to wholesalers and, to a lower extent, to retail customers. These increases were offset by a decline in sales to large customers due to the economic downturn.

**Purchases and availability of electricity**

2008			First Half			
			2008	2009	Change	% Ch.
4,530	Purchases of natural gas	(mmcm)	2,350	<b>2,202</b>	(148)	(6.3)
560	Purchases of other fuels	(ktoe)	302	<b>251</b>	(51)	(16.9)
23.33	Electricity production	(TWh)	12.28	<b>11.22</b>	(1.06)	(8.6)
10,584	Steam	(ktonnes)	5,410	<b>5,067</b>	(343)	(6.3)

**Electricity sales**

2008		(TWh)	First Half			
			2008	2009	Change	% Ch.
23.33	Electricity production		12.28	<b>11.22</b>	(1.06)	(8.6)
6.60	Trading of electricity		3.09	<b>4.13</b>	1.04	33.7
<b>29.93</b>			<b>15.37</b>	<b>15.35</b>	<b>(0.02)</b>	<b>(0.1)</b>
22.89	Free market		11.76	<b>12.44</b>	0.68	5.8
3.82	Italian Exchange for electricity		1.80	<b>1.48</b>	(0.32)	(17.8)
2.71	Industrial plants		1.39	<b>1.43</b>	0.04	2.9
0.51	Other		0.42		(0.42)	..
<b>29.93</b>	<b>Electricity sales</b>		<b>15.37</b>	<b>15.35</b>	<b>(0.02)</b>	<b>(0.1)</b>

## Transport and regasification of natural gas

Volumes of gas transported in Italy (38.10 bcm) decreased by 7.28 bcm, or 16.0%, from the first half of 2008 due to lower demand for gas, whose effects were offset in part by higher amounts input in the domestic network destined to domestic storage.

Natural gas volumes transported on behalf of third parties (18.06 bcm) declined slightly (down 0.09 bcm) from the first half of 2008 or 0.5%.

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In the first half of 2009, the LNG terminal in Panigaglia (La Spezia) regasified 0.64 bcm of natural gas (0.91 bcm in the first half of 2008).

**Gas volumes transported in Italy**

		(bcm)			
2008		2008	First Half 2009	Change	% Ch.
51.80	Eni	27.23	<b>20.04</b>	(7.19)	(26.4)
33.84	On behalf of third parties	18.15	<b>18.06</b>	(0.09)	(0.5)
<b>85.64</b>		<b>45.38</b>	<b>38.10</b>	<b>(7.28)</b>	<b>(16.0)</b>

**Storage**

In the first half of 2009, the share of modulation capacity used by third parties was 64%. A total of 4.3 bcm were input into Company's storage deposits (up 0.9 bcm from the first half of 2008), while 6.1 bcm were withdrawn (up 2.4 bcm from the first half of 2008).

**Main development projects for the first half of 2009****Marketing****Natural gas****Finalization of the acquisition of Distrigas**

On March 19, 2009, the mandatory tender offer on the minorities of Distrigas was finalized. Shareholders representing 41.617% of the share capital of Distrigas, including the second larger shareholder Publigaz SCRL with a 31.25% interest, tendered their shares. The squeeze-out of the residual 1.14% of the share capital was finalized on May 4, 2009. Finally, Distrigas shares have been delisted from Euronext Brussels. The total cash consideration amounting to euro 2,045 million was determined based on the same price paid to Distrigas main shareholder, Suez, on October 2008 to acquire the controlling stake of 57.243%.

As of June 30, 2009, Eni owns the entire share capital of Distrigas, except for one share with special powers owned by the Belgian State.

**Projects in the Hewett area**

Following the recent acquisition of an interest in Hewett Unit, pre-development activities continued for the offshore storage of gas in the Hewett area (Eni's interest 89%) located in the Southern Gas Basin in the North Sea, near the Bacton terminal. Maximum working gas reachable is estimated at 5.6 bcm with a production of approximately 60 mmcm/d. Between the end of 2009 and the beginning of 2010 an appraisal well will be drilled whose outcome will provide data to confirm those estimates. The project sanction is expected in the first half of 2010 with start up in 2015.

**LNG****USA**

*Cameron.* Eni acquired from US company Sempra a share of the regasification capacity of the Cameron plant located on the banks of the Calcasieu River, approximately 15 miles south of Lake Charles in Louisiana. The capacity entitlement amounts to 6.5 bcm/y, equal to a 40% share of the total plant capacity for a duration of 20 years.

Production start up is expected in the third quarter of 2009. This transaction will allow Eni to market the natural gas reserves that it is developing in North Africa and Nigeria on the North American market.



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*Pascagoula.* Within the upstream project related to the construction of an LNG plant in Angola designed to produce 5.2 mmt tonnes of LNG (approximately 7.3 bcm/y) for the North American market, Eni signed a 20-year contract to buy 5.8 bcm/y on the regasification capacity of the plant under construction near Pascagoula in Mississippi, with start up expected within 2011.

At the same time Eni Usa Gas Marketing Llc entered a 20-year contract for the purchase of approximately 0.9 bcm/y of regasified gas downstream the terminal owned by Angola Supply Services, a company whose partners also own Angola LNG.

**Regulated businesses in Italy****Sale of Stogit and Italgas to Snam Rete Gas**

On June 30, 2009 the parent company Eni SpA concluded the sale of the entire share capital of its fully-owned subsidiaries Italgas SpA and Stocaggi Gas Italia SpA to its subsidiary Snam Rete Gas. The transaction, which was approved by Eni's Board of Directors in February 2009, included cash consideration amounting to euro 4,509 million (euro 2,922 million and euro 1,587 million, respectively). Snam Rete Gas funded the transaction by means of: (i) a share capital increase amounting to euro 3.5 billion, which was entirely subscribed to by minorities and Eni for their respective shares; and (ii) arranging medium and long-term financing. The main impact expected on Eni's consolidated financial statements are: (i) as of June 30, 2009 a decrease of euro 1.54 billion was reported in the Group consolidated net borrowings and a corresponding increase in total equity as a consequence of the pro-quota subscription of the Snam Rete Gas capital increase by minorities; (ii) a decrease in Eni's net profit equal to 45% of the aggregate net profit of Italgas and Stogit is expected to be reported in the consolidated profit and loss for the third quarter of 2009, with a corresponding increase in net profit pertaining to minorities.

**Gas distribution activity in the Rome area**

Following the sale by the French company Suez SA (now GdF-Suez SA after their merger) of its Belgium subsidiary Distrigas, Eni agreed to sell Suez, on the basis of preliminary negotiations with Italgas, the latter's distribution activities in the Rome urban area together with other gas and electricity business assets. On May 29, 2008, the related preliminary agreements were signed, including the sales terms for the gas distribution activities. The final agreement for such gas distribution activities was entered into by Italgas and GdF-Suez on October 30, 2008.

The transaction relates to the business unit which distributes gas in the municipalities of Rome, Fiumicino, Ciampino, Marino, Grottaferrata, Rocca di Papa and Frascati (the concession for Rome expires on December 31, 2009), including the distribution networks (spanning roughly 5,300 km) and the related systems, approximately 1.3 million delivery points (equal to approximately 28% of the users served), together with roughly 800 employees.

The set price, based on December 31, 2008, is euro 1,018 million.

The contract provides that execution of the transaction shall take place with the transfer by Italgas of the business unit to Rete Gas Roma Srl (a newco set up on November 26, 2008 wholly owned by Italgas) and is subject to attainment of approval by the Rome municipality authorities of transfer of the concession before June 30, 2009, which date the buyer may extend to August 31, 2009.

The Rome municipal authorities agreed to the transfer of the concession contract to Rete Gas Roma with its communication No. 1231 of June 25, 2009, acknowledging Italgas' intention to transfer its entire investment in this company to GdF-Suez. The concession covers the distribution of gas in Rome.

On July 6, 2009, the Rome mayor subsequently specified that this communication is the sole document necessary to legitimately and effectively express the municipal authority's consent to the transaction and that the town council would be informed thereof.

However, on July 13, 2009, GdF-Suez informed Italgas that it did not believe that the conditions for transfer of the Rome urban area gas distribution activities had been met in the established timeframe. Therefore, it decided not to continue with finalization of the acquisition as set out in the contract agreed by the parties on October 30, 2008.

Snam Rete Gas is evaluating the contract's content to assess what actions could be taken to best protect its interests.



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## International Transport

**TAG - Russia**

The TAG gasline is undergoing an upgrade designed to increase its transport capacity by 6.5 bcm/y from the current 37.4 bcm/y. A first 3.2 bcm/y portion of the upgrade started-up in October 2008 and was assigned to third parties. The second portion of 3.3 bcm/y is expected to start operating in the fourth quarter of 2009. The allocation of additional capacity for 6.5 bcm has been finalized.

**Agreement with Gazprom: the South Stream project**

On May 15, 2009, based on agreements between Italy and Russia, the original scope of work of the project to build the South Stream pipeline has been enlarged. If the ongoing feasibility study provides a positive outcome the pipeline will import gas from Russia to Europe through the Black Sea. The new agreement between Eni and Gazprom provides for an increase in transport capacity from 31 to 63 bcm/y.

The South Stream pipeline is expected to be composed by two sections: (i) an offshore section crossing the Black Sea from the Russian coast at Beregovaya (the same starting point of the Blue Stream pipeline) to the Bulgarian coast at Varna; (ii) an onshore section crossing Bulgaria for which two options are currently being evaluated: one pointing North West and another one pointing South West. The second option envisages crossing Greece and the Adriatic Sea before linking to the Italian network.

**Accident at the TMPC pipeline**

Work is ongoing to restore full operations at one of the TMPC five lines damaged by an oil tanker anchor crossing the Sicily channel on December 19, 2008. Transport continued on the remaining lines. Settlements and repayment of damage under current insurance are being defined.

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## Regulatory framework

### **Resolution ARG/gas 159/2008: Tariffs criteria for the 2009-2012 regulated period for the service of gas distribution and measurement and transitional rules for 2009**

With resolution ARG 159/2008, the Authority for Electricity and Gas approved a new methodology for determining revenues to natural gas distributing companies that operate through local low pressure networks and serve final customers in the residential and tertiary sector. Starting from January 1, 2009 and for the duration of the three-year regulated period, i.e. until 2012, the resolution provides for the recognition of total revenues for each regulated year amounting to a value that the Authority will set at the time of approving the operators' requests for distribution tariffs and defined as total revenue cap, representing the maximum remuneration recognized by the Authority to each operator for covering costs borne.

In previous years, revenues were determined by applying tariffs set by the Authority to volumes actually distributed to selling companies in the relevant year.

The resolution also provides for any positive or negative difference between the total revenue cap and revenues resulting from invoices for actually distributed volumes to be regulated through an equalization device making use of credit/debit cards lodged with the Electricity Equalization Exchange.

As a result of the new mechanism, revenues are no longer related to the seasonality of volumes distributed but are constantly apportioned during the year.

The introduction of this new mechanism does not cause a decline in total revenues on a yearly basis.

### **Legislative Decree No. 78/2009 "Anti-crisis"**

Within the framework of measures approved to counter the economic downturn, on June 26, 2009, the Italian Council of Ministers approved the so called "Anti-crisis Decree" whose article 3 concerns measures for reducing the cost of energy for companies and households and introduces the obligation for Eni to make new sales at the virtual exchange point for a total of 5 billion cubic meters of gas (so called gas release).

In particular the decree provides for these sales to be made under non discriminatory competitive procedures (bids) at the terms and conditions decided with proposal of the Authority for Electricity and Gas. The price paid to Eni will be determined with a decree of the Ministry for Economic Development, as suggested by the Authority, taking into account the average prices on the most relevant European markets and the structure of supply costs borne by Eni. Any positive difference between the sale price determined by the procedure of volume allotment and that determined by the Ministry and the Authority will be destined to industrial final customers that showed a high use rate of gas withdrawals in the past three years according to criteria determined by the Ministry.

The decree provides also that the Authority within 90 days from the entry into force of the same decree: (i) introduces degressive elements in transport tariffs for the next regulated period; (ii) reforms the balancing methods by adopting flexibility mechanisms providing advantages to all final customers, including industrial customers; (iii) promotes the supply of peak services and storage for industrial and power generation customers.

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## Capital expenditures

In the first half of 2009, capital expenditures in the Gas & Power segment totaled euro 751 million and mainly related to: (i) developing and upgrading Eni's transport network in Italy (euro 400 million); (ii) developing and upgrading Eni's distribution network in Italy (euro 144 million); (iii) developing and upgrading Eni's storage capacity in Italy (euro 132 million); (iv) completion of construction of combined cycle power plants (euro 29 million), in particular at the Ferrara site; (v) the upgrading plan of international pipelines (euro 20 million).

		(euro million)			
2008		2008	First Half 2009	Change	% Ch.
1,750	Italy	766	710	(56)	(7.3)
308	Outside Italy	203	41	(162)	(79.8)
<b>2,058</b>		<b>969</b>	<b>751</b>	<b>(218)</b>	<b>(22.5)</b>
<b>198</b>	<b>Marketing</b>	<b>82</b>	<b>55</b>	<b>(27)</b>	<b>(32.9)</b>
91	Marketing	41	26	(15)	(36.6)
16	Italy	13	5	(8)	(61.5)
75	Outside Italy	28	21	(7)	(25.0)
107	Power generation	41	29	(12)	(29.3)
<b>1,627</b>	<b>Regulated businesses in Italy</b>	<b>712</b>	<b>676</b>	<b>(36)</b>	<b>(5.1)</b>
1,130	Transport	529	400	(129)	(24.4)
233	Distribution	85	144	59	69.4
264	Storage	98	132	34	34.7
<b>233</b>	<b>International transport</b>	<b>175</b>	<b>20</b>	<b>(155)</b>	<b>(88.6)</b>
<b>2,058</b>		<b>969</b>	<b>751</b>	<b>(218)</b>	<b>(22.5)</b>

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**Refining & Marketing****Key performance indicators**

2008		(euro million)	First Half	
			2008	2009
45,017	Net sales from operations <sup>(a) (b)</sup>		24,240	<b>14,121</b>
(988)	Operating profit		776	<b>287</b>
580	Adjusted operating profit		109	<b>(51)</b>
521	Adjusted net profit		124	<b>(31)</b>
965	Capital expenditures		350	<b>217</b>
8,260	Adjusted capital employed, net		8,490	<b>8,539</b>
6.5	Adjusted ROACE	(%)	2.6	<b>4.1</b>
35.84	Refinery throughputs on own account	(mmt tonnes)	17.65	<b>16.65</b>
58	Conversion index	(%)	56	<b>59</b>
737	Balanced capacity of refineries	(kbb/d)	747	<b>757</b>
12.67	Retail sales of petroleum products in Europe	(mmt tonnes)	6.27	<b>5.86</b>
5,956	Service stations in Europe at period end	(units)	6,373	<b>6,018</b>
2,502	Average throughput per service station in Europe	(kliters)	1,210	<b>1,206</b>
8,327	Employees at year end	(units)	9,468	<b>8,371</b>

(a) From January 1, 2009 Eni adopted IFRIC 13 "Customer Loyalty Programmes" that requires that the award points granted to clients within the related loyalty programmes be accounted as a separate component of the basic transaction, evaluated at their fair value and recognized as revenues when effectively used. Prior period results have been restated accordingly.

(b) Before elimination of intragroup sales.

(c) Includes downstream activities in the Iberian Peninsula divested to Galp in October 2008.

**Supply and trading**

In the first half of 2009, a total of 32.72 mmt tonnes of crude were purchased by the Refining & Marketing division (28.77 mmt tonnes in the first half of 2008), of which 17.07 mmt tonnes from Eni's Exploration & Production division. Volumes amounting to 9.28 mmt tonnes were purchased under long-term supply contracts with producing countries, while 6.37 mmt tonnes were purchased on the spot market. Approximately 27% of crude purchased in the first half of 2009 came from West Africa, 20% from European and Asian Russia, 15% from the Middle East, 13% from North Africa, 11% from the North Sea, 5% from Italy, and 9% from other areas.

Approximately 17.22 mmt tonnes of crude purchased in the first half of 2009 were resold, up 32.2% from the same period of 2008. In addition, 1.54 mmt tonnes of intermediate products were purchased (1.51 mmt tonnes in the first half of 2008) to be used as feedstock in conversion plants and 6.97 mmt tonnes of refined products (7.42 mmt tonnes in the first half of 2008) were purchased to be sold on markets outside Italy (5.67 mmt tonnes) and on the domestic market (1.29 mmt tonnes) as a complement to available production.



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<b>Purchases</b>		(mmtonnes)	First Half			
			2008	2009	Change	% Ch.
2008						
<b>Equity crude oil</b>						
26.14	Eni's production outside Italy	12.23	<b>15.62</b>	3.39	27.7	
3.57	Eni's production in Italy	1.79	<b>1.45</b>	(0.34)	(19.0)	
<b>29.71</b>		<b>14.02</b>	<b>17.07</b>	<b>3.05</b>	<b>21.8</b>	
<b>Other crude oil</b>						
12.09	Purchases on spot markets	8.67	<b>6.37</b>	(2.30)	(26.5)	
16.11	Purchases under long-term contracts	6.08	<b>9.28</b>	3.20	52.6	
<b>28.20</b>		<b>14.75</b>	<b>15.65</b>	<b>0.90</b>	<b>6.1</b>	
<b>57.91</b>	<b>Total crude oil purchases</b>	<b>28.77</b>	<b>32.72</b>	<b>3.95</b>	<b>13.7</b>	
3.39	Purchases of intermediate products	1.51	<b>1.54</b>	0.03	2.0	
17.42	Purchases of products	7.42	<b>6.97</b>	(0.45)	(6.1)	
<b>78.72</b>	<b>TOTAL PURCHASES</b>	<b>37.70</b>	<b>41.23</b>	<b>3.53</b>	<b>9.4</b>	
(1.00)	Consumption for power generation	(0.54)	<b>(0.46)</b>	0.08	(14.8)	
(1.04)	Other changes <sup>(a)</sup>	(0.57)	<b>(1.42)</b>	(0.85)	..	
<b>76.68</b>		<b>36.59</b>	<b>39.35</b>	<b>2.76</b>	<b>7.5</b>	

(a) Includes change in inventories, decrease in transportation, consumption and losses.

