ENI SPA
Form 6-K
September 03, 2008
Table of Contents

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 2008

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): _______)

TABLE OF CONTENTS

Table of Contents

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, 2008

Table of Contents

Mandatory offer by Eni UK Holding Plc (Eni Holding) for 20% of Hindustan Oil Exploration Ltd (HOEC)

San Donato Milanese (Milan), August 8, 2008 - Further to the announcement on April 24, 2008, Eni Holding, a wholly owned subsidiary of Eni SpA, is pleased to announce the successful results of its mandatory open offer for 20% of the shares of HOEC. As a result of the offer, Eni Holding will become the largest shareholder of HOEC with a 47.17% interest.

The mandatory offer opened on July 2, 2008 and closed on July 21, 2008. It was well-received with an approximately 1.5 times over-subscription and validly tendered shares were accepted on a pro-rata basis. Communication of acceptance and payment were sent to HOEC shareholders on August 5, 2008. The aggregate consideration amounts to 3,765.8 million rupees equivalent to approximately euro 57 million.

In accordance with Indian takeover rules Eni Holding had to make a mandatory cash offer to acquire up to 20% of the share capital of HOEC pursuant to the acquisition of Burren Energy Plc, resulting in the indirect acquisition of 27.17% interest HOEC.

Eni considers its investment in HOEC as a means of participating in India s fast-growing upstream sector and intends to contribute with its industry experience and expertise to assist HOEC in growing its business. Eni also reserves the right to seek board representation that is commensurate with its shareholding following the completion of the offer process.

Company contacts:

Press Office*:* +39 02.52031875 - 06.5982398
Free number for shareholders: 800940924
Switchboard: +39-0659821

ufficio.stampa@eni.it
segreteriasocietaria.azionisti@eni.it
investor.relations@eni.it

Website: www.eni.it

Table of Contents

Contents

Table of Contents

Contents

MISSION

We are a major integrated energy company, committed to growth in the activities of finding, producing, transporting, transforming and marketing oil and gas.
Eni men and women have a passion for challenges, continuous improvement, excellence and particularly value people, the environment and integrity.

BOARD OF DIRECTORS [1]
Chairman
Roberto Poli [2]
Chief Executive Officer and General Manager
Paolo Scaroni [3]
Directors
Alberto Clô, Paolo Andrea Colombo, Paolo Marchioni, Marco Reboa, Mario Resca, Pierluigi Scibetta, Francesco Taranto

GENERAL MANAGERS
Exploration & Production Division
Claudio Descalzi [4]
Gas & Power Division
Domenico Dispenza [5]
Refining & Marketing Division
Angelo Caridi [6]

BOARD OF STATUTORY AUDITORS [7]
Chairman
Ugo Marinelli
Statutory Auditors
Roberto Ferranti, Luigi Mandolesi, Tiziano Onesti, Giorgio Silva
Alternate Auditors
Francesco Bilotti, Pietro Alberico Mazzola

MAGISTRATE OF THE COURT OF ACCOUNTANTS DELEGATED TO THE FINANCIAL CONTROL OF ENI SpA
Lucio Todaro Marescotti [8]
Alternate
Angelo Antonio Parente [9]

External Auditors [10]
PricewaterhouseCoopers SpA

Information on powers retained by the Board of Directors, powers conferred to the Chairman and the Chief Executive Officer, as well as on the composition and powers of the Board Committees (Internal Control Committee, Compensation Committee e Oil-Gas Energy Committee) are presented in the section Corporate Governance, available on Eni website at the following address: http://www.eni.it/it_IT/azienda/corporate-governance/corporate-governance.shtml.

(1) Appointed by the Shareholders Meeting held on June 10, 2008 for a three year period. The Board of Directors expires at the date of approval of the financial statements for the 2010 financial year.
(2) Appointed by the Shareholders Meeting held on June 10, 2008.
(3) Powers conferred by the Board of Directors on June 11, 2008.
(4) Appointed by the Board of Directors on July 30, 2008.
(5) Appointed by the Board of Directors on December 14, 2005, effective from January 1, 2006.
(6) Appointed by the Board of Directors on August 3, 2007.
(7) Appointed by the Shareholders Meeting held on June 10, 2008 for a three year period, expiring at the date of the approval of the financial statements for the 2010 financial year.
(8) Duties conferred by the Governing Council of the Court of Accountants on July 19-20, 2006.
(9) Duties conferred by the Governing Council of the Court of Accountants on May 27-28, 2003.
(10) Appointed by the Shareholders Meeting of May 24, 2007 for the 2007-2009 three-year term.

