ENI SPA
Form 6-K
September 02, 2009
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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 6-K

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

For the month of August 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)

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

Form 20-F x Form 40-F o

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

Yes o No x

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

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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: August 31, 2009

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Interim consolidated financial report as of June 30, 2009

Rome, August 7, 2009 - Eni s interim consolidated financial report as of June 30, 2009, approved by Eni Board of Directors on July 30, 2009 is available to the public from today in the Company's principal office and has been filed with the Italian Commission for securities and exchanges and the Italian Exchange. The interim report is accompanied by a report of the independent auditors. Interim results confirm those publicly released on July 31, 2009.

Information about developments occurred in the legal proceeding regarding the TSKJ consortium subsequently to July 30, 2009 is included in the Notes to the condensed consolidated interim financial statements, under the heading "Guarantees, commitments and risks".

Eni's interim consolidated financial report as of June 30, 2009 is downloadable from Eni's website, www.eni.it. Shareholders can receive a hard copy of Eni's interim report, free of charge, by filling in the request form found in Publications section or by emailing a request to segreteriasocietaria.azionisti@eni.it or to investor.relations@eni.it.

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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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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 Exploration & Production and Gas & Power divisions. Of particular note are 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, if the ongoing feasibility study provides a positive outcome, 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 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 41.617% 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.

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ENI OPERATING AND FINANCIAL REVIEW / HIGHLIGHTS

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 a 40% participating interests in new exploration licenses (PL 533 and PL 529) as well as a 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 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.

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Financial highlights

2008	(euro million)	First Half 2008	First Half 2009	Change	% Ch.
108,082	Net sales from operations	55,388	**42,008**	(13,380)	(24.2)
18,517	Operating profit	11,970	**6,372**	(5,598)	(46.8)
21,608	Adjusted operating profit [(a)]	11,471	**6,303**	(5,168)	(45.1)
8,825	Net profit [(b)]	6,758	**2,736**	(4,022)	(59.5)
10,164	Adjusted net profit [(a) (b)]	5,296	**2,661**	(2,635)	(49.8)
21,801	Net cash provided by operating activities	9,950	**7,621**	(2,329)	(23.4)
14,562	Capital expenditures	6,759	**6,844**	85	1.3
4,305	Acquisition of investments and businesses [(c)]	1,949	**2,214**	265	13.6
217	R&D expenditures	126	**117**	(9)	(7.1)
116,673	Total assets at period end	109,044	**112,171**	3,127	2.9
20,837	Debts and bonds at period end	21,323	**19,873**	(1,450)	(6.8)
48,510	Shareholders' equity including minority interests at period end	43,889	**50,209**	6,320	14.4
18,376	Net borrowings at period end	16,565	**18,355**	1,790	10.8
66,886	Net capital employed at period end	60,454	**68,564**	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	First Half 2009	Change	% Ch.
	Net profit					
2.43	- per ordinary share [(a)]	(EUR)	1.85	**0.76**	(1.09)	(58.9)
7.15	- per ADR [(a) (b)]	(USD)	5.66	**2.02**	(3.64)	(64.3)
	Adjusted net profit					
2.79	- per ordinary share [(a)]	(EUR)	1.45	**0.73**	(0.72)	(49.7)
8.21	- per ADR [(a) (b)]	(USD)	4.44	**1.94**	(2.50)	(56.3)
	Return On Average Capital Employed (ROACE) [(c)]					
15.7	- reported	(%)	23.6	**8.9**	(14.7)	
17.6	- adjusted	(%)	19.7	**13.0**	(6.7)	
0.38	Leverage		0.38	**0.37**	(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

2008			2008	**2009**	Change	% Ch.
96.99	Average price of Brent dated crude oil [(a)]		109.14	**51.60**	(57.54)	(52.7)
1.471	Average EUR/USD exchange rate [(b)]		1.530	**1.332**	(0.198)	(12.9)
65.93	Average price in euro of Brent dated crude oil		71.33	**38.74**	(32.59)	(45.7)
6.49	Average European refining margin [(c)]		5.93	**4.47**	(1.46)	(24.6)
8.85	Average European refining margin Brent/Ural [(c)]		8.64	**5.09**	(3.55)	(41.1)
4.41	Average European refining margin in euro		3.88	**3.36**	(0.52)	(13.4)
4.6	Euribor-three-month euro rate	(%)	4.7	**1.7**	(3.0)	(63.8)
2.9	Libor-three-month dollar rate	(%)	3.0	**1.0**	(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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ENI INTERIM CONSOLIDATED REPORT / STATISTIC RECAP

Summary operating data

			First Half			
2008			2008	**2009**	Change	% Ch.
	Exploration & Production					
1,797	Production of hydrocarbons	(kboe/d)	1,784	**1,756**	(28)	(1.6)
1,026	- Liquids	(kbbl/d)	1,005	**1,000**	(5)	(0.5)
4,424	- Natural gas	(mmcf/d)	4,472	**4,344**	(128)	(3.1)
	Gas & Power					
104.23	Worldwide gas sales	(bcm)	53.07	**52.81**	(0.26)	(0.5)
6.00	*- of which E&P sales* [(a)]	(bcm)	*3.32*	***2.95***	*(0.37)*	*(11.1)*
85.64	Gas volumes transported in Italy	(bcm)	45.38	**38.10**	(7.28)	(16.0)
29.93	Electricity sold	(TWh)	15.37	**15.35**	(0.02)	(0.1)
	Refining & Marketing					
35.84	Refining throughputs on own account	(mmtonnes)	17.65	**16.65**	(1.00)	(5.7)
58	Conversion index	(%)	56	**59**	3	5.4
12.67	Retail sales of petroleum products in Europe [(b)]	(mmtonnes)	6.27	**5.86**	(0.41)	(6.5)
5,956	Service stations in Europe at period end [(b)]	(units)	6,373	**6,018**	(355)	(5.6)
2,502	Average throughput of service stations in Europe [(b)]	(kliters)	1,210	**1,206**	(4)	(0.3)
	Petrochemicals					
7,372	Production	(ktonnes)	4,136	**3,254**	(882)	(21.3)
4,684	Sales of petrochemical products	(ktonnes)	2,677	**2,118**	(559)	(20.9)
68.6	Average plant utilization rate	(%)	77.3	**66.0**	(11.3)	(14.6)
	Engineering & Construction					
13,860	Orders acquired	(euro million)	5,471	**5,068**	(403)	(7.4)
19,105	Order backlog at period end	(euro million)	16,191	**19,015**	2,824	17.4
78,880	**Employees at period end**	(units)	**76,360**	**78,268**	**1,908**	**2.5**

(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 and 2.64 bcm for the first half of 2008, 2009 and the full year 2008, respectively).

(b) First half 2008 and full year 2008 data include downstream activities in the Iberian Peninsula divested to Galp in October 2008.

Exploration & Production

Key performance indicators [a]

2008	(euro million)		First Half 2008	First Half **2009**
33,042	Net sales from operations [b]		17,721	**11,828**
16,239	Operating profit		9,043	**4,152**
17,222	Adjusted operating profit		9,252	**4,237**
7,900	Adjusted net profit		4,073	**1,916**
	Results also include:			
7,488	- amortization and depreciation		3,233	**3,471**
	- of which:			
2,057	exploration expenditures		1,056	**920**
1,577	*amortization of exploratory drilling expenditures and other*		*806*	***770***
480	*amortization of geological and geophysical exploration expenses*		*250*	***150***
9,281	Capital expenditures		4,364	**4,907**
1,918	*- of which: exploration expenditures* [c]		*981*	***732***
30,362	Adjusted capital employed, net		22,763	**30,489**
29.2	Adjusted ROACE	(%)	34.2	**21.6**
	Production [d]			
1,026	Liquids [e]	(kbbl/d)	1,005	**1,000**
4,424	Natural gas	(mmcf/d)	4,472	**4,344**
1,797	**Total hydrocarbons**	(kboe/d)	**1,784**	**1,756**
	Average realizations			
84.05	Liquids [e]	($/bbl)	95.71	**48.30**
8.01	Natural gas	($/mmcf)	7.29	**6.05**
68.13	**Total hydrocarbons**	($/boe)	**73.11**	**42.83**
10,891	Employees at period end	(units)	10,429	**11,055**

(a) From January 1, 2009, results of the gas storage business are reported within the Gas & Power segment reporting unit following restructuring of Eni s regulated gas businesses in Italy. Prior period results have been restated accordingly.
(b) Before elimination of intragroup sales.
(c) Includes exploration bonuses.
(d) 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 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.