**Refining****Availability of refined products**

		(mmtonnes)	First Half			
			2008	2009	Change	% Ch.
2008						
<b>Italy</b>						
25.59	At wholly-owned refineries	12.69	<b>11.62</b>	(1.07)	(8.4)	
(1.37)	Less input on account of third parties	(0.74)	<b>(0.25)</b>	0.49	(66.2)	
6.17	At affiliated refineries	2.96	<b>2.79</b>	(0.17)	(5.7)	
<b>30.39</b>	<b>Refinery throughputs on own account</b>	<b>14.91</b>	<b>14.16</b>	<b>(0.75)</b>	<b>(5.0)</b>	
(1.61)	Consumption and losses	(0.79)	<b>(0.80)</b>	(0.01)	1.3	
<b>28.78</b>	<b>Products available for sale</b>	<b>14.12</b>	<b>13.36</b>	<b>(0.76)</b>	<b>(5.4)</b>	
2.56	Purchases of refined products and change in inventories	1.59	<b>1.17</b>	(0.42)	(26.4)	
(1.42)	Products transferred to operations outside Italy	(0.86)	<b>(1.17)</b>	(0.31)	36.0	
(1.00)	Consumption for power generation	(0.54)	<b>(0.46)</b>	0.08	(14.8)	
<b>28.92</b>	<b>Sales of products</b>	<b>14.31</b>	<b>12.90</b>	<b>(1.41)</b>	<b>(9.9)</b>	
<b>Outside Italy</b>						
<b>5.45</b>	<b>Refinery throughputs on own account</b>	<b>2.74</b>	<b>2.49</b>	<b>(0.25)</b>	<b>(9.1)</b>	
(0.25)	Consumption and losses	(0.13)	<b>(0.13)</b>	0.00	0.0	
<b>5.20</b>	<b>Products available for sale</b>	<b>2.61</b>	<b>2.36</b>	<b>(0.25)</b>	<b>(9.6)</b>	
15.14	Purchases of refined products and change in inventories	5.78	<b>5.70</b>	(0.08)	(1.4)	
1.42	Products transferred from Italian operations	0.86	<b>1.17</b>	0.31	36.0	
<b>21.76</b>	<b>Sales of products</b>	<b>9.25</b>	<b>9.23</b>	<b>(0.02)</b>	<b>(0.2)</b>	
<b>35.84</b>	<b>Refinery throughputs on own account</b>	<b>17.65</b>	<b>16.65</b>	<b>(1.00)</b>	<b>(5.7)</b>	
6.98	<i>of which: refinery throughputs of equity crude on own account</i>	3.85	<b>2.67</b>	<b>(1.18)</b>	<b>(30.6)</b>	

<b>50.68</b>	<b>Total sales of refined products</b>	<b>23.56</b>	<b>22.13</b>	<b>(1.43)</b>	<b>(6.1)</b>
<b>26.00</b>	<b>Crude oil sales</b>	<b>13.03</b>	<b>17.22</b>	<b>4.19</b>	<b>32.2</b>
<b>76.68</b>	<b>TOTAL SALES</b>	<b>36.59</b>	<b>39.35</b>	<b>2.76</b>	<b>7.5</b>

In the first half of 2009, refining throughputs on own account in Italy and outside Italy were 16.65 mmt tonnes, down 1 mmt tonnes from the first half of 2008, or 5.7%. Volumes processed in Italy decreased by 0.75 mmt tonnes, or 5%, mainly at the Gela plant due to the extension of planned refinery downtime, and at the Livorno plant as refinery operations were rescheduled to take account of the weak demand for products. Volumes processed outside Italy declined by 250 ktonnes in particular in the Czech Republic and in Germany due to lower utilization of plant capacity in response to weak market conditions and the

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restructuring of the Ingolstadt facility. Total throughputs in wholly-owned refineries (11.62 mmt tonnes) decreased 1.07 mmt tonnes, down 8.4%, from the first half of 2008. Approximately 17.9% of volumes of processed crude was supplied by Eni's Exploration & Production segment (21.8% in the first half of 2008) representing a 3.9 percentage points decrease from 2008, equivalent to a lower volume of 0.85 mmt tonnes.

**Marketing**

In the first half of 2009, sales volumes of refined products (22.13 mmt tonnes) were down 1.43 mmt tonnes from the first half of 2008, or 6.1%, mainly due to the impact of the divestment to Galp of marketing activities in the Iberian Peninsula late in 2008 (down 1.04 mmt tonnes). Excluding this effect, sales volumes of refined products were down approximately 390 ktonnes, or 1.7%, due to lower wholesale sales on the domestic market.

**Products sales in Italy and outside Italy by market**

(mmtonnes)

2008		2008	First Half		% Ch.
			2009	Change	
8.81	Retail	4.24	<b>4.41</b>	0.17	4.0
11.15	Wholesale	5.36	<b>4.66</b>	(0.70)	(13.1)
1.70	Petrochemicals	0.95	<b>0.63</b>	(0.32)	(33.7)
7.26	Other sales	3.76	<b>3.20</b>	(0.56)	(14.9)
<b>28.92</b>	<b>Sales in Italy</b>	<b>14.31</b>	<b>12.90</b>	<b>(1.41)</b>	<b>(9.9)</b>
3.22	Retail rest of Europe	1.61	<b>1.45</b>	(0.16)	(9.9)
3.94	Wholesale rest of Europe	1.92	<b>1.76</b>	(0.16)	(8.3)
0.56	Wholesale outside Italy	0.28	<b>0.21</b>	(0.07)	(25.0)
12.52	Other sales	4.40	<b>5.81</b>	1.41	32.0
<b>20.24</b>	<b>Sales outside Italy</b>	<b>8.21</b>	<b>9.23</b>	<b>1.02</b>	<b>12.4</b>
<b>49.16</b>	<b>TOTAL SALES</b>	<b>22.52</b>	<b>22.13</b>	<b>(0.39)</b>	<b>(1.7)</b>
1.52	Iberian Peninsula	1.04		(1.04)	..
0.64	of which: Retail	0.42		(0.42)	..
0.88	Wholesale	0.62		(0.62)	..
<b>50.68</b>	<b>TOTAL</b>	<b>23.56</b>	<b>22.13</b>	<b>(1.43)</b>	<b>(6.1)</b>



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**Retail and wholesale sales of refined products**

(mmtonnes)

2008		2008	First Half		% Ch.
			2009	Change	
<b>19.96</b>	<b>Italy</b>	<b>9.60</b>	<b>9.07</b>	<b>(0.53)</b>	<b>(5.5)</b>
<b>8.81</b>	<b>Retail sales</b>	<b>4.24</b>	<b>4.41</b>	<b>0.17</b>	<b>4.0</b>
3.11	Gasoline	1.50	<b>1.50</b>		
5.50	Gasoil	2.65	<b>2.80</b>	0.15	5.7
0.19	LPG	0.09	<b>0.10</b>	0.01	11.1
0.01	Lubricants		<b>0.01</b>	0.01	..
<b>11.15</b>	<b>Wholesale sales</b>	<b>5.36</b>	<b>4.66</b>	<b>(0.70)</b>	<b>(13.1)</b>
4.52	Gasoil	2.12	<b>2.04</b>	(0.08)	(3.8)
0.85	Fuel Oil	0.42	<b>0.39</b>	(0.03)	(7.1)
0.38	LPG	0.18	<b>0.19</b>	0.01	5.6
0.15	Gasoline	0.06	<b>0.06</b>		
0.12	Lubricants	0.06	<b>0.04</b>	(0.02)	(33.3)
1.70	Bunker	0.81	<b>0.67</b>	(0.14)	(17.3)
3.43	Other	1.71	<b>1.27</b>	(0.44)	(25.7)
<b>7.72</b>	<b>Outside Italy (retail+wholesale)</b>	<b>3.81</b>	<b>3.42</b>	<b>(0.39)</b>	<b>(10.2)</b>
2.12	Gasoline	1.05	<b>0.89</b>	(0.16)	(15.2)
3.80	Gasoil	1.87	<b>1.75</b>	(0.12)	(6.4)
0.47	Jet fuel	0.02	<b>0.17</b>	0.15	..
0.23	Fuel Oil	0.11	<b>0.17</b>	0.06	54.5
0.11	Lubricants	0.06	<b>0.05</b>	(0.01)	(16.7)
0.52	LPG	0.26	<b>0.24</b>	(0.02)	(7.7)
0.47	Other	0.44	<b>0.15</b>	(0.29)	(65.9)
<b>27.68</b>	<b>TOTAL SALES</b>	<b>13.41</b>	<b>12.49</b>	<b>(0.92)</b>	<b>(6.9)</b>
1.52	Iberian Peninsula	1.04		(1.04)	..
<b>29.20</b>	<b>TOTAL</b>	<b>14.45</b>	<b>12.49</b>	<b>(1.96)</b>	<b>(13.6)</b>

**Retail sales in Italy**

Despite a decrease recorded in domestic consumption, in the first half of 2009, retail sales on the Italian network (4.41 mmtonnes) were up approximately 170 ktonnes from the first half of 2008, or 4%, mainly due to marketing activities ("Iperself" sales and fidelity programs) that sustained a 1.8 percentage point growth in market share from 29.8% to 31.6%. Higher sales mainly regarded gasoil sales, while gasoline sales were substantially in line with the previous period. At June 30, 2009, Eni's retail network in Italy consisted of 4,461 service stations, 52 more than at 31 December 31, 2008 (4,409 service stations), resulting from the positive balance of acquisitions/releases of lease concessions (67 units), the opening of new service stations (5 units), partly offset by the closing of service stations with low throughput (12 units) and the release of 8 service stations under highway concession.

Average throughput related to gasoline and gasoil (1,216 kliters) registered an increase of 33 kliters from the first half of 2008.

In the first half of 2009, fuel sales of the Blu line – high performance and low environmental impact fuel – declined due to the sensitivity of demand to prices of these products in an environment of economic downturn and high fuel prices on average. Sales of BluDiesel and its reformulated version BluDieselTech amounted to 290 ktonnes (344 mmliters), and represented 10.2% of gasoil sales on Eni's retail network. At June 30, 2009, service stations marketing BluDiesel totaled 4,105 units (4,095 at 2008 year end) covering approximately 92% of Eni's network. Retail sales of BluSuper amounted to 40 ktonnes (53 mmliters), were in line with the first half of 2008 and covered 2.6% of gasoline sales on Eni's retail network. At June 30, 2009, service stations marketing BluSuper totaled 2,674 units (2,631 at December 31,

2008), covering approximately 60% of Eni's network.

Under the "You&Agip" promotional campaign, launched in March 2007 and lasting 3 years, at December 31, 2008, the number of customers that actively used the card in the period amounted to over 4.5 million. The average number of cards active each month was over 3.1 million. Volumes of fuel marketed under this initiative represented over 47% of total volumes marketed on Eni's service stations joining the program, and 46% of overall volumes marketed on Eni's network.

**Contents****ENI INTERIM CONSOLIDATED REPORT / OPERATING REVIEW****Retail sales in the Rest of Europe**

Excluding the impact of the divestment to Galp of marketing activities in the Iberian Peninsula (down 0.42 mmt tonnes), in the first half of 2009 retail sales of refined products marketed in the rest of Europe (1.45 mmt tonnes) were down 160 ktonnes from the first half of 2008, or 9.9%, mainly in Germany and Eastern Europe due to a decrease in fuel demand.

At June 30, 2009, Eni's retail network in the rest of Europe consisted of 1,557 units, an increase of 10 units from December 31, 2008 (1,547 service stations). The network evolution was as follows: (i) a positive balance of acquisitions/releases of leased service station was recorded (up 3 units), with positive changes in Hungary; (ii) 5 service stations were purchased; (iii) 5 new outlets were opened (iv) 3 low throughput service stations were closed. Average throughput (1,177 kliters) decreased by 92 kliters from the first half of 2008.

**Wholesale and other sales**

In the first half of 2009, sales volumes on wholesale markets in Italy (4.66 mmt tonnes) were down 700 ktonnes from the first half of 2008, or 13.1%, reflecting mainly a decrease in jet fuel consumption and in the bunkering market and gasoil sales due to lower industrial consumption reflecting the economic downturn. Sales on wholesale markets in the rest of Europe (1.76 mmt tonnes) decreased by 160 ktonnes, or 8.3% (excluding the impact of asset divestments in the Iberian Peninsula), mainly in Germany, Switzerland and in the Czech Republic.

Supplies of feedstock to the petrochemical industry (0.63 mmt tonnes) declined by 320 ktonnes due to declining demand.

Other sales (9.01 mmt tonnes) increased by 850 ktonnes, or 10.4%, mainly due to higher cargo market activity.

**Capital expenditures**

In the first half of 2009, capital expenditures in the Refining & Marketing segment amounted to euro 217 million and regarded mainly: (i) refining, supply and logistics (euro 135 million) in Italy, with projects designed to improve the conversion rate and flexibility of refineries, in particular at the Sannazzaro and Taranto refineries, and expenditures on health, safety and environmental upgrades; (ii) upgrade and restructuring of the retail network in Italy (euro 42 million); (iii) upgrade of the retail network and purchase of service stations in the rest of Europe (euro 23 million). Expenditures on health, safety and the environment amounted to euro 34.4 million.

		(euro million)			
2008		2008	First Half 2009	Change	% Ch.
850	Italy	318	194	(124)	(39.0)
115	Outside Italy	32	23	(9)	(28.1)
<b>965</b>		<b>350</b>	<b>217</b>	<b>(133)</b>	<b>(38.0)</b>
<b>630</b>	<b>Refinery, supply and logistic</b>	<b>251</b>	<b>135</b>	<b>(116)</b>	<b>(46.2)</b>
630	Italy	251	135	(116)	(46.2)
<b>298</b>	<b>Marketing</b>	<b>81</b>	<b>65</b>	<b>(16)</b>	<b>(19.8)</b>
183	Italy	49	42	(7)	(14.3)
115	Outside Italy	32	23	(9)	(28.1)
<b>37</b>	<b>Other</b>	<b>18</b>	<b>17</b>	<b>(1)</b>	<b>(5.6)</b>
<b>965</b>		<b>350</b>	<b>217</b>	<b>(133)</b>	<b>(38.0)</b>

## Petrochemicals

### Key performance indicators

2008		(euro million)	First Half	
			2008	2009
6,303	Net sales from operations <sup>(a)</sup>		3,519	<b>1,905</b>
(845)	Operating profit		(263)	<b>(454)</b>
(398)	Adjusted operating profit		(216)	<b>(257)</b>
(323)	Adjusted net profit		(162)	<b>(209)</b>
212	Capital expenditures		68	<b>45</b>
7,372	Production	(ktonnes)	4,136	<b>3,254</b>
4,684	Sales of petrochemical products		2,677	<b>2,118</b>
68.6	Average plant utilization rate	(%)	77.3	<b>66.0</b>
6,274	Employees at period end	(units)	6,485	<b>6,158</b>

(a) Before elimination of intragroup sales.

### Sales-production-prices

In the first half of 2009, sales of petrochemical products (2,118 ktonnes) decreased by 559 ktonnes from the first half of 2008 (down 20.9%) in all business areas as a result of lower demand for petrochemical products due to a negative market scenario

Petrochemical production (3,254 ktonnes) decreased by 882 ktonnes from the first half of 2008, or 21.3%. In a context of economic downturn, the steep decline in unit margins and sales determined unexpected outages of some plants, in particular in the phenol/cumene plant at Porto Torres.

Nominal production capacity decreased by approximately 4 percentage points from the first half of 2008, due to the shutdown of the Gela and Porto Torres crackers. The average plant utilization rate calculated on nominal capacity decreased by 11 percentage points from 77% to 66%, due to the sharp reductions in production in all main plants.

Approximately 41% of total production was directed to Eni's own production cycle (48% in the first half of 2008).

Oil-based feedstock supplied by Eni's Refining & Marketing Division covered 21% of requirements (23% in the first half of 2008).

Prices of Eni's main petrochemical products decreased on average by 33%, driven by lower oil prices scenario (Brent down 52.7% from the first half of 2008). Decreases were registered in all business: (i) basic petrochemicals, in particular olefins (down 44 %) aromatics (down 36%) and intermediates (down 35%); (ii) polyethylene (down 34%) and styrene (down 32%) with decreases in all products; (iii) elastomers (down 14%), in particular polybutadienic (down 23%) and SBR-HS rubbers (down 19%).

**Contents****ENI INTERIM CONSOLIDATED REPORT / OPERATING REVIEW****Product availability**

		(ktonnes)		First Half	
2008		2008	2009	Change	% Ch.
5,110	Basic petrochemicals	2,914	2,175	(739)	(25.4)
965	Styrene and elastomers <sup>(a)</sup>	509	445	(64)	(12.6)
1,297	Polyethylene	713	634	(79)	(11.1)
<b>7,372</b>	<b>Production</b>	<b>4,136</b>	<b>3,254</b>	<b>(882)</b>	<b>(21.3)</b>
(3,652)	Consumption of monomers	(1,973)	(1,350)	623	(31.6)
964	Purchases and change in inventories	514	214	(300)	(58.4)
<b>4,684</b>		<b>2,677</b>	<b>2,118</b>	<b>(559)</b>	<b>(20.9)</b>

**Sales**

		(ktonnes)		First Half	
2008		2008	2009	Change	% Ch.
2,457	Basic petrochemicals	1,437	1,044	(393)	(27.3)
938	Styrene and elastomers <sup>(a)</sup>	519	432	(87)	(16.8)
1,289	Polyethylene	721	642	(79)	(11.0)
<b>4,684</b>		<b>2,677</b>	<b>2,118</b>	<b>(559)</b>	<b>(20.9)</b>

(a) From January 2009, results of the styrene business are reported within Basic petrochemicals.

**Business Areas****Basic petrochemicals**

Basic petrochemicals sales (1,044 ktonnes) decreased by 393 ktonnes from the first half of 2008 (down 27.3%), penalized by a poorer market scenario that negatively affected product demand and lower product availability due to the shutdown of the Porto Torres plant. Main reductions were registered in sales of butadiene (down 71%), phenol (down 70%) and acetone (down 54%).

Production (2,175 ktonnes) declined by 739 ktonnes from the first half of 2008, or 25.4%, due to the shutdown of the phenol/cumene plant at Porto Torres.

**Styrene and elastomers**

Styrene sales (245 ktonnes) declined by 32 ktonnes from the first half of 2008, (down 11.5%). Sales reductions affected essentially expandable polystyrene (down 20%) and ABS/SAN (down 40%) due to lower demand.

Elastomers sales (187 ktonnes) decreased by 55 ktonnes, down 23%, due to a steep decline in demand, mainly in the automotive sector. Sales decreases were registered mainly in nitrilic (down 55%), EPR (down 39%) and SBR rubbers (down 25%).

Styrene production (246 ktonnes) decreased by 27 ktonnes, or 10%.

Elastomer production (199 ktonnes) decreased by 37 ktonnes (down 15.6%) due to unexpected outages of plants related to a negative market scenario.

**Polyethylene**

Polyethylene sales (642 ktonnes) decreased by 79 ktonnes, or 11%, from the first half of 2008, reflecting mainly a decline in demand for all products.

Polyethylene production (634 ktonnes) decreased by 79 ktonnes, or 11.1%, concerned mainly HDPE (down 10.5%)

due mainly to the shutdown of Porto Torres, EVA (down 20.3%) due to declining demand, as well as LLDPE (down 15.4%).

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## Capital expenditures

In the first half of 2009, capital expenditures in the Petrochemicals segment amounted to euro 45 million (euro 68 million in the first half of 2008) and regarded mainly plant upgrades (euro 12 million), environmental protection, safety and environmental regulation compliance (euro 12 million), upkeep and rationalization (euro 6 million) and extraordinary maintenance (euro 4 million).

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**Engineering & Construction****Key performance indicators**

2008	(euro million)	First Half	
		2008	2009
9,176	Net sales from operations <sup>(a)</sup>	4,211	<b>4,881</b>
1,045	Operating profit	467	<b>580</b>
1,041	Adjusted operating profit	467	<b>569</b>
784	Adjusted net profit	368	<b>449</b>
2,027	Capital expenditures	977	<b>888</b>
16.8	Adjusted ROACE	(%) 17.1	<b>16.1</b>
13,860	Orders acquired	5,471	<b>5,068</b>
19,105	Order backlog	16,191	<b>19,015</b>
35,629	Employees at period end	(units) 32,184	<b>35,119</b>

(a) Before elimination of intragroup sales.

**Activity for the year**

Among the main orders acquired in the first half of 2009 were:

- an EPC contract on behalf of the joint venture between Eni and Sonatrach for the construction of facilities for the treatment of natural gas extracted from the Menzel Ledjmet East field and from the future developments of the CAFC (Central Area Field Complex) in Algeria;
- an EPC contract on behalf of Agip KCO as part of the development program of the Kashgagan field related to the hook-up and commissioning of offshore facilities, as well as activities to be executed in the Kuryk construction yard in Kazakhstan;
- an EPC contract on behalf of Sonatrach for the construction of the GK3 - lot 3 gas pipeline that will connect various cities situated in the north-eastern region of Algeria for a total length of approximately 350 kilometers;
- an EPIC contract on behalf of Premier Oil Natuna Sea BV for the construction of two platforms and related infrastructures in the Gajah Baru offshore field in Indonesia;
- an EPC contract on behalf of Sonatrach for the construction of a marine export terminal for the future urea/ammonia plant to be built near Arzew, in Algeria.