July 30, 2008

Table of Contents

Eni s Interim Consolidated Report as of June 30, 2008

Contents

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

Highlights

In the first half of 2008 Eni reported net profit of euro 6.76 billion, up 39.2% from a year earlier. On an adjusted basis, net profit amounted to euro 5.37 billion, up 9.6%, driven by a better operating performance.
In light of the financial results achieved for the first half of 2008 and the projected full-year results, the CEO will propose the distribution of an interim dividend for the fiscal year 2008 of euro 0.65 per share (euro 0.60 per share in 2007; up 8.3%) to the Board of Directors on September 11, 2008. The interim dividend is payable from September 25, 2008 being the ex-dividend date September 22, 2008. Holders of ADRs will receive euro 1.30 per ADR payable from October 2, 2008 to holders on record on September 24, 2008.
In the first half of 2008, a total of 16.6 million own shares purchased at a cost of euro 388 million. Since the inception of the share buy-back programme, Eni has purchased 379 million own shares at a total cost of euro 6.58 billion, representing 88.9% of the amount authorized by the Shareholders Meeting.

Oil and natural gas production for the first half of 2008 averaged 1.784 mmboe/d, an increase of 2.8% compared with the first half of 2007 mainly due to the benefit of the assets acquired in 2007 and 2008 in the Gulf of Mexico, Congo and Turkmenistan (for an overall increase of 103 kboe/d), as well as continuing production ramp-up in Egypt, Angola, Pakistan and Venezuela. These positives were partially offset by planned and unplanned facility downtime and technical issues in the North Sea, Nigeria and Australia, as well as mature field declines. Higher oil prices resulted in lower volume entitlements in Eni s PSAs and similar contractual schemes, down approximately 90 kboe/d. When excluding the impact of lower entitlements in PSAs, production was up by 8.1%.

Eni s worldwide natural gas sales were 53.07 bcm, an increase of 4.2 bcm or up 8.6% driven by an increase in international sales that were up by 20.1% mainly reflecting in addition to the higher seasonal sales recorded in the first quarter, organic growth achieved in European markets.

On May 2008, Eni entered into a binding agreement with the French company Suez-Tractebel to buy its 57.243% majority stake in Distrigaz SA, for an initial price of euro 2.74 billion. The deal values Distrigaz at euro 4.8 billion. In 2007, Distrigaz, the incumbent gas company within Belgium, sold 17 bcm of gas volumes. This deal will strengthen Eni s leadership in the European gas market and speed up the Company s strategy of international growth in its gas business.
Furthermore, Eni signed a preliminary agreement with Suez to dispose of certain assets, also targeting optimization of its asset portfolio. Eni s consideration assets include Eni s network of low-pressure pipelines serving the consumer area of Rome and interests in some of Eni s exploration and production properties. Also the two partners are negotiating certain long-term supply contracts of electricity, natural gas and LNG volumes.

Defined a cooperation agreement with the Republic of Congo for the extraction of unconventional oil from the Tchikatanga and Tchikatanga-Makola oil sands deposits deemed to contain significant amount of resources based on a recent survey. Eni plans to monetize the heavy oil by applying its EST (Eni Slurry Technology) proprietary technology intended to convert entirely the heavy barrel into high-quality light products. The agreement also comprises construction of a new 450 MW electricity generation plant (Eni s share 20%) to be fired with the associated natural gas from the operated M Boundi field and a partnership for the production of bio-diesel.

Signed a strategic agreement with the Venezuelan State oil company PDVSA for the definition of a plan to develop a field located in the Orinoco oil belt, with a gross acreage of 670 square kilometers. This block is deemed to contain significant amounts of heavy oil according to a recent survey. Eni plans to monetize the heavy oil using its EST Technology.

Signed a Memorandum of Understanding with the British company Tullow Oil Ltd to purchase a 52% stake and the operatorship of fields in the Hewett Unit and relevant facilities. Eni targets to upgrade certain depleted fields in the area so as to achieve a gas storage facility with a 5 bcm capacity to support seasonal upswings in gas demand in the UK. Once completed, it will be the largest storage site in the UK. This transaction is expected to close by the end of 2008.

Renewed the partnership with the Brazilian oil company Petrobras to implement joint projects targeting crude oil production and processing, production and marketing of bio-fuels and joint assessment of options to monetize gas reserves that were found by Eni offshore Brazil.

Signed a Memorandum of Understanding with the state-owned company Qatar Petroleum International to target joint investment opportunities in the exploration and production of oil and gas.

Finalized a strategic oil deal with the Libyan national oil company based on the framework agreement of October 2007. This deal effective from January 1, 2008, extends the terms of Eni titles in Libya until 2042 and 2047 for oil and gas properties respectively. It also targets a number of industrial initiatives designed to monetize the large reserve base, particularly through the implementation of important gas projects.

Made a cash offer to acquire up to 20% of the share capital of Hindustan Oil Exploration Ltd pursuant to the acquisition of Burren Energy Plc, resulting in the indirect acquisition of 27.17% of the share capital of the target company. This company is listed on the main Indian stock markets. The offer process closed successfully early in August 2008. As a result Eni increased its interest to 47.17%.

Signed an agreement to purchase a 17% stake in the share capital of Gaz de Bordeaux Energie Services SAS. Also Eni s associate Altergaz (Eni s interest being 38%) intends to purchase a stake of a similar size. The two partners plan to support the development of the target company by supplying it with up to 250 mmcm/y for ten years to expand sales to residential, commercial and industrial customers.