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

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.

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Oil and natural gas interests

	December 31, 2008	June 30, 2009			
	Gross exploration and development acreage [(a)]	Gross exploration and development acreage [(a)]	Net exploration and development acreage [(a)]	Net development acreage [(a)]	Number of interests
Italy	**25,522**	**28,241**	**22,655**	**12,445**	**169**
Outside Italy	**732,976**	**753,734**	**416,950**	**29,922**	**1,074**
North Africa					
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
	265,295	**279,888**	**175,429**	**6,330**	**125**
West Africa					
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
	87,811	**87,745**	**27,701**	**8,943**	**136**
North Sea					
Norway	11,771	11,186	3,507	123	51
United Kingdom	5,207	5,472	1,557	929	90
	16,978	**16,658**	**5,064**	**1,052**	**141**
Caspian Area					
Kazakhstan	4,933	4,933	880	453	6
Turkmenistan	200	200	200	200	1
	5,133	**5,133**	**1,080**	**653**	**7**
Rest of the world					
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

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
	245,047	**251,598**	**137,238**	**11,827**	**643**
Other countries	6,311	6,311	1,363	1,117	9
Other countries with only exploration activity	106,401	106,401	69,075		13
Total	**758,498**	**781,975**	**439,605**	**42,367**	**1,243**

(a) Square kilometers.

Production

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 kbbl/d, a decrease of 5 kbbl/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).

		First Half			
2008		2008	2009	Change	% Ch.
	Production of oil and natural gas [(a) (b)]				
1,797	(kboe/d)	**1,784**	**1,756**	**(28)**	**(1.6)**
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
632.0	**Oil and natural gas sold** [(a)]	**313.9**	**308.4**	**(5.5)**	**(1.8)**

		First Half			
2008		2008	2009	Change	% Ch.
	Production of liquids [(a)]				
1,026	(kbbl/d)	**1,005**	**1,000**	**(5)**	**(0.5)**
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**

2008		First Half 2008	2009	Change	% Ch.
	Production of natural gas [(a) (b)]				
4,424	(mmcf/d)	**4,472**	**4,344**	**(128)**	**(3.1)**
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).

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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 production Blocks 401a/402a (Eni s interest 55%) and development 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 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 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.

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 with production peaking at 11 kboe/d in 2011.

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

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 production peaking at 33 kbbl/d 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 kbbl/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 company. 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 field 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.

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 mmcf/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 kbbl/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.
In May 2009 following an international bid procedure Eni was awarded 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 the Barents Sea.
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 through synergies with the production facilities of Kristin (Eni s interest 8.25%). Current production of 3 kboe/d was reached in coincidence with the production decline of Kristin 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

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

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 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.

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 ($4,062 million at the exchange rate of that date) (for further details on this deal, see paragraph "Net working capital" in the balance sheet section of the financial review and trend information).
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 (for further details on this deal, see paragraph "Fixed assets" in the balance sheet section of the financial review and trend information).
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 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

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

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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[1] 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 production peaking 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 kbbl/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 the third quarter of 2009 with production peaking 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 fields); (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 Tresauro fields. Start-up of Annamaria B is expected in 2009 with production peaking at 4 kboe/d at Annamaria B. Start-up is expected in the second half of 2009 at Tresauro field; (iii) the development of the Guendalina field with start-up in 2010 and production peaking at 3 kboe/d.

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

Contents

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)	First Half			
2008		2008	**2009**	Change	% Ch.
836	**Acquisition of proved and unproved property**	**621**	**477**	**(144)**	**(23.2)**
626	North Africa	601	**225**		
210	West Africa	13	**73**		
	Rest of world	7	**179**		
1,918	**Exploration**	**981**	**732**	**(249)**	**(25.4)**
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)
6,429	**Development**	**2,729**	**3,651**	**922**	**33.8**
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
98	**Other expenditures**	**33**	**47**	**14**	**42.4**
9,281		**4,364**	**4,907**	**543**	**12.4**

Gas & Power

Key performance indicators [a]

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

(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, Regasification and Storage activities in Italy. Results of the Power generation activity are reported within the Marketing business as it is ancillary to the latter. Prior period results have been restated accordingly.
(b) Before elimination of intragroup sales.
(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.

Supply of natural gas

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

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).

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 in 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

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.

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 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)	First Half			
2008		2008	2009	Change	% Ch.
52.87	**ITALY**	**28.60**	**21.11**	**(7.49)**	**(26.2)**
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	*Industries*	*5.21*	***4.09***	*(1.12)*	*(21.5)*
1.05	*Medium-sized enterprises and services*	*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)
51.36	**INTERNATIONAL SALES**	**24.47**	**31.70**	**7.23**	**29.5**
43.03	**Rest of Europe**	**20.01**	**27.83**	**7.82**	**39.1**
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	*Iberian Peninsula*	*3.63*	***3.25***	*(0.38)*	*(10.5)*
5.29	*Germany-Austria*	*2.65*	***2.68***	*0.03*	*1.1*
4.57	*Belgium*		***7.26***	*7.26*	..
2.82	*Hungary*	*1.59*	***1.46***	*(0.13)*	*(8.2)*
3.21	*Northern Europe*	*1.47*	***1.98***	*0.51*	*34.7*
4.93	*Turkey*	*2.64*	***2.32***	*(0.32)*	*(12.1)*
2.66	*France*	*1.03*	***2.36***	*1.33*	..
0.86	*Other*	*0.16*	***0.75***	*0.59*	..
2.33	**Extra European markets**	**1.14**	**0.92**	**(0.22)**	**(19.3)**
6.00	**E&P in Europe and in the Gulf of Mexico**	**3.32**	**2.95**	**(0.37)**	**(11.1)**
104.23	**WORLDWIDE GAS SALES**	**53.07**	**52.81**	**(0.26)**	**(0.5)**

Gas sales by entity

	(bcm)	First Half			
2008		2008	2009	Change	% Ch.
89.32	**Total sales of subsidiaries**	**45.28**	**45.69**	**0.41**	**0.9**
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)
8.91	**Total sales of Eni's affiliates** (net to Eni)	**4.47**	**4.17**	**(0.30)**	**(6.7)**
0.05	Italy	0.03		(0.03)	..
7.42	Rest of Europe	3.69	**3.63**	(0.06)	(1.6)
1.44	Outside Europe	0.75	**0.54**	(0.21)	(28.0)
6.00	**E&P in Europe and in the Gulf of Mexico**	**3.32**	**2.95**	**(0.37)**	**(11.1)**
104.23	**WORLDWIDE GAS SALES**	**53.07**	**52.81**	**(0.26)**	**(0.5)**

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 trading activity (up 1.04 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

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

Electricity sales

(TWh)

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

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.

Gas volumes transported in Italy

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

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%.

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).

Storage

In the first half of 2009, the share of modulation capacity used by third parties was 64%. A total of 4.3 bcm of natural gas were injected into Company s storage system (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

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.

Pascagoula Within the upstream project related to the construction of an LNG plant in Angola designed to produce 5.2 mmtonnes 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 Stoccaggi 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 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.

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.
As of June 30, 2009 Eni s interest in Snam Rete Gas is equal to 52.54%.

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 to 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, as of 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 municipal 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 mayor of Rome 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.

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.

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

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 bcm 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 allocation 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.

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) upgrading plan of international pipelines (euro 20 million).