Orders acquired in the first half of 2009 amounted to euro 5,068 million, of these projects to be carried out outside Italy represented 93%, while orders from Eni companies amounted to 29% of the total. Order backlog was euro 19,015 million at June 30, 2009 (euro 19,105 million at December 31, 2008). Projects to be carried out outside Italy represented 98% of the total order backlog, while orders from Eni companies amounted to 18% of the total.



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	(euro million)	First Half			
		2008	2009	Change	% Ch.
<b>Orders acquired</b>		<b>5,471</b>	<b>5,068</b>	<b>(403)</b>	<b>(7.4)</b>
Offshore construction		3,419	1,864	(1,555)	(45.5)
Onshore construction		1,055	2,340	1,285	..
Offshore drilling		213	331	118	55.4
Onshore drilling		784	533	(251)	(32.0)
<i>of which:</i>					
- Eni		62	1,478	1,416	..
- Third parties		5,409	3,590	(1,819)	(33.6)
<i>of which:</i>					
- Italy		455	369	(86)	(18.9)
- Outside Italy		5,016	4,699	(317)	(6.3)
	(euro million)	Dec. 31, 2008	June 30, 2009	Change	% Ch.
<b>Order backlog</b>		<b>19,105</b>	<b>19,015</b>	<b>(90)</b>	<b>(0.5)</b>
Offshore construction		4,682	4,349	(333)	(7.1)
Onshore construction		9,201	9,135	(66)	(0.7)
Offshore drilling		3,759	3,804	45	1.2
Onshore drilling		1,463	1,727	264	18.0
<i>of which:</i>					
- Eni		2,547	3,391	844	33.1
- Third parties		16,558	15,624	(934)	(5.6)
<i>of which:</i>					
- Italy		435	294	(141)	(32.4)
- Outside Italy		18,670	18,721	51	0.3

**Capital expenditures**

In the first half of 2009 capital expenditures in the Engineering & Construction segment (euro 888 million) mainly regarded:

- (i) Offshore: purchase of the lay barge Piper, the construction of a new pipelayer and the ultra-deep water Field Development Ship FDS2 as well as the development of a new fabrication yard in Indonesia;
- (ii) Offshore drilling: construction of the two semi submersible rigs Scarabeo 8 and 9, the new ultra deep water drillship Saipem 12000 and the jack up Perro Negro 6;
- (iii) Onshore drilling: construction/development of operating structures;
- (iv) Onshore: the maintenance and upgrading of the existing asset base.

2008	(euro million)	First Half			
		2008	2009	Change	% Ch.

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741	Offshore construction	385	<b>370</b>	(15)	(3.9)
48	Onshore construction	31	<b>13</b>	(18)	(58.1)
785	Offshore drilling	449	<b>408</b>	(41)	(9.1)
424	Onshore drilling	112	<b>97</b>	(15)	(13.4)
29	Other expenditures				..
<b>2,027</b>	<b>Capital expenditures</b>	<b>977</b>	<b>888</b>	<b>(89)</b>	<b>(9.1)</b>

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**Financial Review****Profit and loss account**

		(euro million)			
2008		2008	First Half 2009	Change	% Ch.
108,082	Net sales from operations <sup>(a)</sup>	55,388	<b>42,008</b>	(13,380)	(24.2)
728	Other income and revenues	408	<b>501</b>	93	22.8
(80,354)	Operating expenses	(39,506)	<b>(31,597)</b>	7,909	20.0
21	<i>of which non recurring items</i>				
(9,815)	Depreciation, depletion, amortization and impairments	(4,389)	<b>(4,588)</b>	(199)	(4.5)
(124)	Operating income (expense) <sup>(b)</sup>	69	<b>48</b>	(21)	30.4
<b>18,517</b>	<b>Operating profit</b>	<b>11,970</b>	<b>6,372</b>	<b>(5,598)</b>	<b>(46.8)</b>
(640)	Finance (expense) income	(130)	<b>(219)</b>	(89)	(68.5)
1,373	Net income from investments	869	<b>358</b>	(511)	(58.8)
<b>19,250</b>	<b>Profit before income taxes</b>	<b>12,709</b>	<b>6,511</b>	<b>(6,198)</b>	<b>(48.8)</b>
(9,692)	Income taxes	(5,482)	<b>(3,361)</b>	2,121	38.7
50.3	Tax rate (%)	43.1	<b>51.6</b>	8.5	
9,558	Net profit	7,227	<b>3,150</b>	(4,077)	(56.4)
	Attributable to:				
<b>8,825</b>	<b>- Eni</b>	<b>6,758</b>	<b>2,736</b>	<b>(4,022)</b>	<b>(59.5)</b>
733	- minority interest	469	<b>414</b>	(55)	(11.7)

(a) From January 1, 2009 Eni adopted IFRIC 13 "Customer Loyalty Programmes" that requires that the award points granted to clients within the related loyalty programmes be accounted as a separate component of the basic transaction, evaluated at their fair value and recognized as revenues when effectively used. Prior period results have been restated accordingly.

(b) From year 2009, the Company accounts gains and losses on non-hedging commodity derivative instruments, including both fair value re-measurement and settled transactions, as items of operating profit. Adjusted operating profit and net profit only include gains and losses associated with settled transaction, gross and net of the associated tax impact respectively. Prior period results have been restated accordingly.

**Net profit**

**Eni's net profit** for the first half of 2009 was euro 2,736 million, a decrease of euro 4,022 million from the first half of 2008, or 59.5%, mainly due to a decline of euro 5,598 million in operating performance (down 46.8%) against the backdrop of a severe economic downturn mainly affecting the Exploration & Production division results. In addition, the Group results were affected by lower profit reported by equity-accounted entities and a higher consolidated tax rate up from 43.1% to 51.6% mainly due to recently enacted tax regulations that introduced a one-percentage point increase in the tax-rate applicable to Italian companies engaged in the energy sector and enactment of a supplemental tax rate to be added to the Italian statutory tax-rate resulting in higher taxes currently payable amounting to euro 142 million, as well as the circumstance that tax gains related to an adjustment to deferred tax applicable to Italian

companies and certain foreign companies, amounting to euro 1 billion were recorded in the first half 2008.

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**Adjusted net profit**

		(euro million)			
2008		2008	First Half 2009	Change	% Ch.
<b>8,825</b>	<b>Net profit attributable to Eni</b>	<b>6,758</b>	<b>2,736</b>	<b>(4,022)</b>	<b>(59.5)</b>
723	Exclusion of inventory holding (gain) loss	(783)	(52)	731	
616	Exclusion of special items:	(679)	(23)	656	
	<i>of which:</i>				
(21)	- non recurring items				
637	- other special items	(679)	(23)	656	
<b>10,164</b>	<b>Eni's adjusted net profit</b> <sup>(a)</sup>	<b>5,296</b>	<b>2,661</b>	<b>(2,635)</b>	<b>(49.8)</b>

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

**Eni's adjusted net profit** amounted to euro 2,661 million, a reduction of euro 2,635 million from the first half of 2008 (down 49.8%). Adjusted net profit is calculated by excluding an inventory holding profit of euro 52 million and special gains of euro 23 million net, resulting in an overall adjustment equal to a decrease of euro 75 million.

**Special items** mainly related to re-measurement gains recorded on fair value evaluation of certain non-hedging commodity derivatives and gains recorded on the divestment of certain oil & gas assets in the Exploration & Production division. These gains were partly offset by impairment charges associated with certain oil & gas properties, petrochemicals plants and the goodwill recognized on marketing assets in the Refining & Marketing division as well as environmental and other risk provisions.

The breakdown of **adjusted net profit** by division is shown in the table below:

		(euro million)			
2008		2008	First Half 2009	Change	% Ch.
7,900	Exploration & Production	4,073	<b>1,916</b>	(2,157)	(53.0)
2,655	Gas & Power	1,659	<b>1,485</b>	(174)	(10.5)
521	Refining & Marketing	124	<b>(31)</b>	(155)	..
(323)	Petrochemicals	(162)	<b>(209)</b>	(47)	(29.0)
784	Engineering & Construction	368	<b>449</b>	81	22.0
(279)	Other activities	(114)	<b>(100)</b>	14	12.3
(539)	Corporate and financial companies	(139)	<b>(466)</b>	(327)	..
76	Impact of unrealized intragroup profit elimination <sup>(a)</sup>	(146)	<b>31</b>	177	..
<b>10,795</b>		<b>5,663</b>	<b>3,075</b>	<b>(2,588)</b>	<b>(45.7)</b>
	<i>of which attributable to:</i>				
631	- Minority interest	367	<b>414</b>	47	12.8
<b>10,164</b>	<b>- Eni</b>	<b>5,296</b>	<b>2,661</b>	<b>(2,635)</b>	<b>(49.8)</b>

(a) This item concerned mainly intragroup sales of products, services and capital goods recorded among assets of the purchasing business segment as of period-end.

The decline in the Group adjusted net profit mainly reflected lower results reported by:

- the **Exploration & Production** division (down euro 2,157 million, or 53%) reflecting a lower operating performance (down euro 5,015 million, or 54.2%) mainly driven by lower oil and gas realizations in dollar terms (down 49.5% and 16.9%, respectively) and lower sales volumes (down 5.5 million boe, or 1.8%). These negatives were partially offset by the positive impact of the depreciation of the euro against the dollar (down 12.9%).
- The **Gas & Power** division (down euro 174 million, or 10.5%) was affected by a weaker operating performance (down euro 242 million, or 10.5%) as marketing and power generation volumes decreased due to lower demand that was affected by the economic slowdown, particularly in Italy. This reduction also reflected a negative impact associated with the settlement of certain non-hedging commodity derivatives resulting in a deeper loss of euro 117 million relating to amounts of gas and electricity that the Gas & Power division expects to supply at fixed prices in future periods. Under applicable accounting principles, the Company is not allowed to bring forward this derivative impact to the future reporting periods where the associated revenues are expected to be recognized. In order to assist investors in assessing this business trend, the

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Company discloses as an alternative measure of performance, the Gas & Power EBITDA pro-forma adjusted that is used internally to evaluate underlying performance of the Marketing business (see page 45 below). When measured against this performance indicator, the Gas & Power division reported steady results compared to the first half of 2008. Negative trends in marketing activities were partly offset by favorable movements in energy parameters. Results of Regulated businesses in Italy, International transport and equity-accounted entities were negatively affected by lower gas demand.

- The **Refining & Marketing** division (down euro 155 million) reported an adjusted operating loss of euro 51 million, down euro 160 million from the first half of 2008, driven by sharply lower refining margin as a result of an unfavorable trading environment. This negative was partially offset by improved results reported by marketing activities in Italy.
- The **Petrochemical** division reported a bigger net loss, down euro 47 million (from euro 162 million to euro 209 million) due to a deteriorating operating performance (down euro 41 million), reflecting lower demand on end-markets negatively affecting both volumes and margins.
- The **Engineering & Construction** division showed an opposite trend (up euro 81 million, or 22%) reporting a better operating performance (up euro 102 million) driven by the large number of ongoing oil & gas projects that were started during the upward phase of the oil cycle.

**Return On Average Capital Employed (ROACE)** calculated for the 12-month period ending on June 30, 2009 was 13% which compares to 19.7% for the 12-month period ending on June 30, 2008.

Eni's results for the first half were driven by lower oil and gas realizations (down 41.4% on average) as Brent price was down 52.7% from the first half of 2008. Eni's realized refining margins in dollar terms were sharply lower due to a number of negative market trends. First of all, significantly compressed light-heavy crude differentials due to a reduction in heavy crude supplies from OPEC negatively affected the profitability of Eni's complex refineries. Secondly, the Company's refining operations have experienced in recent months rapid increases in feedstock costs that have not been recovered in full in the final prices of refined products due to weak industry fundamentals. Eni's results were supported by the depreciation of the euro against dollar (down 12.9%).

## Analysis of Profit and Loss Account Items

### Net sales from operations

		(euro million)			
2008		2008	First Half 2009	Change	% Ch.
33,042	Exploration & Production	17,721	<b>11,828</b>	(5,893)	(33.3)
37,062	Gas & Power	16,971	<b>17,468</b>	497	2.9
45,017	Refining & Marketing	24,240	<b>14,121</b>	(10,119)	(41.7)
6,303	Petrochemicals	3,519	<b>1,905</b>	(1,614)	(45.9)
9,176	Engineering & Construction	4,211	<b>4,881</b>	670	15.9
185	Other activities	95	<b>47</b>	(48)	(50.5)
1,331	Corporate and financial companies	643	<b>611</b>	(32)	(5.0)
75	Impact of unrealized profit in inventory		<b>(19)</b>	(19)	..
(24,109)	Consolidation adjustment	(12,012)	<b>(8,834)</b>	3,178	
<b>108,082</b>		<b>55,388</b>	<b>42,008</b>	<b>(13,380)</b>	<b>(24.2)</b>

Eni's **net sales from operations** for the first half of 2009 (euro 42,008 million) decreased by euro 13,380 million from the first half of 2008 (down 24.2%) driven by lower commodity prices in dollar terms, partly offset by the depreciation

of the euro against the dollar (down 12.9%).

Revenues generated by the Exploration & Production division (euro 11,828 million) decreased by euro 5,893 million (down 33.3%) due to lower realizations in dollar terms (down 49.5% for oil and down 16.9% for gas). Eni's oil realization (48.30 \$/barrel) were supported for 0.79 \$/barrel by the impact of certain commodity derivatives relating to the sale of 21 mmbbl in the first half of 2009 (for more details, see the comment on the Exploration



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& Production adjusted net profit). Net sales reduction reflected also lower production sold (down 5.5 million of boe, or 1.8%). These negatives were partly offset by the depreciation of the euro against the dollar.

Revenues generated by the Gas & Power division (euro 17,468 million) increased by euro 497 million or 2.9% mainly due to higher average natural gas prices related to time-lags linked to movements in energy parameters as provided in pricing contractual formulae. The increase in gas sales reflecting the contribution of the acquisition of Distrigas (up 8.53 bcm) was more than offset by lower volumes associated with the economic downturn particularly in the Italian market.

Revenues generated by the Refining & Marketing division decreased by euro 10,119 million (down 41.7%) to euro 14,121 million. The reduction was mainly driven by lower commodity prices and lower volumes sold (down 6.1%), partially offset by the depreciation of the euro against the dollar.

Revenues generated by the Petrochemical division (euro 1,905 million) decreased by euro 1,614 million (down 45.9%) from the first half 2008 due to lower sale prices (down 33% on average) and lower volumes sold (down 20.9%) associated with negative demand conditions.

Revenues generated by the Engineering & Construction division (euro 4,881 million) increased by euro 670 million (up 15.9%) from the first half 2008 due to the large number of ongoing oil & gas projects that were started during the upward phase of the oil cycle.

**Operating expenses**

		(euro million)			
2008		2008	First Half 2009	Change	% Ch.
76,350	Purchases, services and other	37,534	29,520	(8,014)	(21.4)
	<i>of which:</i>				
(21)	- non-recurring items				
761	- other special items	190	110	(80)	
4,004	Payroll and related costs	1,972	2,077	105	5.3
	<i>of which:</i>				
91	- provision for redundancy incentives	27	38	11	
<b>80,354</b>		<b>39,506</b>	<b>31,597</b>	<b>(7,909)</b>	<b>(20.0)</b>

**Operating expenses** reported in the first half of 2009 decreased by euro 7,909 million to euro 31,597 million from the first half of 2008 (down 20%).

**Purchases, services and other** (euro 29,520 million) decreased by euro 8,014 million (down 21.4%) due to lower supply costs of oil and petrochemical feedstocks, partially offset by the depreciation of the euro against the dollar.

Purchases, services and other include euro 110 million of **special items**, relating mainly to receivables losses, and environmental and other risk provisions. In the first half of 2008, special items amounting to euro 190 million regarded environmental and risk provisions and receivables losses.

**Payroll and related costs** (euro 2,077 million) increased by euro 105 million (up 5.3%) due to higher unit labor cost in Italy and outside Italy, an increase in the average number of employees outside Italy, following the consolidation of

Distrigas in the Gas & Power division, as well as increased personnel in the Engineering & Construction and Exploration & Production businesses due to higher activity levels.

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**Contents****ENI INTERIM CONSOLIDATED REPORT / FINANCIAL REVIEW AND TREND INFORMATION****Depreciation, depletion, amortization and impairments**

		(euro million)			
2008		2008	First Half 2009	Change	% Ch.
6,678	Exploration & Production	3,046	3,262	216	7.1
797	Gas & Power	366	477	111	30.3
430	Refining & Marketing	218	197	(21)	(9.6)
117	Petrochemicals	64	48	(16)	(25.0)
335	Engineering & Construction	154	216	62	40.3
3	Other activities	1	1		
76	Corporate and financial companies	35	40	5	14.3
(14)	Impact of unrealized intragroup profit elimination	(6)	(7)	(1)	(16.7)
<b>8,422</b>	<b>Total depreciation, depletion and amortization</b>	<b>3,878</b>	<b>4,234</b>	<b>356</b>	<b>9.2</b>
1,393	Impairments	511	354	(157)	30.7
<b>9,815</b>		<b>4,389</b>	<b>4,588</b>	<b>199</b>	<b>4.5</b>

**Depreciation, depletion and amortization** charges (euro 4,234 million) increased by euro 356 million, up 9.2%, mainly in the Exploration & Production division (up euro 216 million), in connection with rising development amortization charges reflecting the consolidation of assets acquired in 2008, and increased expenditures to develop new complex fields. These negatives were partly offset by the depreciation of the euro against the dollar.

**Impairment** charges of euro 354 million mainly regarded oil & gas properties in the Exploration & Production division due to a changed pricing environment, impairment of goodwill recognized on marketing assets in the Refining & Marketing division, as well as a number of plants in the Petrochemical division due to a worsening pricing/margin environment as a result of lower petrochemical demand and higher competitive pressure.