Capital expenditures (euro million)

2008		First Half 2008	2009	Change	% Ch.
1,750	Italy	766	**710**	(56)	(7.3)
308	Outside Italy	203	**41**	(162)	(79.8)
2,058		**969**	**751**	**(218)**	**(22.5)**
198	**Marketing**	**82**	**55**	**(27)**	**(32.9)**
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)
1,627	**Regulated businesses in Italy**	**712**	**676**	**(36)**	**(5.1)**
1,130	Transport	529	**400**	(129)	(24.4)
233	Distribution	85	**144**	59	69.4
264	Storage	98	**132**	34	34.7
233	**International transport**	**175**	**20**	**(155)**	**(88.6)**
2,058		**969**	**751**	**(218)**	**(22.5)**

Refining & Marketing

Key performance indicators

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

(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) First half 2008 and full year 2008 data include 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 mmtonnes of crude were purchased by the Refining & Marketing division (28.77 mmtonnes in the first half of 2008), of which 17.07 mmtonnes from Eni s Exploration & Production division. Volumes amounting to 9.28 mmtonnes were purchased under long-term supply contracts with producing countries, while 6.37 mmtonnes 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,

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

and 9% from other areas.

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Purchases

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

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

Refining

Availability of refined products

2008	(mmtonnes)	First Half 2008	2009	Change	% Ch.
	ITALY				
25.59	At wholly-owned refineries	12.69	**11.62**	(1.07)	(8.4)
(1.37)	Less input on account of third parties	(0.74)	**(0.25)**	0.49	(66.2)
6.17	At affiliated refineries	2.96	**2.79**	(0.17)	(5.7)
30.39	**Refinery throughputs on own account**	**14.91**	**14.16**	**(0.75)**	**(5.0)**
(1.61)	Consumption and losses	(0.79)	**(0.80)**	(0.01)	1.3
28.78	**Products available for sale**	**14.12**	**13.36**	**(0.76)**	**(5.4)**
2.56	Purchases of refined products and change in inventories	1.59	**1.17**	(0.42)	(26.4)
(1.42)	Products transferred to operations outside Italy	(0.86)	**(1.17)**	(0.31)	36.0
(1.00)	Consumption for power generation	(0.54)	**(0.46)**	0.08	(14.8)
28.92	**Sales of products**	**14.31**	**12.90**	**(1.41)**	**(9.9)**
	OUTSIDE ITALY				
5.45	**Refinery throughputs on own account**	**2.74**	**2.49**	**(0.25)**	**(9.1)**
(0.25)	Consumption and losses	(0.13)	**(0.13)**		
5.20	**Products available for sale**	**2.61**	**2.36**	**(0.25)**	**(9.6)**
15.14	Purchases of refined products and change in inventories	5.78	**5.70**	(0.08)	(1.4)
1.42	Products transferred from Italian operations	0.86	**1.17**	0.31	36.0
21.76	**Sales of products**	**9.25**	**9.23**	**(0.02)**	**(0.2)**
35.84	**Refinery throughputs on own account**	**17.65**	**16.65**	**(1.00)**	**(5.7)**
6.98	*of which: refinery throughputs of equity crude on own account*	*3.52*	***2.67***	*(0.85)*	*(24.1)*

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

In the first half of 2009, refining throughputs on own account in Italy and outside Italy were 16.65 mmtonnes, down 1 mmtonnes from the first half of 2008, or 5.7%. Volumes processed in Italy decreased by 0.75 mmtonnes, 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 restructuring of the Ingolstadt facility in Germany. Total throughputs in wholly-owned refineries (11.62 mmtonnes) decreased 1.07 mmtonnes, 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 mmtonnes.

Marketing

In the first half of 2009, sales volumes of refined products (22.13 mmtonnes) were down 1.43 mmtonnes 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 mmtonnes). 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.

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 programmes) 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 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 June 30, 2009, the number of customers that actively used the card in the first half of 2009 amounted to approximately 4.5 million. The average number of cards active each

Products sales in Italy and outside Italy by market (mmtonnes)

2008		First Half 2008	2009	Change	% Ch.
8.81	Retail	4.24	**4.41**	0.17	4.0
11.15	Wholesale	5.36	**4.66**	(0.70)	(13.1)
1.70	Petrochemicals	0.95	**0.63**	(0.32)	(33.7)
7.26	Other sales	3.76	**3.20**	(0.56)	(14.9)
28.92	**Sales in Italy**	**14.31**	**12.90**	**(1.41)**	**(9.9)**
3.22	Retail rest of Europe	1.61	**1.45**	(0.16)	(9.9)
3.94	Wholesale rest of Europe	1.92	**1.76**	(0.16)	(8.3)
0.56	Wholesale outside Italy	0.28	**0.21**	(0.07)	(25.0)
12.52	Other sales	4.40	**5.81**	1.41	32.0
20.24	**Sales outside Italy**	**8.21**	**9.23**	**1.02**	**12.4**

49.16		**22.52**	**22.13**	**(0.39)**	**(1.7)**
1.52	Iberian Peninsula	1.04		(1.04)	..
0.64	*of which: Retail*	*0.42*		*(0.42)*	..
0.88	*Wholesale*	*0.62*		*(0.62)*	..
50.68	**TOTAL SALES**	**23.56**	**22.13**	**(1.43)**	**(6.1)**

Retail and wholesale sales of refined products

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

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 programme, and 46% of overall volumes marketed on Eni s network.

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 mmtonnes), in the first half of 2009 retail sales of refined products marketed in the rest of Europe (1.45 mmtonnes) 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

Wholesale and other sales

In the first half of 2009, sales volumes on wholesale markets in Italy (4.66 mmtonnes) 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 mmtonnes) 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 mmtonnes) declined by 320 ktonnes due to declining demand.

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.

Other sales (9.01 mmtonnes) 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.

Capital expenditures

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

Contents

Petrochemicals

Key performance indicators

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

(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 cracker and the phenol/cumene plant at Porto Torres. The average plant utilization rate calculated on nominal capacity decreased by approximately 11 percentage points from 77.3% 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%).

Product availability

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

Sales

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

(a) From January 2009, results of the styrene business are reported within Basic petrochemicals. Prior periods data have been restated accordingly.

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 mainly 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

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%).

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 mainly in nytrilic (down 55%), EPR (down 39%) and SBR rubbers (down 25%).

compliance (euro 12 million), upkeeping and rationalization (euro 6 million) and extraordinary maintenance (euro 4 million).

Engineering & Construction

Key performance indicators

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

(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 programme 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.

(euro million)	First Half 2008	2009	Change	% Ch.
Orders acquired	**5,471**	**5,068**	**(403)**	**(7.4)**
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)
of which:				
- Eni	62	**1,478**	1,416	..
- Third parties	5,409	**3,590**	(1,819)	(33.6)
of which:				
- 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.
Order backlog	**19,105**	**19,015**	**(90)**	**(0.5)**
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
of which:				
- Eni	2,547	**3,391**	844	33.1
- Third parties	16,558	**15,624**	(934)	(5.6)
of which:				
- 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.

Capital expenditures (euro million) First Half

2008		2008	**2009**	Change	% Ch.
741	Offshore construction	385	**370**	(15)	(3.9)
48	Onshore construction	31	**13**	(18)	(58.1)
785	Offshore drilling	449	**408**	(41)	(9.1)
424	Onshore drilling	112	**97**	(15)	(13.4)
29	Other expenditures				..
2,027		**977**	**888**	**(89)**	**(9.1)**

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Financial review

PROFIT AND LOSS ACCOUNT

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

(a) From January 1, 2009 Eni adopted IFRIC 13 "Customer Loyalty Programmes" providing that the award points granted to clients within the related loyalty programmes should be accounted as a separate component of the basic 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 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 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 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 Italian companies and certain foreign companies, amounting to euro 1 billion were recorded in the first half 2008.

Adjusted net profit

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

(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 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:

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

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

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), lower sales volumes (down 5.5 million boe, or 1.8%) and higher amortization charges. 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 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 42 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 marketing activities were partly offset by favorable trading environment. Also the results of the Regulated businesses in Italy, International transport and equity-accounted entities were lower.

- 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 in dollars (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; price of middle distillates were particularly impacted. 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)	First Half			
2008		2008	**2009**	Change	% Ch.
33,042	Exploration & Production	17,721	**11,828**	(5,893)	(33.3)
37,062	Gas & Power	16,971	**17,468**	497	2.9
45,017	Refining & Marketing	24,240	**14,121**	(10,119)	(41.7)
6,303	Petrochemicals	3,519	**1,905**	(1,614)	(45.9)
9,176	Engineering & Construction	4,211	**4,881**	670	15.9
185	Other activities	95	**47**	(48)	(50.5)
1,331	Corporate and financial companies	643	**611**	(32)	(5.0)

75	Impact of unrealized intragroup profit elimination		**(19)**	(19)	..
(24,109)	Consolidation adjustment	(12,012)	**(8,834)**	3,178	
108,082		**55,388**	**42,008**	**(13,380)**	**(24.2)**

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 deprecation 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 $/bbl) were supported for

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0.79 $/bbl 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 & Production adjusted net profit). Net sales reduction reflected also lower production sold (down 5.5 mmboe, 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)	First Half			
2008		2008	**2009**	Change	% Ch.
76,350	Purchases, services and other	37,534	**29,520**	(8,014)	(21.4)
	of which:				
(21)	*- non-recurring items*				
761	*- other special items*	*190*	***110***	*(80)*	
4,004	Payroll and related costs	1,972	**2,077**	105	5.3
	of which:				
91	*- provision for redundancy incentives*	*27*	***38***	*11*	
80,354		**39,506**	**31,597**	**(7,909)**	**(20.0)**

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 negatively affected by energy parameters, 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.

Depreciation, depletion, amortization and impairments

2008	(euro million)	First Half 2008	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)	
8,422	**Total depreciation, depletion and amortization**	**3,878**	**4,234**	**356**	**9.2**
1,393	Impairments	511	**354**	(157)	(30.7)
9,815		**4,389**	**4,588**	**199**	**4.5**

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:

2008	(euro million)	First Half 2008	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	..
1,393		**511**	**354**	**(157)**	**(30.7)**

Operating profit

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

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

16,239	Exploration & Production	9,043	**4,152**	(4,891)	(54.1)
4,030	Gas & Power	2,425	**2,116**	(309)	(12.7)
(988)	Refining & Marketing	776	**287**	(489)	(63.0)
(845)	Petrochemicals	(263)	**(454)**	(191)	(72.6)
1,045	Engineering & Construction	467	**580**	113	24.2
(346)	Other activities	(141)	**(177)**	(36)	(25.5)
(743)	Corporate and financial companies	(107)	**(187)**	(80)	(74.8)
125	Impact of unrealized intragroup profit elimination	(230)	**55**	285	
18,517	**Operating profit**	**11,970**	**6,372**	**(5,598)**	**(46.8)**

Contents

Adjusted operating profit

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

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

Eni s adjusted operating 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

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 42 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 for the period were also affected by lower production sales volumes (down 5.5 mmboe) and higher amortization charges. 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 environment.

- **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%) due to the large number of ongoing oil & gas projects that were started during the upward phase of the oil cycle.

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ENI INTERIM CONSOLIDATED REPORT / FINANCIAL REVIEW AND TREND INFORMATION

Finance income (expense)

2008	(euro million)	First Half 2008	First Half 2009	Change
(824)	**Finance income (expense) related to net borrowings**	**(401)**	**(335)**	**66**
(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
(427)	**Income (expense) on derivatives**	**84**	**48**	**(36)**
206	**Exchange differences, net**	**(10)**	**(201)**	**(191)**
169	**Other finance income and expense**	**96**	**147**	**51**
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)
(876)		**(231)**	**(341)**	**(110)**
236	Finance expense capitalized	101	**122**	21
(640)		**(130)**	**(219)**	**(89)**

In the first half of 2009, **net finance expenses** increased by euro 89 million to euro 219 million from the first half of 2008 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 at the exchange rate of the payment date).

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

Net income from investments amounted to euro 358 million and related to: (i) Eni s share of profit of entities 2008 related to lower profit and dividends from equity or cost-accounted entities in the Gas & Power and 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 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.

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

2008	(euro million)	First Half 2008	First Half 2009	Change
640	Share of gains (losses) from equity-accounted investments	411	**205**	(206)
510	Dividends	270	**136**	(134)
217	Net gains on disposal	187	**10**	(177)
6	Other income (expense), net	1	**7**	6
1,373		**869**	**358**	**(511)**

Income taxes

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

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

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 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 firth half 2009 and 2008 is influenced by the circumstance that 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 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).

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[1]

Exploration & Production[(a)]

2008	(euro million)	First Half 2008	2009	Change	% Ch.
16,239	**Operating profit**	**9,043**	**4,152**	**(4,891)**	**(54.1)**
983	Exclusion of special items:	209	**85**		
989	*- asset impairments*	*310*	***220***		
4	*- gains on disposals of assets*		***(167)***		
8	*- provision for redundancy incentives*	*2*	***5***		
(18)	*- re-measurement gains/losses on commodity derivatives*	*(102)*	***27***		
	- other	*(1)*			
17,222	**Adjusted operating profit**	**9,252**	**4,237**	**(5,015)**	**(54.2)**
70	Net finance income (expense) [(b)]	32	**83**	51	
609	Net income (expense) from investments [(b)]	263	**113**	(150)	
(10,001)	Income taxes [(b)]	(5,474)	**(2,517)**	2,957	
55.9	*Tax rate (%)*	*57.3*	***56.8***	*(0.5)*	
7,900	**Adjusted net profit**	**4,073**	**1,916**	**(2,157)**	**(53.0)**
	Results also include:				
7,488	amortizations and depreciations	3,233	**3,471**	238	7.4
	of which:				
2,057	exploration expenditures	1,056	**920**	(136)	(12.9)
1,577	*- amortizations of exploratory drilling expenditure and other*	*806*	***770***	*(36)*	*(4.5)*
480	*- amortizations of geological and geophysical exploration expenses*	*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. 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 mmboe) and higher amortization charges taken in connection with development activities. These negatives were partly offset by the depreciation of the euro over 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 to 42.83 $/bbl 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.

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

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

(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".

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.
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 as provided by pricing formulae (up 3.8% in the first quarter; down 35.4% in the second quarter).

Liquid		First Half 2008	**2009**
Sales volumes	(mmbbl)	182.6	**187.0**
Sales volumes hedged by derivatives (cash flow hedge)		23.0	**21.0**
Average realized price per barrel, excluding derivatives	($/bbl)	**101.41**	**47.51**
Realized gains (losses) on derivatives		(5.70)	**0.79**
Average realized price per barrel		**95.71**	**48.30**

Gas & Power [a]

2008	(euro million)	First Half 2008	**2009**	Change	% Ch.
4,030	**Operating profit**	**2,425**	**2,116**	**(309)**	**(12.7)**
(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)*			
3,564	**Adjusted operating profit**	**2,295**	**2,053**	**(242)**	**(10.5)**
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) [b]	(8)	**(12)**	(4)	
420	Net income (expense) from investments [b]	233	**162**	(71)	
(1,326)	Income taxes [b]	(861)	**(718)**	143	
33.3	*Tax rate (%)*	*34.2*	**32.6**	*(1.6)*	
2,655	**Adjusted net profit**	**1,659**	**1,485**	**(174)**	**(10.5)**

(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. Results of the Power Generation activities are reported within the Marketing business as it is ancillary to the latter.
(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 2008, 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 42 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 gains reported by the marketing business and euro 11 million charges 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.

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%. 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 the table 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 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 a new tariff mechanism set by the Authority for electricity and gas 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.

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.

Other performance indicators

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

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

4,310	**Pro-forma adjusted EBITDA**	**2,583**	**2,541**	**42**	**(1.6)**
2,271	Marketing	1,534	**1,558**	(24)	1.6
119	*of which: +/(-) adjustment on commodity derivatives*	*(2)*	***160***		
1,284	*Regulated businesses in Italy*	680	**644**	36	(5.3)
755	International transport	369	**339**	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

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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 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.

Refining & Marketing

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

(a) Excluding special items.

The Refining & Marketing division reported **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. 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 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 (down euro 155 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.