The breakdown of impairment charges by division is shown in the table below:

		(euro million)			
2008		2008	First Half 2009	Change	% Ch.
810	Exploration & Production	187	209	22	11.8
1	Gas & Power				..
299	Refining & Marketing	149	52	(97)	(65.1)
279	Petrochemicals	172	89	(83)	(48.3)
	Engineering & Construction	3			
4	Other activities		4	4	..
<b>1,393</b>		<b>511</b>	<b>354</b>	<b>(157)</b>	<b>(30.7)</b>

**Operating profit**

The breakdown of reported operating profit by division is provided below:

		(euro million)			
2008		2008	First Half 2009	Change	% Ch.
16,239	Exploration & Production	9,043	4,152	(4,891)	(54.1)

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4,030	Gas & Power	2,425	<b>2,116</b>	(309)	(12.7)
(988)	Refining & Marketing	776	<b>287</b>	(489)	(63.0)
(845)	Petrochemicals	(263)	<b>(454)</b>	(191)	(72.6)
1,045	Engineering & Construction	467	<b>580</b>	113	24.2
(346)	Other activities	(141)	<b>(177)</b>	(36)	(25.5)
(743)	Corporate and financial companies	(107)	<b>(187)</b>	(80)	(74.8)
125	Impact of unrealized intragroup profit elimination	(230)	<b>55</b>	285	
<b>18,517</b>	<b>Operating profit</b>	<b>11,970</b>	<b>6,372</b>	<b>(5,598)</b>	<b>(46.8)</b>

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**Adjusted operating profit**

The breakdown of adjusted operating profit by division is provided below:

		(euro million)			
2008		2008	First Half 2009	Change	% Ch.
<b>18,517</b>	<b>Operating profit</b>	<b>11,970</b>	<b>6,372</b>	<b>(5,598)</b>	<b>(46.8)</b>
936	Exclusion of inventory holding (gains) losses	(1,078)	<b>(65)</b>	1,013	
2,155	Exclusion of special items:	579	<b>(4)</b>	(583)	
	<i>of which:</i>				
(21)	- non-recurring items				
2,176	- other special items	579	<b>(4)</b>	(583)	
<b>21,608</b>	<b>Adjusted operating profit</b>	<b>11,471</b>	<b>6,303</b>	<b>(5,168)</b>	<b>(45.1)</b>
	<b>Breakdown by division:</b>				
17,222	Exploration & Production	9,252	<b>4,237</b>	(5,015)	(54.2)
3,564	Gas & Power	2,295	<b>2,053</b>	(242)	(10.5)
580	Refining & Marketing	109	<b>(51)</b>	(160)	..
(398)	Petrochemicals	(216)	<b>(257)</b>	(41)	19.0
1,041	Engineering & Construction	467	<b>569</b>	102	21.8
(244)	Other activities	(102)	<b>(128)</b>	(26)	(25.5)
(282)	Corporate and financial companies	(104)	<b>(175)</b>	(71)	(68.3)
125	Impact of unrealized intragroup profit elimination	(230)	<b>55</b>	285	..
<b>21,608</b>		<b>11,471</b>	<b>6,303</b>	<b>(5,168)</b>	<b>(45.1)</b>

**Eni's adjusted net profit** amounted to euro 6,303 million, a reduction of euro 5,168 million from the first half of 2008 (down 45.1%). Adjusted net profit is calculated by excluding an inventory holding profit of euro 65 million and special gains of euro 4 million net, resulting in an overall adjustment equal to a decrease of euro 69 million. This reduction is mainly due to the weaker performance recorded by the following divisions:

- **Exploration & Production** (down euro 5,015 million, or 54.2%) mainly driven by lower oil and gas realizations in dollars (down 49.5% and 16.9% respectively). Results for the period were also affected by lower production sales volumes (down 5.5 mmmboe). These negatives were partly offset by the depreciation of the euro over the dollar (approximately euro 600 million).
- **Gas & Power** (down euro 242 million, or 10.5%) mainly due to lower results recorded by marketing activities due to a weaker gas and electricity demand, particularly in Italy. This reduction also reflected a negative impact associated with the settlement of certain non-hedging commodity derivatives resulting in a deeper loss of euro 117 million relating to amounts of gas and electricity that the Gas & Power division expects to supply at fixed prices in future periods. Under applicable accounting principles, the Company is not allowed to bring forward this derivative impact to the future reporting periods where the associated revenues are expected to be recognized. In order to assist investors in assessing this business trend, the Company discloses as an alternative measure of performance, the Gas & Power EBITDA pro-forma adjusted that is used internally to evaluate underlying performance of the Marketing business (see page 45 below). When measured against this performance indicator, the Gas & Power division reported steady results compared to the first half of 2008. Negative trends in marketing activities were partly offset by favorable movements in energy parameters. Regulated Businesses in Italy and International Transport results were lower.
- **Refining & Marketing** (down euro 160 million) reported an adjusted operating loss mainly driven by sharply lower refining margins as a result of an unfavorable trading environment. Marketing activities delivered an

improved operating performance.

- **Petrochemicals** (down euro 41 million) due to a deteriorating operating performance (down euro 257 million) reflecting lower demand on end-markets, negatively affecting both volumes and margins.

These negatives were partly offset by the better operating performance recorded by the **Engineering & Construction** division (up euro 102 million, or 21.8%) driven by stable returns and order backlog.

**Contents****ENI INTERIM CONSOLIDATED REPORT / FINANCIAL REVIEW AND TREND INFORMATION****Finance income (expense)**

2008	(euro million)	First Half		Change
		2008	2009	
<b>(824)</b>	<b>Finance income (expense) related to net borrowings</b>	<b>(401)</b>	<b>(335)</b>	<b>66</b>
(993)	Finance expense on short and long-term debt	(464)	(389)	75
87	Net interest due to banks	36	17	(19)
82	Net income from receivables and securities for non-financing operating activities	27	37	10
<b>(427)</b>	<b>Income (expense) on derivatives</b>	<b>84</b>	<b>48</b>	<b>(36)</b>
<b>206</b>	<b>Exchange differences, net</b>	<b>(10)</b>	<b>(201)</b>	<b>(191)</b>
<b>169</b>	<b>Other finance income and expense</b>	<b>96</b>	<b>147</b>	<b>51</b>
241	Income from equity instruments	118	172	54
99	Net income from receivables and securities for financing operating activities and interest on tax credits	54	19	(35)
(249)	Finance expense due to the passage of time (accretion discount)	(115)	(82)	33
78	Other	39	38	(1)
<b>(876)</b>		<b>(231)</b>	<b>(341)</b>	<b>(110)</b>
236	Finance expense capitalized	101	122	21
<b>(640)</b>		<b>(130)</b>	<b>(219)</b>	<b>(89)</b>

In the first half of 2009, **net finance expenses** were recorded amounting to euro 219 million down by euro 89 million from the first half of 2008. This decrease was mainly due to deeper exchange rate losses and lower gains recognized in connection with fair value evaluation through profit and loss of certain derivative instruments on exchange rates (from euro 84 million recorded in the first half of 2008 to euro 48 million in the first half of 2009). These negatives were partly offset by lower finance charges on finance debt due to lower interest rates on both euro-denominated (down 3 percentage points) and dollar loans (down 2 percentage points).

The main financial gain related to the contractual remuneration of 9.4% on the 20% interest in OAO Gazprom Neft, calculated until April 24, 2009, when Gazprom paid for the call option exercised on April 7, 2009. The gain also included the recover of certain financing collateral expenses and other charges for a total amount of euro 172 million (\$229 million).

**Net income from investments**

The table below sets forth the breakdown of net income from investments by division for the first half of 2009:

First Half of 2009	(euro million)	Engineering & Construction				Group
		Exploration & Production	Gas & Power	Refining & Marketing	Engineering & Construction	
Share of profit (loss) from equity-accounted entities		(5)	154	39	17	<b>205</b>
Dividends		110	8	16	2	<b>136</b>
Gains on disposal					10	<b>10</b>
Other income (expense)		7				<b>7</b>
		<b>112</b>	<b>162</b>	<b>55</b>	<b>29</b>	<b>358</b>

**Net income from investments** amounted to euro 358 million and related to: (i) Eni's share of profit of entities accounted for with the equity method (euro 205 million), mainly in the Gas & Power and Refining & Marketing divisions; (ii) dividends received by entities accounted for at cost (euro 136 million), mainly related to Nigeria LNG Ltd.

The decrease of euro 511 million from the first half of 2008 related to lower profit and dividends from equity or

cost-accounted entities in the Gas & Power and Exploration & Production segments driven by unfavorable market and price trends, as well as the circumstance that in 2008 a net gain of euro 187 million on the divestment of interests was recorded in the Engineering & Construction segment.

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**Contents****ENI INTERIM CONSOLIDATED REPORT / FINANCIAL REVIEW AND TREND INFORMATION**

The table below sets forth a breakdown of net income/loss from investments for the periods presented:

		(euro million)		
2008		2008	First Half 2009	Change
640	Share of profit (loss) from equity-accounted entities	411	205	(206)
510	Dividends	270	136	(134)
217	Gains on disposal	187	10	(177)
6	Other net income	1	7	6
<b>1,373</b>		<b>869</b>	<b>358</b>	<b>(511)</b>

**Income taxes**

		(euro million)		
2008		2008	First Half 2009	Change
<b>Profit before income taxes</b>				
1,894	Italy	3,133	2,062	(1,071)
17,356	Outside Italy	9,576	4,449	(5,127)
<b>19,250</b>		<b>12,709</b>	<b>6,511</b>	<b>(6,198)</b>
<b>Income taxes</b>				
313	Italy	406	1,007	601
9,379	Outside Italy	5,076	2,354	(2,722)
<b>9,692</b>		<b>5,482</b>	<b>3,361</b>	<b>(2,121)</b>
<b>Tax rate (%)</b>				
16.5	Italy	13.0	48.8	35.8
54.0	Outside Italy	53.0	52.9	(0.1)
<b>50.3</b>		<b>43.1</b>	<b>51.6</b>	<b>8.5</b>

**Income taxes** were euro 3,361 million, down euro 2,121 million, or 38.7%, mainly reflecting lower income taxes currently payable by subsidiaries in the Exploration & Production division operating outside Italy due to lower taxable profit. This impact was partly offset by increased taxes currently payable by Italian subsidiaries. This increase related to:

- a supplemental tax rate introduced by an Italian law that enacted the treaty of friendship between the Italian Republic and Libya. This supplemental tax rate is applicable to taxable income of such individual companies that engage in the exploration and production of hydrocarbons, where fixed assets, including both tangible and intangible assets and investments dedicated to oil and gas operations exceed 33% of their respective items in the balance sheet, also having a market capitalization in excess of euro 20 billion. In the first half of 2009, this supplemental tax rate resulted in an increased income taxes currently payable amounting to euro 142 million;
- a one-percentage point increase in the tax-rate applicable to Italian companies engaged in the energy sector, pursuant to Law Decree No. 112 of June 25, 2008.

Furthermore, the comparison between the first half 2009 and 2008 is influenced by the circumstance that in 2008 a number of tax gains were recorded for a total amount of euro 1 billion, due to adjustment to deferred taxation relating to certain changes in the tax rules: (i) a gain amounting to euro 537 million was recorded following enactment of Law Decree No. 112 of June 25, 2008 (converted into Law No. 133/2008) requesting energy companies in Italy to state inventories of hydrocarbons at the weighted-average cost for tax purposes and to recognize a one-off tax calculated by

applying a special rate of 16% on the difference between the amount of year end inventories of oil, gas and refined products stated at the weighted-average cost with respect to the previous tax base of inventories based on the last-in-first-out method of inventory accounting; (ii) application of the Italian Budget Law for 2008 that provided an increase in limits whereby carrying amounts of assets and liabilities of consolidated subsidiaries can be recognized for tax purposes by paying a one-off tax calculated by applying a special rate of 6% rate resulting in a net positive impact on profit and loss of euro 290 million in the profit and loss 2008; (iii) finally a gain amounting to euro 173 million was recorded in 2008 related to a renewed tax framework in Libya regarding oil companies whereby the tax base of the Company's Libyan oil properties has been reassessed resulting in the partial utilization of previously accrued deferred tax liabilities.

Adjusted tax rate, calculated as ratio of income taxes to net profit before taxes on an adjusted basis, was 52.1% (52.5% in the first half of 2008).

**Contents****ENI INTERIM CONSOLIDATED REPORT / FINANCIAL REVIEW AND TREND INFORMATION****Minority interest**

**Minority interest's share of profit** was euro 414 million and related mainly to Snam Rete Gas SpA (euro 118 million) and Saipem SpA (euro 300 million).

**Divisional performance<sup>1</sup>****Exploration & Production**

		(euro million)			
2008		2008	First Half 2009	Change	% Ch.
<b>16,239</b>	<b>Operating profit</b>	<b>9,043</b>	<b>4,152</b>	<b>(4,891)</b>	<b>(54.1)</b>
983	Exclusion of special items	209	85		
989	- <i>asset impairments</i>	310	220		
4	- <i>gains on disposals of assets</i>		(167)		
8	- <i>provision for redundancy incentives</i>	2	5		
(18)	- <i>re-measurement gains/losses on commodity derivatives</i>	(102)	27		
	- <i>other</i>	(1)			
<b>17,222</b>	<b>Adjusted operating profit</b>	<b>9,252</b>	<b>4,237</b>	<b>(5,015)</b>	<b>(54.2)</b>
70	Net finance income (expense) <sup>(a)</sup>	32	83	51	
609	Net income (expense) from investments <sup>(a)</sup>	263	113	(150)	
(10,001)	Income taxes <sup>(a)</sup>	(5,474)	(2,517)	2,957	
55.9	Tax rate (%)	57.3	56.8	(0.5)	
<b>7,900</b>	<b>Adjusted net profit</b>	<b>4,073</b>	<b>1,916</b>	<b>(2,157)</b>	<b>(53.0)</b>
	Results also include:				
7,488	amortizations and depreciations	3,233	3,471	238	7.4
	<i>of which:</i>				
2,057	exploration expenditures	1,056	920	(136)	(12.9)
1,577	- <i>amortizations of exploratory drilling expenditure and other</i>	806	770	(36)	(4.5)
480	- <i>amortizations of geological and geophysical exploration expenses</i>	250	150	(100)	(40.0)

(a) From January 1, 2009, results of the gas storage business are reported within the Gas & Power segment reporting unit following restructuring of Eni's regulated gas businesses in Italy that was approved by the Company's Board of Directors and is expected to close by mid-year. Prior period results have been restated accordingly.

(b) Excluding special items.

In the first half of 2009, the Exploration & Production division reported an **adjusted operating profit** of euro 4,237 million, a decrease of euro 5,015 million from the first half of 2008, down 54.2%, mainly driven by lower oil and gas realizations in dollars (down 49.5% and 16.9% respectively). Results for the period were also affected by lower production sales volumes (down 5.5 mboe) and higher amortization charges taken in connection with development activities. These negatives were partly offset by the depreciation of the euro over the dollar (approximately euro 600 million).

**Special charges** excluded by the adjusted operating profit amounted to euro 85 million and comprised impairments of oil & gas properties mainly due to a revision of the commodity price scenario, gains on the divestment of certain exploration and production assets as part of the agreements signed with Suez as well as the re-measurement gains recorded on fair value evaluation of the ineffective portion of certain cash flow hedges.

**Liquids and gas realizations** decreased on average by 41.4% in dollar terms in the first half of 2009, driven by lower oil prices (Brent declined by 52.7% in the first half of 2009). Eni's average oil realizations were increased by 0.79 \$/bbl in the first half, due to the settlement of certain commodity derivatives relating to the sale of 21 mmbbl. This was part of a derivative transaction the Company entered into to hedge exposure to 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 58.7 mmbbl by end of June 2009. These hedging transactions were undertaken in connection with the acquisition of oil and gas assets in Congo and in the Gulf of Mexico that were executed in 2007. Excluding this impact, liquid realizations would have been \$47.51 per barrel in the first half of 2009.

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

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Eni's average gas realizations decreased by 16.9% in the first half of 2009, showing a slower pace of decline due to time lags between movements in oil prices and their effect on gas prices (up 3.8% in the first quarter; down 35.4% in the second quarter) as provided by pricing formulae.

Liquid realizations and the impact of commodity derivatives were as follows:

		First Half	
		2008	2009
Sales volumes	(mmbbl)	182.6	187.0
Sales volumes hedged by derivatives (cash flow hedge)		23.0	21.0
<b>Total price per barrel, excluding derivatives</b>	(\$/bbl)	<b>101.41</b>	<b>47.51</b>
Realized gains (losses) on derivatives		(5.70)	0.79
<b>Total average price per barrel</b>		<b>95.71</b>	<b>48.30</b>

**Gas & Power**

		(euro million)			
2008		2008	First Half 2009	Change	% Ch.
<b>4,030</b>	<b>Operating profit</b>	<b>2,425</b>	<b>2,116</b>	<b>(309)</b>	<b>(12.7)</b>
(429)	Exclusion of inventory holding (gains) losses	(138)	294		
(37)	Exclusion of special items:	8	(357)		
12	- environmental provisions	14	17		
1	- assets impairments				
7	- gains on disposals of assets		(5)		
20	- provisions for redundancy incentives	7	8		
(74)	- re-measurement gains/losses on commodity derivatives	(11)	(377)		
(3)	- other	(2)			
<b>3,564</b>	<b>Adjusted operating profit</b> <sup>(a)</sup>	<b>2,295</b>	<b>2,053</b>	<b>(242)</b>	<b>(10.5)</b>
1,309	Marketing	1,106	987	(119)	(10.8)
1,732	Regulated business in Italy	933	859	(74)	(7.9)
523	International transport	256	207	(49)	(19.1)
(3)	Net finance income (expense) <sup>(b)</sup>	(8)	(12)	(4)	
420	Net income (expense) from investments <sup>(b)</sup>	233	162	(71)	
(1,326)	Income taxes <sup>(b)</sup>	(861)	(718)	143	
33.3	Tax rate (%)	34.2	32.6	(1.6)	
<b>2,655</b>	<b>Adjusted net profit</b>	<b>1,659</b>	<b>1,485</b>	<b>(174)</b>	<b>(10.5)</b>

(a) From January 1, 2009, results of the gas storage business are reported within the Gas & Power segment reporting unit, within the regulated businesses results, following restructuring of Eni regulated gas businesses in Italy. As of that date, the results of the regulated businesses in Italy therefore include results of the Transport, Distribution, Re-gasification and Storage activities in Italy. Prior period results have been restated accordingly.

(b) Excluding special items.

In the first half of 2009 the Gas & Power division reported **adjusted operating profit** of euro 2,053 million, a

decrease of euro 242 million or 10.5% from the first half of 2009, mainly due to lower results recorded by marketing activities (down euro 119 million or 10.8%) due to a weaker gas and electricity demand, particularly in Italy. This reduction also reflected a negative impact associated with the settlement of certain non-hedging commodity derivatives resulting in a deeper loss of euro 117 million relating to amounts of gas and electricity that the Gas & Power division expects to supply at fixed prices in future periods. Under applicable accounting principles, the Company is not allowed to bring forward this derivative impact to the future reporting periods where the associated revenues are expected to be recognized. In order to assist investors in assessing this business trend, the Company discloses as an alternative measure of performance, the Gas & Power EBITDA pro-forma adjusted that is used internally to evaluate underlying performance of the Marketing business (see page 45 below). When measured against this performance indicator, the Gas & Power division reported steady results compared to the first half of 2008.

Regulated Businesses in Italy and International Transport results were lower.

**Special items** excluded from the adjusted operating profit amounted to euro 357 million (euro 368 million reported by the marketing business and euro 11 million reported by the regulated businesses in Italy) and mainly regarded the re-measurement gains recorded on fair value evaluation of certain non-hedging commodity derivatives (euro 377 million) in marketing activities, environmental provisions and redundancy incentives.

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**Adjusted net profit** for the first half of 2009 was euro 1,485 million, declining by euro 174 million from the first half of 2008 (down 10.5%) due to a weaker operating performance, as well as lower earnings reported by equity-accounted entities, partly offset by lower taxes currently payable.

*Marketing*

The marketing business reported **adjusted operating profit** of euro 987 million for the first half of 2009, a decrease of euro 119 million, or 10.8%, from the first half of 2008 driven by lower sales volumes reported by consolidated subsidiaries as a result of the economic downturn that particularly hit the Italian market where volumes were down 26.1%. The reduction also reflected a negative impact associated with the settlement of certain non-hedging commodity derivatives resulting in a deeper loss of euro 117 million relating to amounts of gas and electricity that the Gas & Power division expects to supply at fixed prices in future periods. Under applicable accounting principles, the Company is not allowed to bring forward this derivative impact to the future reporting periods where the associated revenues are expected to be recognized. In order to assist investors in assessing this business trend, the Company discloses as an alternative measure of performance, the Gas & Power EBITDA pro-forma adjusted that is used internally to evaluate underlying performance of the Marketing business (see page 45 below). When measured against this performance indicator, the Gas & Power division reported steady results compared to the first half of 2008.

These negatives were partly offset by the positive trend results recorded in the second quarter associated with favorable movements in energy parameters and currencies, as well as the circumstance that certain operating expenses were incurred a year ago particularly related to a claim filed by the Authority for Electricity and Gas which reverted application of a favorable tariff regime on electricity productions.