Petrochemicals

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

(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)	First Half			
2008		2008	**2009**	Change	% Ch.
1,045	**Operating profit**	**467**	**580**	**113**	**24.2**

(4)	Exclusion of special items:		**(11)**		
(4)	*- gains on disposals of assets*		*(1)*		
	- re-measurement gains/losses on commodity derivatives		*(10)*		
1,041	**Adjusted operating profit**	**467**	**569**	**102**	**21.8**
1	Net finance income (expense) [(a)]				
49	Net income (expenses) from investments [(a)]	26	**19**	(7)	
(307)	Income taxes [(a)]	(125)	**(139)**	(14)	
28.1	*Tax rate* (%)	*25.4*	***23.6***	*(1.8)*	
784	**Adjusted net profit**	**368**	**449**	**81**	**22.0**

(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.

Other activities

2008	(euro million)	First Half 2008	2009	Change	% Ch.
(346)	**Operating profit**	**(141)**	**(177)**	**(36)**	**(25.5)**
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***		
(244)	**Adjusted operating profit**	**(102)**	**(128)**	**(26)**	**(25.5)**
(39)	Net financial income (expense) [(a)]	(12)	**28**	40	
4	Net income (expense) from investments [(a)]				
(279)	**Adjusted net profit**	**(114)**	**(100)**	**14**	**12.3**

(a) Excluding special items.

Corporate and financial companies

2008	(euro million)	First Half 2008	2009	Change	% Ch.
(743)	**Operating profit**	**(107)**	**(187)**	**(80)**	**(74.8)**
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)*			
(282)	**Adjusted operating profit**	**(104)**	**(175)**	**(71)**	**(68.3)**
(671)	Net financial incomes (expenses) [(a)]	(142)	**(318)**	(176)	
5	Net income (expenses) from investments [(a)]				
409	Income taxes [(a)]	107	**27**	(80)	
(539)	**Adjusted net profit**	**(139)**	**(466)**	**(327)**	**..**

(a) Excluding special items.

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 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 events and transactions, being identified as non-recurring items under such circumstances;

reported net profit see tables below.

(euro million)

First Half 2009	**E&P**	**G&P**	**R&M**	**Petrochemicals**	**Engineering & Construction**	**Other activities**	**Corporate and financial companies**	**Impact of unrealized intragroup profit elimination**	**Group**
Reported operating profit	**4,152**	**2,116**	**287**	**(454)**	**580**	**(177)**	**(187)**	**55**	**6,372**
Exclusion of inventory holding (gains) losses		294	(467)	108					(65)
Exclusion of special items:									
- 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
Special items of operating profit	**85**	**(357)**	**129**	**89**	**(11)**	**49**	**12**		**(4)**
Adjusted operating profit	**4,237**	**2,053**	**(51)**	**(257)**	**569**	**(128)**	**(175)**	**55**	**6,303**
Net finance (expense) income [(a)]	83	(12)				28	(318)		(219)
Net income from investments [(a)]	113	162	39		19				333
Income taxes [(a)]	(2,517)	(718)	(19)	48	(139)		27	(24)	(3,342)
Tax rate (%)	*56.8*	*32.6*	..		*23.6*				*52.1*
Adjusted net profit	**1,916**	**1,485**	**(31)**	**(209)**	**449**	**(100)**	**(466)**	**31**	**3,075**
of which:									
- adjusted net profit of minority interest									414
- Eni s adjusted net profit									**2,661**
Eni reported net profit									**2,736**
Exclusion of inventory holding (gains) losses									(52)
Exclusion of special items									(23)
Eni s adjusted net profit									**2,661**

(a) Excluding special items.

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(euro million)

First Half 2008	**E&P**	**G&P**	**R&M**	**Petrochemicals**	**Engineering & Construction**	**Other activities**	**Corporate and financial companies**	**Impact of unrealized intragroup profit elimination**	**Group**
Reported operating profit	**9,043**	**2,425**	**776**	**(263)**	**467**	**(141)**	**(107)**	**(230)**	**11,970**
Exclusion of inventory holding (gains) losses		(138)	(816)	(124)					(1,078)
Exclusion of special items:									
- 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)
Special items of operating profit	**209**	**8**	**149**	**171**		**39**	**3**		**579**
Adjusted operating profit	**9,252**	**2,295**	**109**	**(216)**	**467**	**(102)**	**(104)**	**(230)**	**11,471**
Net finance (expense) income [(a)]	32	(8)				(12)	(142)		(130)
Net income from investments [(a)]	263	233	64	2	26				588
Income taxes [(a)]	(5,474)	(861)	(49)	52	(125)		107	84	(6,266)
Tax rate (%)	*57.3*	*34.2*	*28.3*		*25.4*				*52.5*
Adjusted net profit	**4,073**	**1,659**	**124**	**(162)**	**368**	**(114)**	**(139)**	**(146)**	**5,663**
of which:									
- adjusted net profit of minority interest									367
- Eni s adjusted net profit									**5,296**
Eni reported net profit									**6,758**
Exclusion of inventory holding (gains) losses									(783)
Exclusion of special items									(679)
Eni s adjusted net profit									**5,296**

(a) Excluding special items.

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(euro million)

2008	**E&P**	**G&P**	**R&M**	**Petrochemicals**	**Engineering & Construction**	**Other activities**	**Corporate and financial companies**	**Impact of unrealized intragroup profit elimination**	**Group**
Reported operating profit	**16,239**	**4,030**	**(988)**	**(845)**	**1,045**	**(346)**	**(743)**	**125**	**18,517**
Exclusion of inventory holding (gains) losses		(429)	1,199	166					936
Exclusion of special items									
of which:									
Non-recurring (income) charges			**(21)**						**(21)**
Other special (income) charges:	**983**	**(37)**	**390**	**281**	**(4)**	**102**	**461**		**2,176**
- 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
Special items of operating profit	**983**	**(37)**	**369**	**281**	**(4)**	**102**	**461**		**2,155**
Adjusted operating profit	**17,222**	**3,564**	**580**	**(398)**	**1,041**	**(244)**	**(282)**	**125**	**21,608**
Net finance (expense) income [(a)]	70	(3)	1	1	1	(39)	(671)		(640)
Net income from investments [(a)]	609	420	174	(9)	49	4	5		1,252
Income taxes [(a)]	(10,001)	(1,326)	(234)	83	(307)		409	(49)	(11,425)
Tax rate (%)	*55.9*	*33.3*	*31.0*		*28.1*				*51.4*
Adjusted net profit	**7,900**	**2,655**	**521**	**(323)**	**784**	**(279)**	**(539)**	**76**	**10,795**
of which:									
- adjusted net profit of minority interest									631
- Eni's adjusted net profit									**10,164**
Eni's reported net profit									**8,825**
Exclusion of inventory holding (gains) losses									723
Exclusion of special items:									616
- non-recurring (income) charges									*(21)*
- other special (income) charges									*637*
Eni's adjusted net profit									**10,164**

(a) Excluding special items.

Breakdown of special items

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

Breakdown of impairment

2008	(euro million)	First Half 2008	First Half 2009	Change
1,349	Asset impairment	511	**331**	(180)
44	Goodwill impairment		**23**	23
1,393	**Sub total**	**511**	**354**	**(157)**
179	Impairment losses of receivables equivalent to fixed assets	122	**11**	(111)
1,572	**Impairment**	**633**	**365**	**(268)**

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 [(a)]

(euro million)

	Dec. 31, 2008	**June 30, 2009**	Change
Fixed assets			
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
	74,461	**77,871**	**3,410**
Net working capital			
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:			
Equity instruments	*2,741*		*(2,741)*
Other [(b)]	*(4,544)*	***(2,821)***	*1,723*
	(6,696)	**(8,409)**	**(1,713)**
Provisions for employee post-retirement benefits	**(947)**	**(966)**	**(19)**
Net assets held for sale including related net borrowings	**68**	**68**	
CAPITAL EMPLOYED, NET	**66,886**	**68,564**	**1,678**
Shareholders' equity:			
- Eni shareholder's equity	44,436	**46,684**	2,248
- Minority interest	4,074	**3,525**	(549)
	48,510	**50,209**	**1,699**
Net borrowings	**18,376**	**18,355**	**(21)**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**66,886**	**68,564**	**1,678**

(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 goodwill associated with the buy-out 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 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 Neftegaztechnologiya 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%.

($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 of euro 605 million 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:

(i) 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 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 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 mmboe, 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

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

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 (time value);

(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.

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**
Adjusted net profit	**5,743**	**2,481**	**366**	**8,207**
Exclusion of after-tax finance expenses/interest income	-	-	-	**243**
Adjusted net profit unlevered	**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**
Adjusted average capital employed, net	**26,626**	**22,316**	**9,003**	**65,236**
Adjusted ROACE (%)	**21.6**	**11.1**	**4.1**	**13.0**

Calculated on a 12-month period ending on June 30, 2008 (euro million)	**Exploration & Production**	**Gas & Power**	**Refining & Marketing**	**Group**
Adjusted net profit	**7,468**	**3,085**	**183**	**10,605**
Exclusion of after-tax finance expenses/interest income	-	-	-	**325**
Adjusted net profit unlevered	**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**
Adjusted average capital employed, net	**21,818**	**20,075**	**7,133**	**55,350**
Adjusted ROACE (%)	**34.2**	**15.4**	**2.6**	**19.7**

Calculated on a 12-month period ending on December 31, 2008 (euro million)	**Exploration & Production**	**Gas & Power**	**Refining & Marketing**	**Group**
Adjusted net profit	**7,900**	**2,655**	**521**	**10,795**
Exclusion of after-tax finance expenses/interest income	-	-	-	**335**
Adjusted net profit unlevered	**7,900**	**2,655**	**521**	**11,130**
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**
Adjusted average capital employed, net	**27,094**	**21,803**	**7,968**	**63,402**
Adjusted ROACE (%)	**29.2**	**12.2**	**6.5**	**17.6**

Net borrowings and leverage

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

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 0.37at June 30, 2009 from 0.38 as of December 31, 2008.

Comprehensive income

(euro million)	First Half 2008	**2009**
Net profit (loss)	**7,227**	**3,150**
Other items of comprehensive income:		
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)***
Share of " Other comprehensive income" on equity-accounted entities		***2***
Taxation	*1,139*	***191***
Other comprehensive income	**(3,061)**	**(715)**

Total comprehensive income	**4,166**	**2,435**
Attributable to:		
- Eni	**3,713**	**2,035**
- minority interest	453	**400**

Changes in shareholders equity

(euro million)

Shareholders' equity at December 31, 2008		**48,510**
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)	
Total changes		**1,699**
Shareholders' equity at June 30, 2009		**50,209**
Attributable to:		
- Eni		**46,684**
- 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 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 effects) associated with currency translation differences and losses on fair value evaluation of certain cash flow hedges taken to reserve.

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 [(a)]

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

Change in net borrowings

(euro million)	First Half		
	2008	**2009**	Change

Free cash flow	**2,296**	**1,325**	**(971)**
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
CHANGE IN NET BORROWINGS	**(238)**	**21**	**259**

(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 mainly associated with the divestment of certain non strategic assets in the Exploration & Production division, following 2008 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)	First Half			
2008		2008	**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	
14,562		**6,759**	**6,844**	**85**	**1.3**

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 and Refining & Marketing divisions and concerned mainly:

- Development activities (euro 3,651 million) deployed mainly in Kazakhstan, Egypt, Congo, the United States, Italy and Angola;
- Exploratory projects (euro 732 million) of which 96% was spent outside Italy, primarily in Libya, the United States, Egypt, and Indonesia;
- 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 on April 7, 2009 of the call option by Gazprom (euro 3,070 million). 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

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);

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.

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**	
Items of summarized Group balance sheet (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	Amounts of the summarized Group scheme
Fixed assets					
Property, plant and equipment			59,255		**61,199**
Other assets					
Inventories - compulsory stock			1,196		**1,607**
Intangible assets			7,697		**8,365**
Equity-accounted investments and other investments			5,881		**6,044**
Receivables and securities held for operating activities	(see Note 2 and Note 8)		1,219		**1,204**
Net payables related to capital expenditures, made up of:			(787)		**(548)**
Receivables related to capital expenditures/disposals	(see Note 2)	149		**96**	
Receivables related to capital expenditures/disposals	(see Note 10)	780		**783**	
Payables related to capital expenditures	(see Note 12)	(1,716)		**(1,427)**	
Payables related to capital expenditures	(see Note 14)				
Total fixed assets			**74,461**		**77,871**
Net working capital					
Inventories			6,082		**5,477**
Trade receivables	(see Note 2)		16,444		**13,139**
Trade payables	(see Note 12)		(12,590)		**(10,634)**
Tax payables and provisions for net deferred tax liabilities, made up of:			(5,323)		**(4,345)**
Income tax payables		(1,949)		**(1,121)**	
Other tax payables		(1,660)		**(2,165)**	
Deferred tax liabilities		(5,784)		**(5,303)**	
Other tax liabilities	(see Note 13)	(254)		**(76)**	
Current tax assets		170		**321**	
Other current tax assets		1,130		**939**	
Deferred tax assets		2,912		**2,948**	
Other tax assets	(see Note 10)	112		**112**	
Provisions			(9,506)		**(9,225)**
Other current assets and liabilities:					
Equity instruments			2,741		
Other, made up of:			(4,544)		**(2,821)**
Securities held for operating purposes	(see Note 1)	310		**282**	
Receivables for operating purposes	(see Note 2)	402		**569**	
Other receivables	(see Note 2)	4,805		**4,764**	

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

continued Summarized Group balance sheet

(euro million)		Dec. 31, 2008		**June 30, 2009**	
Items of summarized Group balance sheet (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	Amounts of the summarized Group scheme
CAPITAL EMPLOYED, NET			**66,886**		**68,564**
Shareholders' equity including minority interest			**48,510**		**50,209**
Net borrowings					
Total debt, made up of:			20,837		**19,873**
Long-term debt		13,929		**14,191**	
Current portion of long-term debt		549		**1,208**	
Short-term financial liabilities		6,359		**4,474**	
less:					
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)**
Trade receivables held for non-operating purposes	(see Note 2)	(337)		**(71)**	
Total net borrowings [(a)]			**18,376**		**18,355**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			**66,886**		**68,564**

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

Summarized Group cash flow statement

(euro million)

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

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

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continued **Summarized Group cash flow statement**

(euro million)	First Half 2008		**First Half 2009**	
Items of summarized cash flow statement and confluence/reclassification of items in the statutory scheme	Partial amounts from statutory scheme	Amounts of the summarized Group scheme	Partial amounts from statutory scheme	Amounts of the summarized Group scheme
Free cash flow		**2,296**		**1,325**
Borrowings (repayment) of debt related to financing activities		(1,829)		**470**
reclassification: *purchase of securities and financing receivables held for non-operating purposes*	(1,992)		**(13)**	
reclassification: *sale of securities and financing receivables held for non-operating purposes*	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 exchange differences	(15)			
CHANGE IN CASH AND CASH EQUIVALENTS		**(596)**		**(599)**

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 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 transactions 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 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 parametric 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

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 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 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%)

	2008				**First Half 2009**			
(euro million)	**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: 1 day; confidence level: 95%)

	2008				**First Half 2009**			
($ million)	**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 counterparty 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 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 account 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 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 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.

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 programme 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

	Maturity year						
(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**
	5,682	**2,197**	**790**	**2,605**	**1,691**	**6,908**	**19,873**
Interest on finance debt	642	520	495	458	372	845	**3,332**

Trade and other payables

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

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 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

	Maturity year						
(euro million)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015 and thereafter**	**Total**
Operating lease obligations (1)	**945**	**1,330**	**1,135**	**710**	**588**	**1,152**	**5,860**
Decommissioning liabilities (2)	**213**	**149**	**100**	**268**	**137**	**9,271**	**10,138**
Environmental liabilities	**341**	**458**	**300**	**240**	**182**	**249**	**1,770**

Purchase obligations (3)	**19,383**	**12,694**	**12,845**	**12,326**	**12,336**	**138,494**	**208,078**
Gas							
Natural gas to be purchased in connection with take-or-pay contracts	17,292	11,904	12,027	11,559	11,578	132,916	197,276
Natural gas to be transported in connection with ship-or-pay contracts	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 (4)	1,145	118	158	133	133	2,192	3,879
Other obligations	**6**	**3**	**3**	**2**	**2**	**138**	**154**
of which:							
- Memorandum of intent relating to Val d Agri	6	3	3	2	2	138	154
	20,888	**14,634**	**14,383**	**13,546**	**13,245**	**149,304**	**226,000**

(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.