*Regulated businesses in Italy*

Regulated businesses in Italy reported **adjusted operating profit** of euro 859 million for the first half of 2009, down euro 74 million, or 7.9% from the same period of 2008 due to weaker results reported by Transport activities (down euro 58 million), caused by a decline in gas demand in Italy, and by the Distribution business (down euro 25 million) which recorded a negative trend mainly driven by the impact of the above mentioned new tariff mechanism set by the Authority for electricity and gas.

The Storage business reported adjusted operating profit of euro 126 million, a slight increase from the first half of 2008 (euro 117 million).

*International Transport*

This business reported adjusted operating profit of euro 207 million for the first half of 2009, represented a decrease of euro 49 million from the first half of 2008 mainly due to the recognition of the costs incurred to repair and restore to full capacity the underwater TMPC pipeline that was damaged in an accident occurred in December 2008.

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## ENI INTERIM CONSOLIDATED REPORT / FINANCIAL REVIEW AND TREND INFORMATION

**Other performance indicators**

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

		(euro million)			
2008		2008	First Half 2009	Change	% Ch.
<b>4,310</b>	<b>EBITDA pro-forma adjusted</b>	<b>2,583</b>	<b>2,541</b>	<b>42</b>	<b>(1.6)</b>
2,271	Marketing	1,534	<b>1,558</b>	(24)	1.6
119	<i>of which: +/- adjustment on commodity derivatives</i>	(2)	<b>160</b>		
1,284	<i>Regulated businesses in Italy</i>	680	<b>644</b>	36	(5.3)
755	International transport	369	<b>339</b>	30	(8.1)

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 certain impacts associated with derivative instruments as discussed below. This performance indicator include adjusted EBITDA of Eni's wholly owned subsidiaries and Eni's share of adjusted EBITDA generated by certain affiliates which are accounted for under the equity method for IFRS purposes.

The EBITDA of Snam Rete Gas is calculated according to Eni's share of equity (55.58% as of June 30, 2009, which takes into account the amount of own shares held in treasury by the subsidiary itself) although being fully consolidated when preparing consolidated financial statements in accordance with IFRS, due to its status of listed company. Also results of Italgas SpA and Stocaggi Gas SpA are 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 whereby 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. Those are entered into by the Company in view of certain amounts of gas and electricity that the Company expects to supply at fixed prices in future periods. The impact of those derivatives is allocated to the EBITDA pro-forma adjusted relating to the reporting periods during which those supplies at fixed prices are recognized.

Management believes that the EBITDA pro-forma adjusted is an important alternative measure to assess the performance of Eni's Gas & Power division taking account of evidence that this division is comparable to European utilities in the gas and power generation sector. This measure is provided with the intent 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.



**Contents****ENI INTERIM CONSOLIDATED REPORT / FINANCIAL REVIEW AND TREND INFORMATION****Refining & Marketing**

		(euro million)			
2008		2008	First Half 2009	Change	% Ch.
<b>(988)</b>	<b>Operating profit</b>	<b>776</b>	<b>287</b>	<b>(489)</b>	<b>(63.0)</b>
1,199	Exclusion of inventory holding (gains) losses	(816)	(467)		
369	Exclusion of special items:	149	129		
	<i>of which:</i>				
(21)	Non-recurring items				
390	Other special items:	149	129		
76	- <i>environmental provisions</i>	6	22		
299	- <i>asset impairments</i>	149	52		
13	- <i>gains on disposals of assets</i>		1		
	- <i>risk provisions</i>		15		
23	- <i>provisions for redundancy incentives</i>	6	8		
(21)	- <i>re-measurement gains/losses on commodity derivatives</i>		31		
	- <i>other</i>	(12)			
<b>580</b>	<b>Adjusted operating profit</b>	<b>109</b>	<b>(51)</b>	<b>(160)</b>	<b>..</b>
1	Net finance income (expense)				
174	Net income (expenses) from investments <sup>(a)</sup>	64	39	(25)	
(234)	Income taxes <sup>(a)</sup>	(49)	(19)	30	
31.0	Tax rate (%)	28.3		(28.3)	
<b>521</b>	<b>Adjusted net profit</b>	<b>124</b>	<b>(31)</b>	<b>(155)</b>	<b>..</b>

(a) Excluding special items.

The Refining & Marketing division reported **adjusted operating loss** amounting to euro 51 million for the first half of 2009, a decrease of euro 160 million from the first half of 2008. The reduction was mainly driven by sharply lower refining margin as a result of an unfavorable trading environment. Marketing activities delivered an improved operating performance reflecting market share gains posted by the Italian retailing activities supported by effective marketing campaigns and pricing initiatives, partly offset by lower marketed volumes on both wholesale markets in Italy and retail European markets affected by a weak demand.

**Special charges** excluded from adjusted operating profit amounted to euro 129 million for the first half of 2009 and mainly related to impairment of goodwill recognized on marketing assets acquired in Central-Eastern Europe, capital expenditure for the period on assets impaired in previous reported years, as well as environmental and risk provisions and re-measurement losses recorded on fair value evaluation of certain not hedging commodity derivatives.

**Adjusted net loss** for the first half of 2009 was euro 31 million mainly due to a lower operating performance (down euro 160 million) and decreased profits reported by equity-accounted entities. These negatives were partly offset by lower income taxes.

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## ENI INTERIM CONSOLIDATED REPORT / FINANCIAL REVIEW AND TREND INFORMATION

**Petrochemicals**

		(euro million)			
2008		2008	First Half 2009	Change	% Ch.
<b>(845)</b>	<b>Operating profit</b>	<b>(263)</b>	<b>(454)</b>	<b>(191)</b>	<b>(72.6)</b>
166	Exclusion of inventory holding (gains) losses	(124)	<b>108</b>		
281	Exclusion of special items:	171	<b>89</b>		
278	- <i>asset impairments</i>	172	<b>89</b>		
(5)	- <i>gains on disposals of assets</i>				
	- <i>risk provisions</i>				
8	- <i>provisions for redundancy incentives</i>		<b>3</b>		
	- <i>re-measurement gains/losses on commodity derivatives</i>		<b>(3)</b>		
	- <i>other</i>	(1)			
<b>(398)</b>	<b>Adjusted operating profit</b>	<b>(216)</b>	<b>(257)</b>	<b>(41)</b>	<b>(19.0)</b>
1	Net finance income (expense) <sup>(a)</sup>				
(9)	Net income (expenses) from investments <sup>(a)</sup>	2		(2)	
83	Income taxes <sup>(a)</sup>	52	<b>48</b>	(4)	
<b>(323)</b>	<b>Adjusted net profit</b>	<b>(162)</b>	<b>(209)</b>	<b>(47)</b>	<b>(29.0)</b>

(a) Excluding special items.

The **Petrochemical** division reported an **adjusted operating loss** of euro 257 million for the first half of 2009, a decrease of euro 41 million from the first half of 2008 reflecting lower demand on end-markets, negatively affecting both volumes and margins.

**Special charges** excluded from adjusted operating loss of euro 89 million related mainly to impairment of assets, in particular the Sicily and Porto Marghera plants for the production of olefins, aromatics and polyethylene, due to an expected unfavorable trading environment in terms of margins/volumes, affected by lower petrochemical products demand and higher competitive pressures, in connection with new available capacity in the Middle-East.

**Engineering & Construction**

		(euro million)			
2008		2008	First Half 2009	Change	% Ch.
<b>1,045</b>	<b>Operating profit</b>	<b>467</b>	<b>580</b>	<b>113</b>	<b>24.2</b>
(4)	Exclusion of special items:		<b>(11)</b>		
(4)	- <i>gains on disposals of assets</i>		(1)		
	- <i>re-measurement gains/losses on commodity derivatives</i>		(10)		
<b>1,041</b>	<b>Adjusted operating profit</b>	<b>467</b>	<b>569</b>	<b>102</b>	<b>21.8</b>
1	Net finance income (expense) <sup>(a)</sup>				
49	Net income (expenses) from investments <sup>(a)</sup>	26	<b>19</b>	(7)	
(307)	Income taxes <sup>(a)</sup>	(125)	<b>(139)</b>	(14)	
28.1	Tax rate (%)	25.4	<b>23.6</b>	(2)	
<b>784</b>	<b>Adjusted net profit</b>	<b>368</b>	<b>449</b>	<b>81</b>	<b>22.0</b>

(a) Excluding special items.

In the first quarter of 2009, the Engineering & Construction division reported an **adjusted operating profit** increasing by euro 102 million or 21.8%, to euro 569 million, reflecting a better performance recorded in particular in: (i) the offshore construction due to better contractual conditions; (ii) offshore drilling due to higher activity levels of the Scarabeo 3 as well as of the Perro Negro 3 and 7 jack ups and a Tender Assisted Drilling Barge; (iii) onshore construction due to a better operating performance.

**Adjusted net profit** was euro 449 million, up euro 81 million from the first half of 2008 due to a better operating performance, partly offset by higher income taxes.

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**Contents****ENI INTERIM CONSOLIDATED REPORT / FINANCIAL REVIEW AND TREND INFORMATION****Other activities**

		(euro million)			
2008		2008	First Half 2009	Change	% Ch.
<b>(346)</b>	<b>Operating profit</b>	<b>(141)</b>	<b>(177)</b>	<b>(36)</b>	<b>(25.5)</b>
102	Exclusion of special items:	39	49		
101	- environmental provisions	28	45		
5	- asset impairments	2	4		
(14)	- gains on disposals of assets		(2)		
4	- risk provision	20	(4)		
4	- provisions for redundancy incentives	1	2		
2	- other	(12)	4		
<b>(244)</b>	<b>Adjusted operating profit</b>	<b>(102)</b>	<b>(128)</b>	<b>(26)</b>	<b>(25.5)</b>
(39)	Net financial income (expense) <sup>(a)</sup>	(12)	28	40	
4	Net income (expense) from investments <sup>(a)</sup>				
<b>(279)</b>	<b>Adjusted net profit</b>	<b>(114)</b>	<b>(100)</b>	<b>14</b>	<b>12.3</b>

(a) Excluding special items.

**Corporate and financial companies**

		(euro million)			
2008		2008	First Half 2009	Change	% Ch.
<b>(743)</b>	<b>Operating profit</b>	<b>(107)</b>	<b>(187)</b>	<b>(80)</b>	<b>(74.8)</b>
461	Exclusion of special items:	3	12		
120	- environmental provisions				
(9)	- gains on disposals of assets				
28	- provisions for redundancy incentives	11	12		
52	- re-measurement gains/losses on commodity derivatives	1			
270	- other	(9)			
<b>(282)</b>	<b>Adjusted operating profit</b>	<b>(104)</b>	<b>(175)</b>	<b>(71)</b>	<b>(68.3)</b>
(671)	Net financial incomes (expenses) <sup>(a)</sup>	(142)	(318)	(176)	
5	Net income (expenses) from investments <sup>(a)</sup>				
409	Income taxes <sup>(a)</sup>	107	27	(80)	
<b>(539)</b>	<b>Adjusted net profit</b>	<b>(139)</b>	<b>(466)</b>	<b>(327)</b>	<b>..</b>

(a) Excluding special items.

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ENI INTERIM CONSOLIDATED REPORT / FINANCIAL REVIEW AND TREND INFORMATION

**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. Further, finance charges on finance debt, interest income, gains or losses deriving from 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 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 (33% in previous reporting periods).

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 abovementioned 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.

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**Contents****ENI INTERIM CONSOLIDATED REPORT / FINANCIAL REVIEW AND TREND INFORMATION**

(euro million)

**First Half of 2009**

	<b>E&amp;P</b>	<b>G&amp;P</b>	<b>R&amp;M</b>	<b>Petrochemicals</b>	<b>Engineering &amp; Construction</b>	<b>Other activities</b>	<b>Corporate and financial companies</b>	<b>Impact of unrealized intragroup profit elimination</b>	<b>Group</b>	
<b>Reported operating profit</b>		<b>4,152</b>	<b>2,116</b>	<b>287</b>	<b>(454)</b>	<b>580</b>	<b>(177)</b>	<b>(187)</b>	<b>55</b>	<b>6,372</b>
Exclusion of inventory holding (gains) losses			294	(467)	108					(65)
<b>Exclusion of special items:</b>										
- environmental charges			17	22			45			84
- asset impairments		220		52	89		4			365
- gains on disposal of assets		(167)	(5)	1		(1)	(2)			(174)
- risk provisions				15			(4)			11
- provision for redundancy incentives		5	8	8	3		2	12		38
- re-measurement gains/losses on commodity derivatives		27	(377)	31	(3)	(10)				(332)
- other							4			4
<b>Special items of operating profit</b>		<b>85</b>	<b>(357)</b>	<b>129</b>	<b>89</b>	<b>(11)</b>	<b>49</b>	<b>12</b>		<b>(4)</b>
<b>Adjusted operating profit</b>		<b>4,237</b>	<b>2,053</b>	<b>(51)</b>	<b>(257)</b>	<b>569</b>	<b>(128)</b>	<b>(175)</b>	<b>55</b>	<b>6,303</b>
Net finance (expense) income <sup>(a)</sup>		83	(12)				28	(318)		(219)
Net income from investments <sup>(a)</sup>		113	162	39		19				333
Income taxes <sup>(a)</sup>		(2,517)	(718)	(19)	48	(139)		27	(24)	(3,342)
<i>Tax rate (%)</i>		56.8	32.6	..		23.6				52.1
<b>Adjusted net profit</b>		<b>1,916</b>	<b>1,485</b>	<b>(31)</b>	<b>(209)</b>	<b>449</b>	<b>(100)</b>	<b>(466)</b>	<b>31</b>	<b>3,075</b>
<i>of which:</i>										
- adjusted net profit of minority interest										414
<b>- Eni s adjusted net profit</b>										<b>2,661</b>
<b>Eni reported net profit</b>										<b>2,736</b>
Exclusion of inventory holding (gains) losses										(52)
Exclusion of special items										(23)
<b>Eni s adjusted net profit</b>										<b>2,661</b>

(a) Excluding special items.

**Contents****ENI INTERIM CONSOLIDATED REPORT / FINANCIAL REVIEW AND TREND INFORMATION**

(euro million)

**First Half of 2008**

	<b>E&amp;P</b>	<b>G&amp;P</b>	<b>R&amp;M</b>	<b>Petrochemicals</b>	<b>Engineering &amp; Construction</b>	<b>Other activities</b>	<b>Corporate and financial companies</b>	<b>Impact of unrealized intragroup profit elimination</b>	<b>Group</b>	
<b>Reported operating profit</b>		<b>9,043</b>	<b>2,425</b>	<b>776</b>	<b>(263)</b>	<b>467</b>	<b>(141)</b>	<b>(107)</b>	<b>(230)</b>	<b>11,970</b>
Exclusion of inventory holding (gains) losses			(138)	(816)	(124)					(1,078)
<b>Exclusion of special items:</b>										
- environmental charges			14	6			28			48
- asset impairments		310		149	172		2			633
- risk provisions							20			20
- provision for redundancy incentives		2	7	6			1	11		27
- re-measurement gains/losses on commodity derivatives		(102)	(11)					1		(112)
- other		(1)	(2)	(12)	(1)		(12)	(9)		(37)
<b>Special items of operating profit</b>		<b>209</b>	<b>8</b>	<b>149</b>	<b>171</b>		<b>39</b>	<b>3</b>		<b>579</b>
<b>Adjusted operating profit</b>		<b>9,252</b>	<b>2,295</b>	<b>109</b>	<b>(216)</b>	<b>467</b>	<b>(102)</b>	<b>(104)</b>	<b>(230)</b>	<b>11,471</b>
Net finance (expense) income <sup>(a)</sup>		32	(8)				(12)	(142)		(130)
Net income from investments <sup>(a)</sup>		263	233	64	2	26				588
Income taxes <sup>(a)</sup>		(5,474)	(861)	(49)	52	(125)		107	84	(6,266)
<i>Tax rate (%)</i>		<i>57.3</i>	<i>34.2</i>	<i>28.3</i>		<i>25.4</i>				<i>52.5</i>
<b>Adjusted net profit</b>		<b>4,073</b>	<b>1,659</b>	<b>124</b>	<b>(162)</b>	<b>368</b>	<b>(114)</b>	<b>(139)</b>	<b>(146)</b>	<b>5,663</b>
<i>of which:</i>										
- adjusted net profit of minority interest										367
<b>- Eni s adjusted net profit</b>										<b>5,296</b>
<b>Eni reported net profit</b>										<b>6,758</b>
Exclusion of inventory holding (gains) losses										(783)
Exclusion of special items										(679)
<b>Eni s adjusted net profit</b>										<b>5,296</b>

(a) Excluding special items.



**Contents****ENI INTERIM CONSOLIDATED REPORT / FINANCIAL REVIEW AND TREND INFORMATION**

(euro million)

	<b>E&amp;P</b>	<b>G&amp;P</b>	<b>R&amp;M</b>	<b>Petrochemicals</b>	<b>Engineering &amp; Construction</b>	<b>Other activities</b>	<b>Corporate and financial companies</b>	<b>Impact of unrealized intragroup profit elimination</b>	<b>Group</b>	
<b>2008</b>										
<b>Reported operating profit</b>		<b>16,239</b>	<b>4,030</b>	<b>(988)</b>	<b>(845)</b>	<b>1,045</b>	<b>(346)</b>	<b>(743)</b>	<b>125</b>	<b>18,517</b>
Exclusion of inventory holding (gains) losses			(429)	1,199	166					936
<b>Exclusion of special items</b>										
<i>of which:</i>										
<b>Non-recurring (income) charges</b>					<b>(21)</b>					<b>(21)</b>
<b>Other special (income) charges:</b>		<b>983</b>	<b>(37)</b>	<b>390</b>	<b>281</b>	<b>(4)</b>	<b>102</b>	<b>461</b>		<b>2,176</b>
- environmental charges			12	76			101	120		309
- asset impairments		989	1	299	278		5			1,572
- gains on disposals of assets		4	7	13	(5)	(4)	(14)	(9)		(8)
- risk provisions							4			4
- provision for redundancy incentives		8	20	23	8		4	28		91
- re-measurement gains/losses on commodity derivatives		(18)	(74)	(21)				52		(61)
- other			(3)				2	270		269
<b>Special items of operating profit</b>		<b>983</b>	<b>(37)</b>	<b>369</b>	<b>281</b>	<b>(4)</b>	<b>102</b>	<b>461</b>		<b>2,155</b>
<b>Adjusted operating profit</b>		<b>17,222</b>	<b>3,564</b>	<b>580</b>	<b>(398)</b>	<b>1,041</b>	<b>(244)</b>	<b>(282)</b>	<b>125</b>	<b>21,608</b>
Net finance (expense) income <sup>(a)</sup>		70	(3)	1	1	1	(39)	(671)		(640)
Net income from investments <sup>(a)</sup>		609	420	174	(9)	49	4	5		1,252
Income taxes <sup>(a)</sup>		(10,001)	(1,326)	(234)	83	(307)		409	(49)	(11,425)
<i>Tax rate (%)</i>		<i>55.9</i>	<i>33.3</i>	<i>31.0</i>		<i>28.1</i>				<i>51.4</i>
<b>Adjusted net profit</b>		<b>7,900</b>	<b>2,655</b>	<b>521</b>	<b>(323)</b>	<b>784</b>	<b>(279)</b>	<b>(539)</b>	<b>76</b>	<b>10,795</b>
<i>of which:</i>										
- adjusted net profit of minority interest										631
<b>- Eni's adjusted net profit</b>										<b>10,164</b>
<b>Eni's reported net profit</b>										<b>8,825</b>
Exclusion of inventory holding (gains) losses										723
Exclusion of special items:										616
- non-recurring (income) charges										(21)
- other special (income) charges										637
<b>Eni's adjusted net profit</b>										<b>10,164</b>

(a) Excluding special items.