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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

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

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 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 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 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

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 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 to 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 Crisis 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 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
(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

program of specific training and development for HSE staff in order to:
(i) Promote the execution of behaviors consistent with guidelines.

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 s 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 resolutions that energy companies have to adopt effective operational and monitoring systems certified by the Company CEO in order to prevent unlawful increases in 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 coming from the Distrigas acquisition which will be destined to supply the Belgian market). Despite the fact that an increasing portion of natural gas volumes purchased under said contracts is planned to be marketed outside Italy, management believes that in the long-term unfavorable trends in the Italian demand and supply for natural gas, also taking into account the start-up of new import capacity to the Italian market by Eni and third parties as well as implementation of all publicly announced plans for the construction of new import infrastructures (backbone upgrading and new LNG terminals), and developments within the Italian regulatory framework, represent risk factors for the ability of the Company to meet its contractual obligations in connection with its take-or-pay supply contracts. Particularly, should natural gas demand in Italy grow at a lower pace than management expectations, also in view of the expected build-up of natural gas supplies to the Italian market, the Company could face a further increase in competitive pressure on the Italian gas market resulting in a negative

Specific risks associated with the exploration and production of oil and natural gas

The exploration and production of oil and natural gas requires high levels of capital expenditure and entails particular economic risks. It is subject to natural hazards and other uncertainties including those relating to the physical characteristics of oil or natural gas fields. Exploratory activity involves numerous risks including the risk of dry holes or failure to find commercial quantities of hydrocarbons. Developing and marketing hydrocarbons reserves typically requires several years after a discovery is made. This is because a development project involves an array of complex and lengthy activities, including appraising a discovery in order to evaluate its commerciality, sanctioning a development project and building and commissioning related facilities. As a consequence, rates of return of such long lead-time projects are exposed to the volatility of oil and gas prices and the risk of an increase in developing and lifting costs, resulting in lower rates of return. This set of circumstances is particularly important to those projects intended to develop reserves located in deep water and harsh environments, where the majority of Eni s planned and ongoing projects is located.

Main trends and uncertainties affecting the second half of the year

The current economic downturn and the associated reduction in industrial output have triggered a steep decline in global demand for oil, gas, and refinery and petrochemicals products leading to significantly lower international prices. In recent months, oil prices have recovered part of the losses accumulated so far; however it is still uncertain whether this recovery marks the beginning of a more stable trend due to the persistence of weak fundamentals.

Accordingly, under the present circumstances it is difficult to forecast the timing of a recovery in energy demand and international commodity prices. As long as demand and commodity prices remain at current levels, Eni s results of operations and liquidity in all of its business segments will continue being negatively affected. The Engineering & Construction segment is the sole showing resilience in terms of profitability and impact on its selling margins, taking account of Eni s gas availability under take-or-pay supply contracts and risks in executing its expansion plans to grow sales volumes in European markets.

order backlog in the current business climate.

In addition to global uncertainties, operating results in the Exploration & Production business segment will be affected by future decisions on part of OPEC to maintain current production quotas and the possible evolution of the security issue in West Africa.

The Gas & Power business segment has been particularly hit by the gas demand slowdown that has affected the key consumption sectors of industrial customers and power generation (down 21% and 45%, respectively). Demand for power has also been impacted by the downturn (down 8% from the first half 2008). The persistence of weak fundamentals on the demand side, coupled with a projected increase in supplies to the domestic market associated with ongoing plans for capacity upgrading and certain governmental measures intended to release amounts of gas at discounted prices, are expected to negatively affect gas selling margins. Also in this weak environment, there is a risk that the Company might be unable to fulfill its minimum take contractual obligations with respect to its gas supply contracts and be forced to pay in advance its suppliers. The Company would then uplift the pre-paid gas in later years along with a recovery in gas demand. The Company intends to implement a number of actions to preserve the profitability of the gas marketing business. The main initiatives are designed to focus on the most profitable customer segments, offer innovative pricing formulas, improve the quality standards of services to clients and reduce selling costs, service costs and costs of other business support activities.

Falling demand for refined and petrochemical products has negatively affected the performance of the Company s Refining & Marketing and Petrochemicals business segments which both reported operating losses on an adjusted basis in the first half of 2009. Should the business environment fail to improve in the second part of the year, the profitability in these segments would continue on a negative trend. Particularly, Eni s refining margins have been affected in the first half of the year by the following negative trends: (i) declining market prices for refined products due to weak demand; (ii) the rapid increases in feedstock costs that the Company has been unable to pass on to final prices, absent a recovery in industry fundamentals as occurred in recent months; (iii) narrowing market price differentials between heavy and light crudes due to a reduction in heavy crude supplies on the back of OPEC cuts which has negatively affected the profitability of Eni s complex refineries. Under the current circumstances, the company does not expect a reversal in these unfavorable business trends at least in the short-term.

Eni s petrochemicals operations are materially exposed to the cyclicality in demand for petrochemicals products reflecting the highly commoditized features of the bulk of Eni s products. Management has been pursuing a number of initiatives designed to reduce fixed operating expenses and to realign the industrial set-up of Eni s petrochemicals operations with a view at enhancing areas of competitive advantage. In spite of all this, the achievement of the operating break-even in this segment depends on a global recovery in the economy that is uncertain at least in the short term.

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 this interim consolidated financial statements under the heading "Guarantees, commitments and risks", in the paragraph (i) and (ii) of the section "Civil and administrative proceedings", (ii) of the section "Antitrust" and (i) of the section "Court Inquiries".

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, rescheduling of certain projects in order to capture the expected downturn in costs and the impact of unplanned facility downtime, particularly in West Africa. 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 mmtonnes) 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 mmtonnes 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).

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Subsequent events

Subsequent business developments are described in the operating review of Eni s business segment.

Transactions with related parties

Among the principal transactions made by Eni in the first half of 2009 has to be highlighted 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 for a cash consideration amounting to euro 4,509 million. Eni subscribed a share capital increase amounting to euro 3.5 billion for its shares by means of Snam Rete Gas for the funding of the transaction. 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. The transaction was based on transparency and market criteria, under conditions that would be applied between two independent parties. For further information see paragraph "Operating review - Gas & Power".

The other transactions entered into by Eni and identified by IAS 24, concern mainly the exchange of goods, provision of services and financing with non consolidated subsidiaries and affiliates as well as other companies owned or controlled by the Italian Government. All such transactions are conducted on an arm s length basis and in the interest of Eni companies. Twice a year Directors, General Managers and managers with strategic responsibilities declare any transaction they enter with Eni SpA or its subsidiaries, even through other persons or persons related to them as per IAS 24. Amounts and types of trade and financial transactions with related parties are described in the Notes to the Financial Statements (Note No. 30).

Other information

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

Certain provisions have been 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, the Company discloses that:

- as of June 30, 2009, the provisions of Article No. 36 of Italian exchanges regulation in accordance with Italian continuing listing standards apply to seven Eni subsidiaries: Burren Energy (Bermuda) 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 which fell within the scope of the regulation as of December 31, 2009 as well as the following subsidiary Burren Energy (Congo) Ltd;
- the Company has already adopted adequate procedures to ensure full compliance with the new regulation.

Glossary

The glossary of oil and gas terms is available on Eni s web page at the address **www.eni.it**. Below is a selection of the most frequently used terms.

FINANCIAL TERMS

Dividend Yield Measures the return on a share based on dividends for the year. Calculated as the ratio of dividends per share of the year and the average reference price of shares in the last month of the year.

Leverage Is a measure of a company s debt, calculated as the ratio between net financial debt and shareholders equity, including minority interests.

ROACE Return On Average Capital Employed is the return on average capital invested, calculated as the ratio between net income before minority interests, plus net financial charges on net financial debt, less the related tax effect and net average capital employed.

TSR (Total Shareholder Return) Measures the total return of a share calculated on a yearly basis, keeping account of changes in prices (beginning and end of year) and dividends distributed and reinvested at the ex-dividend date.

OIL AND NATURAL GAS ACTIVITIES

Average reserve life index Ratio between the amount of reserves at the end of the year and total production for the year.

Barrel Volume unit corresponding to 159 liters. A barrel of oil corresponds to about 0.137 metric tons.

Boe (Barrel of Oil Equivalent) Is used as a standard unit measure for oil and natural gas. The latter is converted from standard cubic meters into barrels of oil equivalent using a coefficient equal to 0.00615.

Concession contracts Contracts currently applied mainly in Western countries regulating relationships between States and oil companies with regards to hydrocarbon exploration and production. The company holding the mining concession has an exclusive on mining activities and for this reason it acquires a right on hydrocarbons extracted, against the payment of royalties to the State on production and taxes on oil revenues.

Condensates These are light hydrocarbons produced along with gas, that condense to a liquid state at normal temperature and pressure for surface production facilities.

Deep waters Waters deeper than 200 meters.

Development Drilling and other post-exploration activities aimed at the production of oil and gas.

Elastomers ((or Rubber) Polymers, either natural or synthetic, which, unlike plastic, when stress is applied, return to their original shape, to a certain degree, once the stress ceases to be applied. The main synthetic elastomers are polybutadiene (BR), styrene-butadiene rubbers (SBR), ethylene-propylene rubbers (EPR), thermoplastic rubbers (TPR) and nitrylic rubbers (NBR).

Enhanced recovery Techniques used to increase or stretch over time the production of wells.

EPC (Engineering, Procurement, Construction) A contract typical of onshore construction of large plants in which the contractor supplies engineering, procurement and construction of the plant. The contract is defined "turnkey" when the plant is supplied for start-up.

EPIC (Engineering, Procurement, Installation, Commissioning) A contract typical of offshore construction of complex projects (such as the installation of production platforms or FPSO systems) in which the global or main contractor, usually a company or a consortium of companies, supplies engineering, procurement, construction of plant and infrastructure, transport to the site and all preparatory activities for the start-up of plants.

Exploration Oil and natural gas exploration that includes land surveys, geological and geophysical studies, seismic data gathering and analysis, and well drilling.

FPSO vessel Floating, Production, Storage and Offloading system made up of a large capacity oil tanker including a large hydrocarbon treatment plant. This system, moored at the bow in order to maintain a geostationary position, is in fact a temporary fixed platform linking by means of risers from the seabed the underwater wellheads to the treatment, storage and offloading systems onboard.

Infilling wells Infilling wells are wells drilled in a producing area in order to improve the recovery of hydrocarbons from the field and to maintain and/or increase production levels.

LNG Liquefied Natural Gas obtained through the cooling of natural gas to minus 160 °C at normal pressure. The gas is liquefied to allow transportation from the place of extraction to the sites at which it is transformed and consumed. One ton of LNG

Mineral Potential ("Potentially recoverable hydrocarbon volumes") Estimated recoverable volumes which cannot be defined as reserves due to a number of reasons, such as the temporary lack of viable markets, a possible commercial recovery dependent on the development of new technologies, or for their location in accumulations yet to be developed or where evaluation of known accumulations is still at an early stage.

Mineral Storage Volumes of natural gas required for allowing optimal operation of natural gas fields in Italy for technical and economic reasons.

Modulation Storage Volumes of natural gas required for meeting hourly, daily and seasonal swings of demand.

Natural gas liquids Liquid or liquefied hydrocarbons recovered from natural gas through separation equipment or natural gas treatment plants. Propane, normal-butane and isobutane, isopentane and pentane plus, that used to be defined natural gasoline, are natural gas liquids.

Network Code A code containing norms and regulations for access to, management and operation of natural gas pipelines.

Offshore/Onshore The term offshore indicates a portion of open sea and, by induction, the activities carried out in such area, while onshore refers to land operations.

Olefins (or Alkenes) Hydrocarbons that are particularly active chemically, used for this reason as raw materials in the synthesis of intermediate products and of polymers.

Over/Underlifting Agreements stipulated between partners regulate the right of each to its share in the production of a set period of time. Amounts different from the agreed ones determine temporary Over/Underlifting situations.

Possible reserves Amounts of hydrocarbons that have a lower degree of certainty than probable reserves and are estimated with lower certainty, for which it is not possible to foresee production.

corresponds to 1,400 cubic meters of gas.

LPG Liquefied Petroleum Gas, a mix of light petroleum fractions, gaseous at normal pressure and easily liquefied at room temperature through limited compression.

Probable reserves Amounts of hydrocarbons that are probably, but not certainly, expected to be extracted. They are estimated based on known geological conditions, similar characteristics of rock deposits and the interpretation of geophysical data. Further uncertainty elements may concern: (i) the extension or other features of the field; (ii) economic viability of extraction based on the terms of the development project; (iii) existence and adequacy of transmission infrastructure and/or markets; (iv) the regulatory framework.

Production Sharing Agreement Contract in use in non OECD area countries, regulating relationships between States and oil companies with regard to the exploration and production of hydrocarbons. The mining concession is assigned to the national oil company jointly with the foreign oil company who has exclusive right to perform exploration, development and production activities and can enter agreements with other local or international entities. In this type of contract the national oil company assigns to the international contractor the task of performing exploration and production with the contractor s equipment and financial resources. Exploration risks are borne by the contractor and production is divided into two portions: "cost oil" is used to recover costs borne by the contractor, "profit oil" is divided between contractor and national company according to variable schemes and represents the profit deriving from exploration and production. Further terms and conditions may vary from one country to the other.

Proved reserves Proved reserves are estimated volumes of crude oil, natural gas and gas condensates, liquids and associated substances which are expected to be retrieved from deposits and used commercially, at the economic and technical conditions applicable at the time of the estimate and according to current legislation. Proved reserves include: (i) proved developed reserves: amounts of hydrocarbons that are expected to be retrieved through existing wells, facilities and operating methods; (ii) non developed proved reserves: amounts of hydrocarbons that are expected to be retrieved following new drilling, facilities and operating methods. On these amounts the company has already defined a clear development expenditure program which is expression of the company s determination.

Recoverable reserves Amounts of hydrocarbons included in different categories of reserves (proved,

Reserve replacement ratio Measure of the reserves produced replaced by proved reserves. Indicates the company s ability to add new reserves through exploration and purchase of property. A rate higher than 100% indicates that more reserves were added than produced in the period. The ratio should be averaged on a three-year period in order to reduce the distortion deriving from the purchase of proved property, the revision of previous estimates, enhanced recovery, improvement in recovery rates and changes in the value of reserves in PSAs due to changes in international oil prices. Management also calculates this ratio by excluding the effect of the purchase of proved property in order to better assess the underlying performance of the Company s operations.

Ship or pay Clause included in natural gas transportation contracts according to which the customer for which the transportation is carried out is bound to pay for the transportation of the gas also in case the gas is not transported.

Strategic Storage Volumes of natural gas required for covering lack or reduction of supplies from extra-European sources or crises in the natural gas system.

Swap In the gas sector, the swap term is referred to a buy/sell contract between some counterparties and is generally aimed to the optimization of transport costs and respective commitments in purchasing and supplying.

Take or pay Clause included in natural gas transportation contracts according to which the purchaser is bound to pay the contractual price or a fraction of such price for a minimum quantity of the gas set in the contract also in case it is not collected by the customer. The customer has the option of collecting the gas paid and not delivered at a price equal to the residual fraction of the price set in the contract in subsequent contract years.

Upstream/Downstream The term upstream refers to all hydrocarbon exploration and production activities. The term downstream includes all activities inherent to the oil sector that are downstream of exploration and probable and possible), without considering their different degree of uncertainty.

production activities.

Wholesale sales Domestic sales of refined products to wholesalers/distributors (mainly gasoil), public administrations and end consumers, such as industrial plants, power stations (fuel oil), airlines (jet fuel), transport companies, big buildings and households. They do not include distribution through the service station network, marine bunkering, sales to oil and petrochemical companies, importers and international organizations.

Workover Intervention on a well for performing significant maintenance and substitution of basic equipment for the collection and transport to the surface of liquids contained in a field.

ABBREVIATIONS

mmcf	=	million cubic feet
bcf	=	billion cubic feet