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## ENI INTERIM CONSOLIDATED REPORT / FINANCIAL REVIEW AND TREND INFORMATION

**Breakdown of special items**

2008	(euro million)	First Half	
		2008	2009
<b>(21) Non-recurring charges (income)</b>			
<i>of which:</i>			
(21) - provisions and utilizations against on antitrust proceedings and regulations			
<b>2,176 Other special charges (income):</b>		<b>579</b>	<b>(4)</b>
309 environmental charges		48	<b>84</b>
1,572 asset impairments		633	<b>365</b>
(8) gains on disposal of property, plant and equipment			<b>(174)</b>
4 risk provisions		20	<b>11</b>
91 provision for redundancy incentives		27	<b>38</b>
(61) re-measurement gains/losses on commodity derivatives		(112)	<b>(332)</b>
269 other		(37)	<b>4</b>
<b>2,155 Special items of operating profit</b>		<b>579</b>	<b>(4)</b>
<b>(239) Net income from investments</b>		<b>(185)</b>	<b>(8)</b>
<i>of which, gain on divestment of:</i>			
(185) - GTT (Gaztransport et Technigaz sas)		(185)	
<b>(1,402) Income taxes</b>		<b>(1,175)</b>	<b>(11)</b>
<i>of which:</i>			
(270) tax impact pursuant to Law Decree No. 112 of June 25, 2008 for Italian subsidiaries		(537)	<b>(27)</b>
(176) - on inventories		(443)	
(94) - on deferred taxes		(94)	<b>(27)</b>
(290) tax impact pursuant Budget Law 2008 for Italian subsidiaries		(290)	
adjustment to deferred tax for Italian subsidiaries			
(173) adjustment to deferred tax for Libyan assets		(173)	
(46) other tax items		(40)	
(623) taxes on special items of operating profit		(135)	<b>16</b>
<b>514 Total special items of net profit</b>		<b>(781)</b>	<b>(23)</b>
<i>attributable to:</i>			
(102) - Minority interest		(102)	
<b>616 - Eni</b>		<b>(679)</b>	<b>(23)</b>

**Breakdown of impairment**

2008	(euro million)	2008	First Half	
			2009	Change
1,349	Asset impairment	511	<b>331</b>	(180)
44	Goodwill impairment		<b>23</b>	23
<b>1,393</b>	<b>Sub total</b>	<b>511</b>	<b>354</b>	<b>(157)</b>
179	Impairment losses on receivables related to non recurring activities	122	<b>11</b>	(111)
<b>1,572</b>	<b>Impairment</b>	<b>633</b>	<b>365</b>	<b>(268)</b>



**Contents****ENI INTERIM CONSOLIDATED REPORT / FINANCIAL REVIEW AND TREND INFORMATION****Summarized Group balance sheet**

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 balance sheet** <sup>(a)</sup>

(euro million)

	Dec. 31, 2008	June 30, 2009	Change
<b>Fixed assets</b>			
Property, plant and equipment	59,255	61,199	1,944
Other assets			
Inventories - compulsory stock	1,196	1,607	411
Intangible assets	7,697	8,365	668
Equity-accounted investments and other investments	5,881	6,044	163
Receivables and securities held for operating purposes	1,219	1,204	(15)
Net payables related to capital expenditures	(787)	(548)	239
	<b>74,461</b>	<b>77,871</b>	<b>3,410</b>
<b>Net working capital</b>			
Inventories	6,082	5,477	(605)
Trade receivables	16,444	13,139	(3,305)
Trade payables	(12,590)	(10,634)	1,956
Tax payables and provision for net deferred tax liabilities	(5,323)	(4,345)	978
Provisions	(9,506)	(9,225)	281
Other current assets and liabilities:			
<i>Equity instruments</i>	2,741		(2,741)
<i>Other</i> <sup>(b)</sup>	(4,544)	(2,821)	1,723
	<b>(6,696)</b>	<b>(8,409)</b>	<b>(1,713)</b>
<b>Provisions for employee post-retirement benefits</b>	<b>(947)</b>	<b>(966)</b>	<b>(19)</b>
<b>Net assets held for sale including related net borrowings</b>	<b>68</b>	<b>68</b>	
<b>CAPITAL EMPLOYED, NET</b>	<b>66,886</b>	<b>68,564</b>	<b>1,678</b>
Shareholders' equity:			
- Eni shareholder's equity	44,436	46,684	2,248
- Minority interest	4,074	3,525	(549)
	<b>48,510</b>	<b>50,209</b>	<b>1,699</b>
<b>Net borrowings</b>	<b>18,376</b>	<b>18,355</b>	<b>(21)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>66,886</b>	<b>68,564</b>	<b>1,678</b>

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- (a) For a reconciliation to the statutory balance sheet see the paragraph "Reconciliation of summarized group balance sheet and summarized group cash flow statement to statutory schemes".
- (b) Include receivables and securities for financing operating activities for euro 582 million at June 30, 2009 (euro 410 million at December 31, 2008) and securities covering technical reserves of Eni's insurance activities for euro 269 million at June 30, 2009 (euro 302 million at December 31, 2008).

At June 30, 2009, **net capital employed** totaled euro 68,564 million, representing an increase of euro 1,678 million from December 31, 2008.

### **Fixed assets**

Fixed assets amounted to euro 77,871 million, representing an increase of euro 3,410 million from December 31, 2008, reflecting capital expenditures incurred in the period (euro 6,844 million) and recognition of the share of

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goodwill associated with the buyout of the Distrigas minorities (euro 903 million), partly offset by depreciation, depletion, amortization and impairment charges (euro 4,588 million).

The item **Intangible assets** included among fixed assets, increased by euro 668 million mainly due to the completion of the Distrigas acquisition whereby goodwill increased by Distrigas minorities' share of goodwill (euro 903 million) following the buyout, thus increasing the total amount of goodwill recognized on the acquisition to euro 2,148 million. In order to test the recoverability of its carrying amount, the Distrigas goodwill has been allocated to the group of cash generating unit forming the European gas market cash generating unit that is expected to benefit from synergies of the acquisition.

The item **Investments** comprises a 60% interest in Artic Russia (the former Eni Russia BV) amounting to euro 895 million. As of the balance sheet date Artic Russia held 100% interest in three Russian companies acquired on April 4, 2007 in partnership with Enel (Eni 60%, Enel 40%), following award of a bid for Lot 2 in the Yukos liquidation procedure. The three companies – OAO Arctic Gas, OAO Urengoil and OAO Neftegaztehnologiya – engage in exploration and development of gas reserves. Eni and Enel granted to Gazprom a call option to acquire a 51% interest in the three companies to be exercisable by Gazprom within 24 months from the acquisition date. On May 15, 2009 the two partners signed a preliminary agreement with Gazprom regarding the call option arrangement. On June 5, 2009 the parties signed the relevant binding agreement. Total cash consideration from this transaction is anticipated to amount to \$1.5 billion (Eni's share being \$900 million) and will be paid by Gazprom in two tranches: (i) the first one is due on the transfer of the shares and is expected to occur in the third quarter of 2009 with the transaction effective from the same date; (ii) the second tranche is due by end of the first quarter of 2010. As a result of the transaction, Eni's interest in OOO SeverEnergia will be equal to 29.4%.

**Net working capital**

At June 30, 2009, net working capital amounted to a negative euro 8,409 million, representing a decrease of euro 1,713 million from December 31, 2008, mainly due to the divestment of a 20% interest in OAO Gazprom Neft with a carrying amount of euro 2,741 million following exercise of a call option by Gazprom on April 7, 2009. The 20% interest in Gazprom Neft was acquired by Eni on April 4, 2007 as part of a bid procedure for the assets of bankrupt Russian company Yukos. The exercise price of the call option is equal to the bid price (\$3.7 billion) as adjusted by subtracting dividends distributed and adding the contractual yearly remuneration of 9.4% on the capital employed and financing collateral expenses. Total cash consideration amounting to euro 3,070 million (\$4.06 billion, increasing to approximately euro 3.16 billion or \$4.2 billion when including the 2008 dividend) was paid by Gazprom on April 24, 2009.

The reduction reflected also: (i) a decrease reported in oil and petroleum products inventories due to the impact of sharply lower oil and product prices on the evaluation of inventories on the basis of the weighted-average cost method. As of June 30, 2009 also underlying gas inventories decreased; however management expects to re-build up gas volumes in inventory by end of the year; (ii) a reduction of euro 1,349 million in the balance between trade receivables and payables, reflecting lower sales driven by lower commodity prices.

These changes have been partly offset by the following increases:

- a reduction was reported in the item **Other liabilities** (down euro 1,723 million) associated with the cancellation of the put option awarded to Publigaz SCRL in 2008 as accounted in Eni 2008 financial statements (euro 1,495 million) following Publigaz tendering its 31.25% share in Distrigas to Eni as part of Eni's mandatory buy-out of Distrigas minorities. This put option was carried at the same price provided in the public tender offer. This impact has been partially compensated by:

- (i) a negative change amounting to euro 274 million (from a negative euro 28 million as of December 31, 2008, to a negative euro 465 million as of June 30, 2009; or from euro 28 million to euro 302 million, net of taxes) in fair
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value of certain derivative instruments Eni entered into to hedge exposure to variability in future cash flows deriving from the sale in the 2008/2011 period of approximately 2% of Eni's proved reserves as of December 31, 2006 corresponding to 125.7 mmbbl, decreasing to 58.7 mmboe as of end of June 2009 due to transactions settled in the first half. These hedging transactions were undertaken in connection with acquisitions of oil and gas assets in the Gulf of Mexico and Congo in 2007. The effective portion of changes in fair value of these hedges is recognized directly in equity, whilst the ineffective portion is recognized in profit and loss;

- (ii) a reduction was finally recorded in **tax payables and provision for net deferred tax liabilities** (down euro 978 million) due to the payment of the balance of income taxes by Italian subsidiaries occurred in June, partly offset by income taxes accrued for the first half.

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## 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 between net adjusted profit before minority interest, plus net finance charges on net borrowings net of the related tax effect, and net average capital employed. The tax rate applied on finance charges is the Italian statutory tax rate of 34% effective from January 1, 2009 (33% in previous reporting periods). The capital invested as of period-end used for the calculation of net average capital invested is obtained by deducting inventory gains or losses as of in the period, net of the related tax effect. ROACE by division is determined as the ratio between adjusted net profit and 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).

Calculated on a 12-month period ending on  
June 30, 2009

(euro million)	Exploration & Production	Gas & Power	Refining & Marketing	Group
<b>Adjusted net profit</b>	<b>5,743</b>	<b>2,481</b>	<b>366</b>	<b>8,207</b>
Exclusion of after-tax finance expenses/interest income	-	-	-	243
<b>Adjusted net profit unlevered</b>	<b>5,743</b>	<b>2,481</b>	<b>366</b>	<b>8,450</b>
Adjusted capital employed, net:				
- at the beginning of period	22,763	21,017	9,466	60,454
- at the end of period	30,489	23,614	8,539	70,018
<b>Adjusted average capital employed, net</b>	<b>26,626</b>	<b>22,316</b>	<b>9,003</b>	<b>65,236</b>
<b>ROACE adjusted (%)</b>	<b>21.6</b>	<b>11.1</b>	<b>4.1</b>	<b>13.0</b>

Calculated on a 12-month period ending on  
June 30, 2008

(euro million)	Exploration & Production	Gas & Power	Refining & Marketing	Group
<b>Adjusted net profit</b>	<b>7,468</b>	<b>3,085</b>	<b>183</b>	<b>10,605</b>
Exclusion of after-tax finance expenses/interest income	-	-	-	325
<b>Adjusted net profit unlevered</b>	<b>7,468</b>	<b>3,085</b>	<b>183</b>	<b>10,930</b>
Adjusted capital employed, net:				
- at the beginning of period	20,872	19,257	5,775	51,418
- at the end of period	22,763	20,892	8,490	59,282
<b>Adjusted average capital employed, net</b>	<b>21,818</b>	<b>20,075</b>	<b>7,133</b>	<b>55,350</b>
<b>ROACE adjusted (%)</b>	<b>34.2</b>	<b>15.4</b>	<b>2.6</b>	<b>19.7</b>

Calculated on a 12-month period ending on  
December 31, 2008

(euro million)	Exploration & Production	Gas & Power	Refining & Marketing	Group
<b>Adjusted net profit</b>	<b>7,900</b>	<b>2,655</b>	<b>521</b>	<b>10,795</b>
Exclusion of after-tax finance expenses/interest income	-	-	-	335
<b>Adjusted net profit unlevered</b>	<b>7,900</b>	<b>2,655</b>	<b>521</b>	<b>11,130</b>
Adjusted capital employed, net:				
- at the beginning of period	23,826	21,333	7,675	59,194
- at the end of period	30,362	22,273	8,260	67,609

<b>Adjusted average capital employed, net</b>	<b>27,094</b>	<b>21,803</b>	<b>7,968</b>	<b>63,402</b>
<b>ROACE adjusted (%)</b>	<b>29.2</b>	<b>12.2</b>	<b>6.5</b>	<b>17.6</b>

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**Contents****ENI INTERIM CONSOLIDATED REPORT / FINANCIAL REVIEW AND TREND INFORMATION****Leverage and net borrowings**

Leverage is a measure of a company's level of indebtedness, calculated as the ratio between net borrowings which is calculated by excluding cash and cash equivalents and certain very liquid assets from financial debt and shareholders equity, including minority interests. Management makes use of 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.

(euro million)	Dec. 31, 2008	<b>June 30, 2009</b>	Change
Total debt	20,837	<b>19,873</b>	(964)
- <i>Short-term debt</i>	6,908	<b>5,682</b>	(1,226)
- <i>Long-term debt</i>	13,929	<b>14,191</b>	262
Cash and cash equivalents	(1,939)	<b>(1,340)</b>	599
Securities held for non-operating purposes	(185)	<b>(107)</b>	78
Financing receivables for non-operating purposes	(337)	<b>(71)</b>	266
<b>Net borrowings</b>	<b>18,376</b>	<b>18,355</b>	<b>(21)</b>
<b>Shareholders' equity including minority interest</b>	<b>48,510</b>	<b>50,209</b>	<b>1,699</b>
<b>Leverage</b>	<b>0.38</b>	<b>0.37</b>	<b>(0.01)</b>

**Net borrowings** at June 30, 2009 amounted to euro 18,355 million, a decrease of euro 21 million from December 31, 2008.

**Total debt** amounted to euro 19,873 million, of which euro 5,682 million were short/term (including the portion of long/term debt due within 12 months for euro 1,208 million) and euro 14,191 million were long/term.

Ratio of net borrowings to shareholders equity including minority interest **leverage** decreased to 0.37 at June 30, 2009 from 0.38 as of December 31, 2008.

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## Comprehensive income

(euro million)	First Half	
	2008	2009
<b>Net profit (loss)</b>	<b>7,227</b>	<b>3,150</b>
Other items of the net profit (loss):		
<i>Foreign currency translation differences</i>	<i>(1,312)</i>	<i>(443)</i>
<i>Change in the fair value of available-for-sale securities</i>	<i>2</i>	
<i>Change in the fair value of cash flow hedge derivatives</i>	<i>(2,890)</i>	<i>(465)</i>
<i>Minority interest</i>		<i>2</i>
<i>Taxation effect of other items of the net profit (loss)</i>	<i>1,139</i>	<i>191</i>
<b>Other comprehensive income</b>	<b>(3,061)</b>	<b>(715)</b>
<b>Total comprehensive income</b>	<b>4,166</b>	<b>2,435</b>
of which:		
- <b>Eni</b>	<b>3,713</b>	<b>2,035</b>
- minority interest	453	400

## Changes in shareholders' equity

(euro million)

<b>Shareholders' equity at December 31, 2008</b>	<b>48,510</b>
Total comprehensive income	2,435
Dividends paid to Eni shareholders	(2,355)
Dividends paid by consolidated subsidiaries to minorities	(258)
Acquisition of Distrigas minorities	(1,146)
Cancellation of Distrigas put option	1,495
Share capital increase subscribed by Snam Rete Gas minorities	1,542
Other changes	(14)
<b>Total changes</b>	<b>1,699</b>
<b>Shareholders' equity at June 30, 2009</b>	<b>50,209</b>
Attributable to:	
- <b>Eni</b>	<b>46,684</b>
- Minority Interest	3,525

The **Group's equity including minorities** increased by euro 1,699 million to euro 50,209 million, reflecting: (i) comprehensive income for the period (euro 2,435 million); (ii) closing of the mandatory public takeover bid on the minorities of Distrigas which determined an increase in shareholders' equity due to the cancellation of the put option awarded to Publغاز SCRL in 2008 (euro 1,495 million); (iii) the Snam Rete Gas share capital increase subscribed by minorities for euro 1,542 million. These increases were offset by the payment of the balance dividend for fiscal year 2008 to Eni shareholders (euro 2,355 million) as well as dividend payment from certain consolidated subsidiaries to minorities (euro 258 million mainly relating to Saipem and Snam Rete Gas), the elimination of the book value, including their respective share of profit for the period, of the Distrigas minorities who tendered their shares to the public offer (euro 1,146 million) and other negative changes (approximately euro 700 million net of the associated tax effects) associated with currency translation differences and losses on fair value evaluation of certain cash flow hedges taken to reserve.



**Contents****ENI INTERIM CONSOLIDATED REPORT / FINANCIAL REVIEW AND TREND INFORMATION****Summarized Group cash flow statement and change in net borrowings**

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 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.

**Summarized Group cash flow statement <sup>(a)</sup>**

(euro million)

	2008	First Half 2009	Change
<b>Net profit</b>	<b>7,227</b>	<b>3,150</b>	<b>(4,077)</b>
<i>Adjustments to reconcile to cash generated from operating profit before changes in working capital:</i>			
- amortization and depreciation and other non monetary items	3,874	<b>3,956</b>	82
- net gains on disposal of assets	(207)	<b>(165)</b>	42
- dividends, interest, taxes and other changes	5,262	<b>3,197</b>	(2,065)
<b>Net cash generated from operating profit before changes in working capital</b>	<b>16,156</b>	<b>10,138</b>	<b>(6,018)</b>
Changes in working capital related to operations	(1,150)	<b>2,038</b>	3,188
Dividends received, taxes paid, interest (paid) received during the period	(5,056)	<b>(4,555)</b>	501
<b>Net cash provided by operating activities</b>	<b>9,950</b>	<b>7,621</b>	<b>(2,329)</b>
Capital expenditures	(6,759)	<b>(6,844)</b>	(85)
Investments and purchase of consolidated subsidiaries and businesses	(1,949)	<b>(2,214)</b>	(265)
Disposals	473	<b>3,275</b>	2,802
Other cash flow related to capital expenditures, investments and disposals	581	<b>(513)</b>	(1,094)
<b>Free cash flow</b>	<b>2,296</b>	<b>1,325</b>	<b>(971)</b>
Borrowings (repayment) of debt related to financing activities	(1,829)	<b>470</b>	2,299
Changes in short and long-term financial debt	2,110	<b>(1,323)</b>	(3,433)
Dividends paid and changes in minority interests and reserves	(3,158)	<b>(1,071)</b>	2,087
Effect of changes in consolidation and exchange differences	(15)		15
<b>NET CASH FLOW FOR THE PERIOD</b>	<b>(596)</b>	<b>(599)</b>	<b>(3)</b>

**Change in net borrowings**

(euro million)

	2008	First Half 2009	Change
<b>Free cash flow</b>	<b>2,296</b>	<b>1,325</b>	<b>(971)</b>
Net borrowings of acquired companies			

Net borrowings of divested companies			
Exchange differences on net borrowings and other changes	624	(233)	(857)
Dividends paid and changes in minority interests and reserves	(3,158)	(1,071)	2,087
<b>CHANGE IN NET BORROWINGS</b>	<b>(238)</b>	<b>21</b>	<b>259</b>

(a) For a reconciliation to the statutory statement of cash flow see the paragraph "Reconciliation of summarized Group balance sheet and statement of cash flows statement to statutory schemes".

Main cash inflows for the first half of 2009 were: (i) **net cash provided by operating activities** (euro 7,621 million); (ii) cash proceeds of euro 3,070 million associated with the divestment of a 20% interest in Gazprom Neft following exercise of a call option agreement by Gazprom, plus the collection of the dividend for fiscal year 2008 by same Gazprom Neft for euro 91 million; (iii) the subscription by Snam Rete Gas minorities of a share capital increase amounting to euro 1,542 million; (iv) cash proceeds of euro 205 million associated with the divestment of certain non strategic assets mainly in the Exploration & Production division, following

**Contents****ENI INTERIM CONSOLIDATED REPORT / FINANCIAL REVIEW AND TREND INFORMATION**

agreements signed with Suez. These funds were used to meet cash requirements associated with: (i) capital expenditures of euro 6,844 million; (ii) execution of a mandatory takeover bid on the Distrigas minorities, including the squeeze-out procedure for a total cash consideration of euro 2,045 million; (iii) payment of the balance dividend for the fiscal year 2008 to Eni shareholders (euro 2,355 million) as well as dividend payment to minorities (euro 258 million, mainly relating to Snam Rete Gas and Saipem). Net borrowings decreased by euro 21 million to euro 18,355 million from December 31, 2008.

**Disposals** related mainly to the divestment of certain exploration and production assets as part of the agreements signed with Suez in 2008.

**Capital expenditures**

		(euro million)			
2008		2008	First Half 2009	Change	% Ch.
9,281	Exploration & Production	4,364	4,907	543	12.4
2,058	Gas & Power	969	751	(218)	(22.5)
965	Refining & Marketing	350	217	(133)	(38.0)
212	Petrochemicals	68	45	(23)	(33.8)
2,027	Engineering & Construction	977	888	(89)	(9.1)
52	Other activities	14	14		
95	Corporate and financial companies	36	22	(14)	(38.9)
(128)	Impact of unrealized profit in inventory	(19)		19	
<b>14,562</b>		<b>6,759</b>	<b>6,844</b>	<b>85</b>	<b>1.3</b>

In the first half of 2009 **capital expenditures** amounted to euro 6,844 million (euro 6,759 million in the first half 2008), of which 86% related to Exploration & Production, Gas & Power e Refining & Marketing divisions and concerned mainly:

- Development activities (euro 3,651 million) deployed mainly in Egypt, Kazakhstan, the United States, Italy, Nigeria and Angola;
- Exploratory projects (euro 732 million) of which 96% was spent outside Italy, primarily in Libya, the United States, Egypt, and Indonesia;
- The purchase of proved and unproved properties for euro 477 million related mainly to gas assets purchased from Quicksilver Resources Inc and to the extension of mineral rights in Egypt following the agreement signed in May 2009;
- Development and upgrading of Eni's natural gas transport network in Italy (euro 400 million) and distribution network (euro 144 million), as well as development and increase of storage capacity (euro 132 million);
- Projects aimed at improving the conversion capacity and flexibility of refineries (euro 135 million), as well as building and upgrading service stations in Italy and outside Italy (euro 65 million);
- Upgrading of the fleet used in the Engineering & Construction division (euro 888 million).

**Investments and purchase of consolidated subsidiaries and businesses** (euro 2,214 million) mainly related to the completion of the Distrigas acquisition.

**Disposals** (euro 3,275 million) mainly related to the divestment of a 20% interest in Gazprom Neft following exercise of the call option by Gazprom. The exercise price of the call option is equal to the bid price (US \$3.7 billion) as adjusted by subtracting dividends distributed and adding the contractual yearly remuneration of 9.4% on the capital



employed and financing collateral expenses. Other disposals related to non strategic oil & gas properties following agreements signed with Suez for a cash consideration of euro 160 million.

**Dividends paid and changes in minority interests and reserves** amounting to euro 1,071 million mainly related to the payment of the balance dividend for the fiscal year 2008 to Eni shareholders (euro 2,355 million) as well as dividend payment to minorities (euro 258 million, mainly relating to Snam Rete Gas and Saipem), partly offset by the subscription by Snam Rete Gas minorities of a share capital increase amounting to euro 1,542 million.

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**Contents****ENI INTERIM CONSOLIDATED REPORT / FINANCIAL REVIEW AND TREND INFORMATION****Reconciliation of summarized Group balance sheet and statement of cash flows to statutory schemes****Summarized Group balance sheet**

(euro million)

		Dec. 31, 2008	June 30, 2009
	Notes to the condensed consolidated interim financial statements	Partial amounts from statutory scheme	Partial amounts from statutory scheme
<b>Items of summarized Group balance sheet</b>			
(where not expressly indicated, the item derives directly from the statutory scheme)			
<b>Fixed assets</b>			
Property, plant and equipment		59,255	<b>61,199</b>
Other assets			
Inventories - compulsory stock		1,196	<b>1,607</b>
Intangible assets		7,697	<b>8,365</b>
Equity-accounted investments and other investments		5,881	<b>6,044</b>
Receivables and securities held for operating activities	(see note 2 and note 8)	1,219	<b>1,204</b>
Net payables related to capital expenditures, made up of:		(787)	<b>(548)</b>
<i>Receivables related to capital expenditures/disposals</i>	(see note 2)	149	<b>96</b>
<i>Receivables related to capital expenditures/disposals</i>	(see note 10)	780	<b>783</b>
<i>Payables related to capital expenditures</i>	(see note 12)	(1,716)	<b>(1,427)</b>
<i>Payables related to capital expenditures</i>	(see note 14)		
<b>Total fixed assets</b>		<b>74,461</b>	<b>77,871</b>
<b>Net working capital</b>			
Inventories		6,082	<b>5,477</b>
Trade receivables	(see note 2)	16,444	<b>13,139</b>
Trade payables	(see note 12)	(12,590)	<b>(10,634)</b>
Tax payables and provisions for net deferred tax liabilities, made up of:		(5,323)	<b>(4,345)</b>
<i>Income tax payables</i>		(1,949)	<b>(1,121)</b>
<i>Other tax payables</i>		(1,660)	<b>(2,165)</b>
<i>Deferred tax liabilities</i>		(5,784)	<b>(5,303)</b>
<i>Other tax liabilities</i>	(see note 13)	(254)	<b>(76)</b>
<i>Current tax assets</i>		170	<b>321</b>
<i>Other current tax assets</i>		1,130	<b>939</b>
<i>Deferred tax assets</i>		2,912	<b>2,948</b>
<i>Other tax assets</i>	(see note 10)	112	<b>112</b>
Provisions		(9,506)	<b>(9,225)</b>
Other current assets and liabilities:			
Equity instruments		2,741	
Other, made up of:		(4,544)	<b>(2,821)</b>
<i>Securities held for operating purposes</i>	(see note 1)	310	<b>282</b>
<i>Receivables for operating purposes</i>	(see note 2)	402	<b>569</b>
<i>Other receivables</i>	(see note 2)	4,805	<b>4,764</b>

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<i>Other (current) assets</i>		1,870	1,898
<i>Other receivables and other assets</i>	(see note 10)	989	837
<i>Advances, other payables</i>	(see note 12)	(6,209)	(6,256)
<i>Other (current) liabilities</i>		(3,863)	(2,234)
<i>Other payables and other liabilities</i>	(see note 14)	(2,848)	(2,681)
<b>Total net working capital</b>		<b>(6,696)</b>	<b>(8,409)</b>
<b>Provisions for employee post-retirement benefits</b>		<b>(947)</b>	<b>(966)</b>
<b>Net assets held for sale including related net borrowings</b> , made up of:		<b>68</b>	<b>68</b>
<i>Assets held for sale</i>		68	68
<i>Liabilities directly associated to assets held for sale</i>			
<b>CAPITAL EMPLOYED, NET</b>		<b>66,886</b>	<b>68,564</b>

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**Contents****ENI INTERIM CONSOLIDATED REPORT / FINANCIAL REVIEW AND TREND INFORMATION***continued***Summarized Group balance sheet**

(euro million)		Dec. 31, 2008	June 30, 2009
<b>Items of summarized Group balance sheet</b> (where not expressly indicated, the item derives directly from the statutory scheme)	Notes to the condensed consolidated interim financial statements	Partial amounts from statutory scheme	Amounts of the summarized Group scheme Partial amounts from statutory scheme
<b>CAPITAL EMPLOYED, NET</b>		<b>66,886</b>	<b>68,564</b>
<b>Shareholders' equity including minority interest</b>		<b>48,510</b>	<b>50,209</b>
<b>Net borrowings</b>			
Total debt, made up of:		20,837	19,873
<i>Long-term debt</i>		13,929	14,191
<i>Current portion of long-term debt</i>		549	1,208
<i>Short-term financial liabilities</i>		6,359	4,474
<b>less:</b>			
Cash and cash equivalents		(1,939)	(1,340)
Securities held for non-operating purposes	(see note 1)	(185)	(107)
Financing receivables for non-operating purposes, made up of:		(337)	(71)
<i>Trade receivables held for non-operating purposes</i>	(see note 2)	(337)	(71)
<b>Total net borrowings</b> <sup>(a)</sup>		<b>18,376</b>	<b>18,355</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>66,886</b>	<b>68,564</b>

(a) For details on net borrowings see also Note No. 15 to the condensed consolidated interim financial statements.

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ENI INTERIM CONSOLIDATED REPORT / FINANCIAL REVIEW AND TREND INFORMATION

**Summarized Group cash flow statement**

(euro million)

	First Half 2008		First Half 2009	
	Partial amounts from statutory scheme	Amounts of the summarized Group scheme	Partial amounts from statutory scheme	Amounts of the summarized Group scheme
<b>Items of summarized cash flow statement and confluence/reclassification of items in the statutory scheme</b>				
<b>Net profit</b>		<b>7,227</b>		<b>3,150</b>
<i>Adjustments to reconcile to cash generated from operating profit before changes in working capital:</i>				
Depreciation, depletion and amortization and other non monetary items		3,874		<b>3,956</b>
- depreciation, depletion and amortization	3,878		<b>4,234</b>	
- net impairments (write-ups)	(95)		<b>(376)</b>	
- net changes in provisions	103		<b>83</b>	
- net changes in the provisions for employee benefits	(12)		<b>15</b>	
Net gains on disposal of assets		(207)		<b>(165)</b>
Dividends, interest, income taxes and other changes		5,262		<b>3,197</b>
- dividend income	(270)		<b>(136)</b>	
- interest income	(293)		<b>(268)</b>	
- interest expense	377		<b>296</b>	
- exchange differences	(34)		<b>(56)</b>	
- income taxes	5,482		<b>3,361</b>	
<b>Cash generated from operating profit before changes in working capital</b>		<b>16,156</b>		<b>10,138</b>
Changes in working capital related to operations		(1,150)		<b>2,038</b>
- inventory	(1,222)		<b>197</b>	
- trade and other receivables	154		<b>3,533</b>	
- other assets	(3)		<b>(98)</b>	
- trade and other payables	(102)		<b>(1,551)</b>	
- other liabilities	23		<b>(43)</b>	
Dividends received, taxes paid, interest (paid) received during the period		(5,056)		<b>(4,555)</b>
- dividend received	409		<b>336</b>	
- interest received	166		<b>259</b>	
- interest paid	(308)		<b>(245)</b>	
- income taxes paid	(5,323)		<b>(4,905)</b>	
<b>Net cash provided by operating activities</b>		<b>9,950</b>		<b>7,621</b>
Capital expenditures		(6,759)		<b>(6,844)</b>
- tangible assets	(5,584)		<b>(6,059)</b>	
- intangible assets	(1,175)		<b>(785)</b>	
Acquisition of investments and businesses		(1,949)		<b>(2,214)</b>
- investments	(232)		<b>(140)</b>	
- consolidated subsidiaries and businesses	(1,717)		<b>(29)</b>	
- acquisition of additional interests in subsidiaries			<b>(2,045)</b>	
Disposals		473		<b>3,275</b>
- tangible assets	41		<b>50</b>	

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- intangible assets		<b>146</b>
- consolidated subsidiaries and businesses		
- investments	432	<b>3,079</b>
- sales of interest in consolidated subsidiaries		
Other cash flow related to capital expenditures, investments and disposals	581	<b>(513)</b>
- securities	(164)	<b>(7)</b>
- financing receivables	(2,393)	<b>(771)</b>
- change in payables and receivables relating to investments and capitalized depreciation	845	<b>(251)</b>
<i>reclassification: purchase of securities and financing receivables for non-operating purposes</i>	1,992	<b>13</b>
- disposal of securities	106	<b>128</b>
- disposal of financing receivables	332	<b>819</b>
- change in payables and receivables	26	<b>39</b>
<i>reclassification: disposal of securities and financing receivables held for non-operating purposes</i>	(163)	<b>(483)</b>
<b>Free cash flow</b>		<b>2,296</b>
		<b>1,325</b>

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**Contents****ENI INTERIM CONSOLIDATED REPORT / FINANCIAL REVIEW AND TREND INFORMATION***continued***Summarized Group cash flow statement**

(euro million)

	First Half 2008		First Half 2009	
	Partial amounts from statutory scheme	Amounts of the summarized Group scheme	Partial amounts from statutory scheme	Amounts of the summarized Group scheme
<b>Items of summarized cash flow statement and confluence/reclassification of items in the statutory scheme</b>				
<b>Free cash flow</b>		<b>2,296</b>		<b>1,325</b>
Borrowings (repayment) of debt related to financing activities		(1,829)		470
<i>reclassification: purchase of securities and financing receivables held for non-operating purposes</i>	(1,992)		(13)	
<i>reclassification: sale of securities and financing receivables held for non-operating purposes</i>	163		483	
Changes in short and long-term finance debt		2,110		(1,323)
- proceeds from long-term finance debt	2,636		3,232	
- payments of long-term finance debt	(3,332)		(2,487)	
- increase (decreases) in short-term finance debt	2,806		(2,068)	
Dividends paid and changes in minority interests and reserves		(3,158)		(1,071)
- net capital contributions/payments by/to minority shareholders	10		1,542	
- dividends paid by Eni to shareholders	(2,551)		(2,355)	
- dividends paid to minority interest	(224)		(258)	
- net repurchase of treasury shares	(379)			
- treasury shares repurchased by consolidated subsidiaries	(14)			
Effect of changes in consolidation area and exchange differences		(15)		
- effect of change in consolidation area				
- effect of exchange differences	(15)			
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>(596)</b>		<b>(599)</b>

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ENI INTERIM CONSOLIDATED REPORT / RISK FACTORS AND UNCERTAINTIES

## Risk factors and uncertainties

### Foreword

The main risks that the Company is facing and actively monitoring and managing are the following: (i) the market risk deriving from exposure to fluctuations in interest rates, foreign currency exchange rates and commodity prices; (ii) the credit risk deriving from the possible default of a counterparty; (iii) the liquidity risk deriving from the risk that suitable sources of funding for the Group's operations may not be available; (iv) the country risk in the upstream business; (v) the operational risk; (vi) the possible evolution of the Italian gas market; (vii) the specific risks deriving from exploration and production activities.

Financial risks are managed in respect of guidelines defined by the parent company, targeting to align and coordinate Group companies policies on financial risks.

### Market risk

Market risk is the possibility that changes in currency exchange rates, interest rates or commodity prices will adversely affect the value of the Group's financial assets, liabilities or expected future cash flows. The Company actively manages market risk in accordance with a set of policies and guidelines that provide a centralized model of conducting finance, treasury and risk management operations based on separate entities: the parent company's (Eni SpA) finance department, Eni Coordination Center and Banque Eni which is subject to certain bank regulatory restrictions preventing the Group's exposure to concentrations of credit risk and Eni Trading & Shipping that has the mandate to manage and monitor solely commodity derivative contracts. In particular Eni SpA and Eni Coordination Center manage subsidiaries' financing requirements in and outside of Italy, respectively, covering funding requirements and using available surpluses. All transactions concerning currencies and derivative financial contracts are managed by the parent company as well as the activity of trading certificates according to the European Union Emission Trading Scheme. The commodity risk is managed by each business unit with Eni Trading & Shipping ensuring the negotiation of hedging derivatives. Eni uses derivative financial instruments (derivatives) in order to minimize exposure to market risks related to changes in exchange rates and interest rates and to manage exposure to commodity prices fluctuations. Eni does not enter into derivative transactions on a speculative basis. The framework defined by Eni's policies and guidelines prescribes that measurement and control of market risk be performed on the basis of maximum tolerable levels of risk exposure defined in accordance with value-at-risk techniques. These techniques make a statistical assessment of the market risk on the Group's activity, i.e., potential gain or loss in fair values, due to changes in market conditions taking account of the correlation existing among changes in fair value of existing instruments. Eni's finance departments define maximum tolerable levels of risk exposure to changes in interest rates and foreign currency exchange rates, pooling Group companies risk positions. Eni's calculation and measurement techniques for interest rate and foreign currency exchange rate risks are in accordance with established banking standards, as established by the Basel Committee for bank activities surveillance. Tolerable levels of risk are based on a conservative approach, considering the industrial nature of the company. Eni's guidelines prescribe that Eni's Group companies minimize such kinds of market risks. With regard to the commodity risk, Eni's policies and guidelines define rules to manage this risk aiming at the optimization of core activities and the pursuing of preset targets of industrial margins. The maximum tolerable level of risk exposure is pre-defined in terms of value at risk in connection with trading and commercial activities, while the strategic risk exposure to commodity prices fluctuations i.e. the impact on the Group's business results deriving from changes in commodity prices is monitored in terms of value-at



risk, albeit not hedged in a systematic way. Accordingly, Eni evaluates the opportunity to mitigate its commodity risk exposure by entering into hedging transactions in

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view of certain acquisition deals of oil and gas reserves as part of the Group's strategy to achieve its growth targets or ordinary asset portfolio management. The Group controls commodity risk with a maximum value-at-risk limit awarded to each business unit. Hedging needs from business units are pooled by Eni Trading & Shipping which also manages its own risk exposure. The three different market risks, whose management and control have been summarized above, are described below.

**Exchange rate risk**

Exchange rate risk derives from the fact that Eni's operations are conducted in currencies other than the euro (mainly in the U.S. dollar). Revenues and expenses denominated in foreign currencies may be significantly affected by exchange rates fluctuations due to conversion differences on single transaction arising from the time lag existing between execution and definition of relevant contractual terms (economic risk) and conversion of foreign currency-denominated trade and financing payables and receivables (transactional risk). Exchange rate fluctuations affect Group's reported results and net equity as financial statements of subsidiaries denominated in currencies other than the euro are translated from their functional currency into euro (translation risk). Generally, an appreciation of the U.S. dollar versus the euro has a positive impact on Eni's results of operations, and viceversa. Eni's foreign exchange risk management policy is to minimize economic and transactional exposures arising from foreign currency movements. Eni does not undertake any hedging activity for risks deriving from translation of foreign currency denominated profits or assets and liabilities of subsidiaries which prepare financial statements in a currency other than the euro, except for single transactions to be evaluated on a case-by-case basis. Effective management of exchange rate risk is performed within Eni's central finance departments which match opposite positions within Group companies, hedging the Group net exposure through the use of certain derivatives, such as currency swaps, forwards and options. Such derivatives are evaluated at fair value on the basis of market prices provided by specialized sources. Changes in fair value of those derivatives are normally recognized through the profit and loss account as they do not meet the formal criteria to be recognized as hedges in accordance with IAS 39. The VAR techniques are based on variance/covariance simulation models and are used to monitor the risk exposure arising from possible future changes in market values over a 24-hour period within a 99% confidence level and a 20-day holding period.

**Interest rate risk**

Changes in interest rates affect the market value of financial assets and liabilities of the company and the level of finance charges. Eni's interest rate risk management policy is to minimize risk with the aim to achieve financial structure objectives defined and approved in the management's finance plans. Borrowing requirements of the Group's companies are pooled by the Group's central finance department in order to manage net positions and the funding of portfolio developments consistently with management's plans while maintaining a level of risk exposure within prescribed limits. Eni enters into interest rate derivative transactions, in particular interest rate swaps, to effectively manage the balance between fixed and floating rate debt. Such derivatives are evaluated at fair value on the basis of market prices provided from specialized sources. Changes in fair value of those derivatives are normally recognized through the profit and loss account as they do not meet the formal criteria to be accounted for under the hedge accounting method in accordance with IAS 39. Value at risk deriving from interest rate exposure is measured daily on the basis of a variance/covariance model, with a 99% confidence level and a 20-day holding period.

**Commodity risk**

Eni's results of operations are affected by changes in the prices of commodities. A decrease in oil and gas prices generally has a negative impact on Eni's results of operations and vice-versa. Eni manages exposure to commodity price risk arising in normal trading and commercial activities in view of achieving stable margins. In order to accomplish this, Eni uses derivatives traded on the organized markets of ICE and NYMEX (futures) and derivatives traded over the counter (swaps, forward, contracts for differences and options) with the underlying commodities being crude oil, refined products or electricity. Such derivatives are evaluated at fair value on the basis of market prices

provided from specialized sources or, absent market prices, on the basis of estimates provided by brokers or suitable evaluation techniques. Changes in fair value of those derivatives are normally recognized through the profit and loss account as they do not meet the formal criteria to be recognized as hedges in accordance with IAS 39. Value at risk deriving from commodity exposure is measured daily on the basis of a historical simulation technique, with a 95% confidence level

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and a one-day holding period. The following table shows amounts in terms of value at risk, recorded in the first half of 2009 (compared with full year 2008) relating to interest rate and exchange rate risks in the first section, and commodity risk in the second section. Var values are stated in U.S. dollars, the currency used in oil products markets.

(Exchange and value at risk - parametric method variance/covariance; holding period: 20 days; confidence level: 99%)

(euro million)	2008				First Half 2009			
	High	Low	Avg.	At period end	High	Low	Avg.	At period end
Interest rate	12.31	0.73	4.17	6.54	6.85	2.96	4.32	2.99
Exchange rate	1.48	0.09	0.48	0.47	0.87	0.07	0.43	0.43

(Value at risk - historic simulation method; holding period: 1 day; confidence level: 95%)

(\$ million)	2008				First Half 2009			
	High	Low	Avg.	At period end	High	Low	Avg.	At period end
Area oil, products	46.48	3.44	19.88	5.43	24.83	4.74	13.64	8.84
Area Gas & Power (*)	67.04	24.38	43.53	32.07	47.14	28.01	37.87	44.57

(\*) Amounts relating to the Gas & Power business also include Distrigas' contribution, following acquisition.

**Credit risk**

Credit risk is the potential exposure of the Group to losses in case counterparties fail to perform or pay amounts due. The Group manages differently credit risk depending on whether credit risk arises from exposure to financial counterparties or to customers relating to outstanding receivables. Individual business units are responsible for managing credit risk arising in the normal course of the business. The Group has established formal credit systems and processes to ensure that before trading with a new counterpart can start, its creditworthiness is assessed. Also credit litigation and receivable collection activities are assessed. The monitoring activity of credit risk exposure is performed at the Group level according to set guidelines and measurement techniques that establish counterparty limits and systems to monitor exposure against limits and report regularly on those exposures. Specifically, credit risk exposure to multi-business clients and exposures higher than the limit set at euro 4 million are closely monitored. Monitoring activities do not include retail clients and public administrations. The assessment methodology assigns a score to individual clients based on publicly available financial data and capital, profitability and liquidity ratios. Based on those scores, an internal credit rating is assigned to each counterparty who is accordingly allocated to its proper risk category. The Group risk categories are comparable to those prepared by the main rating agencies on the marketplace. The Group's internal ratings are also benchmarked against ratings prepared by a specialized external source.

With regard to risk arising from financial counterparties, Eni has established guidelines prior to entering into cash management and derivative contracts to assess the counterparty's financial soundness and rating in view of optimizing the risk profile of financial activities while pursuing operational targets. Maximum limits of risk exposure are set in terms of maximum amounts of credit exposures for categories of counterparties as defined by the Company's Board of Directors taking into accounts the credit ratings provided by the primary credit rating agencies on the marketplace. Credit risk arising from financial counterparties is managed by the Group central finance departments, including Eni's subsidiary Eni Trading & Shipping which specifically engages in commodity derivatives transactions. Those are the

sole Group entities entitled to be party to a financial transactions due to the Group centralized finance model. Eligible financial counterparties are closely monitored to check exposures against limits assigned to each counterparty on a daily basis. Exceptional market conditions have forced the Group to adopt contingency plans and under certain circumstances to suspend eligibility to be a Group financial counterparty. Actions implemented also have been intended to limit concentrations of credit risk by maximizing counterparty diversification and turnover. Counterparties have been also selected on a more stringent criteria particularly in transactions on derivatives instruments and with maturity longer than a three-month period. Eni has not experienced material non-performance by any counterparty. As of December 31, 2008 and June 30, 2009, Eni had no significant concentrations of credit risk.

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## ENI INTERIM CONSOLIDATED REPORT / RISK FACTORS AND UNCERTAINTIES

**Liquidity risk**

Liquidity risk is the risk that suitable sources of funding for the Group may not be available, or the Group is unable to sell its assets on the market place as to be unable to meet short-term finance requirements and to settle obligations. Such a situation would negatively impact the Group results as it would result in the Company incurring higher borrowing expenses to meet its obligations or under the worst of conditions the inability of the Company to continue as a going concern. As part of its financial planning process, Eni manages the liquidity risk by targeting such a capital structure as to allow the Company to maintain a level of liquidity adequate to the Group's needs optimizing the opportunity cost of maintaining liquidity reserves also achieving an efficient balance in terms of maturity and composition of finance debt. The Group capital structure is set according to the Company's industrial targets and within the limits established by the Company's Board of Directors who are responsible for prescribing the maximum ratio of debt to total equity and minimum ratio of medium and long term debt to total debt as well as fixed rate medium and long term debt to total medium and long term debt. In spite of ongoing tough credit market conditions resulting in higher spreads to borrowers, the Company has succeeded in maintaining access to a wide range of funding at competitive rates through the capital markets and banks. The actions implemented as part of Eni's financial planning have enabled the Group to maintain access to the credit market particularly via the issue of commercial paper also targeting to increase the flexibility of funding facilities. In particular in the first half of 2009, Eni issued bonds addressed to institutional investor and to the retail market for euro 1.5 billion and euro 2 billion respectively. The above mentioned actions aimed at ensuring availability of suitable sources of funding to fulfill short term commitments and due obligations also preserving the necessary financial flexibility to support the Group's development plans. In doing so, the Group has pursued an efficient balance of finance debt in terms of maturity and composition leveraging on the structure of its lines of credit particularly the committed ones. At present, the Group believes it has access to sufficient funding and has also both committed and uncommitted borrowing facilities to meet currently foreseeable borrowing requirements.

As of June 30, 2009, Eni maintained short term committed and uncommitted unused borrowing facilities of euro 11,703 million, of which euro 2,378 million were committed, and long term committed unused borrowing facilities of euro 3,950 million. These facilities were under interest rates that reflected market conditions. Fees charged for unused facilities were not significant.

Eni has in place a program for the issuance of Euro Medium Term Notes up to euro 10 billion, of which euro 7,738 million were drawn as of June 30, 2009.

The Group has debt ratings of AA- and A-1+ respectively for the long (outlook stable) and short-term debt assigned by Standard & Poor's and Aa2 and P-1 (outlook negative) assigned by Moody's.

The tables below summarize the Group main contractual obligations for finance debt repayments, including expected payments for interest charges, and trade and other payables maturities.

**Current and non-current finance debt**

(euro million)	2010	2011	2012	2013	2014	2015 and thereafter	Total
Non current debt	1,208	2,197	790	2,605	1,691	6,908	15,399
Current financial liabilities	4,474	-	-	-	-	-	4,474
	<b>5,682</b>	<b>2,197</b>	<b>790</b>	<b>2,605</b>	<b>1,691</b>	<b>6,908</b>	<b>19,873</b>
Interest on finance debt	573	520	495	458	372	845	3,263

**Trade and other payables**

(euro million)	Maturity year		
	2010	2011 and thereafter	Total
Trade payables	10,634	-	10,634
Advances, other payables	7,683	54	7,737
	<b>18,317</b>	<b>54</b>	<b>18,371</b>

In addition to finance debt and trade payables presented in the financial statements, the Group has in place a number of contractual obligations arising in the normal course of the business. To meet these

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commitments, the Group will have to make payments to third parties. The Company's main obligations are certain arrangements to purchase goods or services that are enforceable and legally binding and that specify all significant terms. Such arrangements include non-cancelable, long-term contractual obligations to secure access to supply and transport of natural gas, which include take-or-pay clauses whereby the Company obligations consist of off-taking minimum quantities of product or service or paying the corresponding cash amount that entitles the Company to off-take the product in future years. Future obligations in connection with these contracts were calculated by applying the forecasted prices of energy or services included in the four-year business plan approved by the Company's Board of Directors and on the basis of the long-term market scenarios used by Eni for planning purposes to minimum take and minimum ship quantities.

The table below summarizes the Group principal contractual obligations as of the balance sheet date, shown on an undiscounted basis.

**Expected payments by period under contractual obligations and commercial commitments**

(euro million)	Maturity year						Total
	2010	2011	2012	2013	2014	2015 and thereafter	
<b>Operating lease obligations</b> <sup>(1)</sup>	945	1,330	1,135	710	588	1,152	5,860
<b>Decommissioning liabilities</b> <sup>(2)</sup>	213	149	100	268	137	9,271	10,138
<b>Environmental liabilities</b>	341	458	300	240	182	249	1,770
<b>Purchase obligations</b> <sup>(3)</sup>	19,383	12,694	12,845	12,326	12,336	138,494	208,078
Gas							
<i>Natural gas to be purchased in connection with take-or-pay contracts</i>	17,292	11,904	12,027	11,559	11,578	132,916	197,276
<i>Natural gas to be transported in connection with ship-or-pay contracts</i>	800	536	540	520	519	2,586	5,501
Other take-or-pay and ship-or-pay obligations	146	136	120	114	106	800	1,422
Other purchase obligations <sup>(4)</sup>	1,145	118	158	133	133	2,192	3,879
<b>Other obligations</b>	6	3	3	2	2	138	154
of which:							
<i>- Memorandum of intent relating Val d'Agri</i>	6	3	3	2	2	138	154
	<b>20,888</b>	<b>14,634</b>	<b>14,383</b>	<b>13,546</b>	<b>13,245</b>	<b>149,304</b>	<b>226,000</b>

- (1) Operating leases primarily regarded assets for drilling activities, time charter and long term rentals of vessels, lands, service stations and office buildings. Such leases did not include renewal options. There are no significant restrictions provided by these operating leases which limit the ability of the Company to pay dividend, use assets or to take on new borrowings.
- (2) Represents the estimated future costs for the decommissioning of oil and natural gas production facilities at the end of the producing lives of fields, well-plugging, abandonment and site restoration.
- (3) Represents any agreement to purchase goods or services that is enforceable and legally binding and that specifies all significant terms.
- (4) Mainly refers to arrangements to purchase capacity entitlements at certain re-gasification facilities in the U.S.

The table below summarizes Eni's capital expenditure commitments for property, plant and equipment and capital projects at December 31, 2008. Capital expenditures are considered to be committed when the project has received the appropriate level of internal management approval. Such costs are included in the amounts shown.

**Capital expenditure commitments**



(euro million)	Maturity year					Total
	2009	2010	2011	2012	2013 and subsequent years	
Committed on major projects	4,938	3,831	2,697	1,837	9,856	23,159
Other committed projects	<b>5,147</b>	<b>4,342</b>	<b>3,186</b>	<b>2,389</b>	<b>9,846</b>	<b>24,910</b>
	<b>10,085</b>	<b>8,173</b>	<b>5,883</b>	<b>4,226</b>	<b>19,702</b>	<b>48,069</b>

## Country risk

Substantial portions of Eni's hydrocarbons reserves are located in countries outside the EU and North America, certain of which may be politically or economically less stable than EU or North American. At December 31, 2008, approximately 80% of Eni's proved hydrocarbons reserves were located in such countries. Similarly, a substantial portion of Eni's natural gas supplies comes from countries outside the EU and North America. In 2008, approximately 70% of Eni's domestic supply of natural gas came from such countries. Developments in the political framework, economic crisis, social unrest can compromise temporarily or permanently Eni's ability to operate or to economically operate in such countries, and to have access to oil and gas reserves. Further risks related to the activity undertaken in these countries, are represented by: (i) lack of well established and reliable legal systems and uncertainties surrounding enforcement of contractual rights; (ii) unfavorable developments in laws and regulations leading to expropriation of Eni's titles and mineral assets, changes in unilateral contractual clauses reducing value of

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Eni's assets; (iii) restrictions on exploration, production, imports and exports; (iv) tax or royalty increases; (v) civil and social unrest leading to sabotages, acts of violence and incidents. While the occurrence of these events is unpredictable, it is possible that they can have a material adverse impact on Eni's financial condition and results of operations. Eni periodically monitors political, social and economic risks of approximately 60 countries where it has invested, or, with regard to upstream projects evaluation, where Eni is planning to invest in order to assess returns of single projects based also on the evaluation of each country's risk profile. Country risk is mitigated in accordance with guidelines on risk management defined in the procedure "Project risk assessment and management". In the most recent years, unfavorable developments in the regulatory framework, mainly regarding tax issues, have been implemented or announced also in EU countries and in North America.

## Operational risk

Eni's business activities conducted in and outside of Italy are subject to a broad range of laws and regulations, including specific rules concerning oil and gas activities currently in force in countries in which it operates. In particular, those laws and regulations require the acquisition of a license before exploratory drilling may commence and compliance with health, safety and environment standards. Environmental laws impose restrictions on the types, quantities and concentration of various substances that can be released into the environment and on discharges to surface and subsurface water. In particular Eni is required to follow strict operating practices and standards to protect biodiversity when exploring for, drilling and producing oil and gas in certain ecologically sensitive locations (protected areas). Breach of environmental, health and safety laws exposes employees to criminal and civil liability and in the case of violation of certain rules regarding safety on the workplace also companies can be liable as provided for by a general EU rule on businesses liability due to negligent or willful conduct on part of their employees as adopted in Italy with Law Decree No. 231/2001.

Environmental, health and safety laws and regulations have a substantial impact on Eni's operations and expenses and liabilities that Eni may incur in relation to compliance with environmental, health and safety laws and regulations are expected to remain material to the group's results of operations or financial position in future years. Recently enacted regulation of safety and health of the workplace in Italy will impose a new array of obligations to the Company operations, particularly regarding contractors. New regulation prescribe that a company adopts certified operational and organizational systems whereby the Company can discharge possible liabilities due to a violation of health and security standards on condition that adopted operational systems and processes worked properly and were effective. Eni has adopted guidelines for assessing and managing health, safety and environmental (HSE) risks, with the objective of protecting Eni's employees, the populations involved in its activity, contractors and clients, and the environment and being in compliance with local and international rules and regulations. Eni's guidelines prescribe the adoption of international best practices in setting internal principles, standards and solutions. The ongoing process for identifying, evaluating and managing HSE operations in each phase of the business activity and is performed through the adoption of procedures and effective pollution management systems tailored on the peculiarities of each business and industrial site and on steady enhancement of plants and process. Additionally, coding activities and procedures on operating phases allow reduce the human component in the plant risk management. Operating emergencies that may have an adverse impact on the assets, people and the environment are managed by the business units for each site. These units manage the HSE risk through a systematic way that involves having emergency response plans in place with a number of corrective actions to be taken that minimize damage in the event of an incident. In the case of major crisis, Divisions/Entities are assisted by the Eni Unit of Crises to deal with the emergency through a team which has the necessary training and skills to coordinate in a timely and efficient manner resources and facilities. The integrated management system on health, safety and environmental matters is supported by the adoption of a Eni's Model of HSE operations in all the Division and companies of Eni Group. This is a procedure based on an annual cycle of planning, implementation, control, review of results and definition of new objectives. The model is directed towards the prevention of risks, the systematic monitoring and control of HSE performance, in a continuous improvement cycle, also subject to audits by internal and independent experts. Major refining and petrochemical facilities of Eni are

certified to international environmental standards, such as ISO 14001, OHSAS 18001 and EMAS. Eni provides a program of specific training and development for HSE staff in order to:

(i) Promote the execution of behaviors consistent with guidelines.

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- (ii) Drive people's learning growth process by developing professionalism, management and corporate culture.
- (iii) Support management knowledge and control of HSE risks.

## Possible evolution of the Italian gas market

Legislative Decree No. 164/2000 opened the Italian natural gas market to competition, impacting on Eni's activities, as the company is engaged in all the phases of the natural gas chain. The opening to competition was achieved through the enactment of certain antitrust thresholds on volumes input into the national transport network and on volumes sold to final customers. These enabled new competitors to enter the Italian gas market, resulting in declining selling margins on gas. Other material aspects regarding the Italian gas sector regulation are the regulated access to natural gas infrastructure (transport backbones, storage fields, distribution networks and LNG terminals), the Code adopted by the Authority for Electricity and Gas on the issue of unbundling which forbids a controlling entity from interfering in the decision-making process of its subsidiaries running gas transport and distribution infrastructures and the circumstance that the Authority for Electricity and Gas is entrusted with certain powers in the matters of natural gas pricing and in establishing tariffs for the use of natural gas infrastructures. Particularly, the Authority for Electricity and Gas holds a general surveillance power on pricing in the natural gas market in Italy and the power to establish selling tariffs for supply of natural gas to residential and commercial users consuming less than 200,000 cm per year (qualified as non eligible customers at December 31, 2002 as defined by Legislative Decree No. 164/2000) taking into account the public goal of containing the inflationary pressure due to rising energy costs. Accordingly, decisions of the Authority on these matters may limit the ability of Eni to pass an increase in the cost of fuels onto final consumers of natural gas. As a matter of fact, following a complex and lengthy administrative procedure started in 2004 and finalized in March 2007 with Resolution No. 79/2007, the Authority finally established a new indexation mechanism for updating the raw material cost component in supplies to residential and commercial users consuming less than 200,000 cubic meters per year, establishing, among other things: (i) that an increase in the international price of Brent crude oil is only partially transferred to residential and commercial users of natural gas in case international prices of Brent crude oil exceed the 35 dollars per barrel threshold; and (ii) that Italian natural gas importers including Eni must renegotiate wholesale supply contracts in order to take account of this new indexation mechanism.

Also certain provisions of law may limit the Company ability to set commercial margins. Specifically, Law Decree No. 112 enacted in June 2008 forbids energy companies like Eni to pass to prices to final customers higher income taxes incurred in connection with a supplemental tax rate of 5.5 percentage points introduced by the same decree on energy companies with a yearly turnover in excess of euro 25 million. The Authority for Electricity and Gas is in charge of monitoring compliance with the rule. The Authority has subsequently established with a set of deliberation that energy companies have to adopt effective operational and monitoring systems certified by the Company CEO in order to prevent unlawful increases of final prices of gas.

In order to meet the medium and long-term demand for natural gas, in particular in the Italian market, Eni entered into long-term purchase contracts with producing countries. These contracts which contain take-or-pay clauses will ensure total supply volumes of approximately 62.4 bcm/y of natural gas to Eni by 2010 (excluding take-or-pay volumes comi