Signed a gas supply contract with a thermoelectric customer in Russia. This deal marks the start of Eni s gas marketing activities in the country.

Approved the Kitan oilfield development area by the Timor Sea Designated Authority pursuant to the declaration of commercial discovery that was made by Eni. The discovery is located in lease 06-105 in the Joint Petroleum Development Area 170 kilometers off the Timor Leste coast and 500 kilometers off the Australian coast.

Sanctioned the development plan of the operated Nikaitchuq oilfield in Alaska (Eni 100%). Production start-up is expected by the end of 2009.

In the first half of 2008, Eni invested euro 2.83 billion in the development of hydrocarbon reserves mainly in Egypt, Kazakhstan, Angola, Italy and Congo.

In the first half of 2008, Eni invested euro 981 million (up 31.1% from the first half of 2007) executing an extensive exploration campaign in well established areas of presence leading to the completion of 64 new exploratory wells (31 net to Eni) with a commercial rate of success of 38.2% (46% net to Eni). Main discoveries were made off the coast of Angola, Australia, Egypt, the Gulf of Mexico, Italy, Norway, Pakistan and the United Kingdom.

New exploration leases were acquired in Angola, Alaska, Indonesia, Norway and the Gulf of Mexico with an extension of 15,612 square kilometers (net to Eni, 98% operated).

Disclaimer

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

Due to the seasonality in demand for natural gas and certain refined products and the changes in a number of external factors affecting Eni s operations, such as prices and margins of hydrocarbons and refined products, Eni s results of operations and changes in net borrowings for the first half of the year cannot be extrapolated for the full year.

Contents

ENI OPERATING AND FINANCIAL REVIEW / STATISTIC RECAP

Financial highlights

2007	(million euro)		First Half 2007	2008	Change	% Ch.
87,256	Net sales from operations		41,688	**55,422**	13,734	32.9
18,868	Operating profit		9,323	**11,901**	2,578	27.7
18,986	Adjusted operating profit [a]		9,449	**11,514**	2,065	21.9
10,011	Net profit [b]		4,855	**6,758**	1,903	39.2
9,470	Adjusted net profit [a] [b]		4,900	**5,368**	468	9.6
15,517	Net cash provided by operating activities		9,683	**9,950**	267	2.8
10,593	Capital expenditures		4,257	**6,759**	2,502	58.8
208	R&D expenditures		89	**126**	37	41.6
101,460	Total assets at period end		94,936	**109,044**	14,108	14.9
19,830	Debts and bonds at period end		16,141	**21,323**	5,182	32.1
42,867	Shareholders equity including minority interests at period end		42,296	**43,889**	1,593	3.8
16,327	Net borrowings at period end		9,122	**16,565**	7,443	81.6
59,194	Net capital employed at period end		51,418	**60,454**	9,036	17.6
680	Cost of purchased own shares		339	**388**	49	14.5
27.56	Number of own shares purchased	(million)	13.83	**16.64**	2.81	20.3

(a) For a detailed explanation of adjusted operating profit and adjusted net profit see page 44.
(b) Profit attributable to Eni shareholders.

Summary financial data

2007			First Half 2007	2008	Change	% Ch.
	Net profit					
2.73	- per ordinary share [a]	(EUR)	1.32	**1.85**	0.53	40.2
7.49	- per ADR [a] [b]	(USD)	3.51	**5.66**	2.15	61.3
	Adjusted net profit					
2.58	- per ordinary share [a]	(EUR)	1.33	**1.47**	0.14	10.5
7.07	- per ADR [a] [b]	(USD)	3.54	**4.50**	0.96	27.1
	Return on Average Capital Employed (ROACE) [c]					
20.5	- reported	(%)	19.2	**23.6**	4.4	
19.3	- adjusted	(%)	21.4	**19.8**	(1.6)	
0.38	Leverage		0.35	**0.38**	0.03	

(a) Fully diluted. Dollar amounts are converted on the basis of the average EUR/USD exchange rate quoted by the ECB for the periods 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, 2008, on June 30, 2007 and on December 31, 2007.

Key market indicators

2007		First Half 2007	2008	Change	% Ch.
72.52	Average price of Brent dated crude oil [a]	63.26	**109.14**	45.88	72.5

1.371	Average EUR/USD exchange rate [b]		1.329	**1.530**	0.201	15.1
52.90	Average price in euro of Brent dated crude oil		47.60	**71.33**	23.73	49.9
4.52	Average European refining margin [c]		4.98	**5.93**	0.95	19.1
3.30	Average European refining margin in euro		3.75	**3.88**	0.13	3.5
4.3	Euribor - three-month rate	(%)	3.9	**4.7**	0.8	20.5
5.3	Libor - three-month dollar rate	(%)	5.5	**3.0**	(2.5)	(45.5)

(a) In US dollars per barrel. Source: Platt s Oilgram.
(b) Source: ECB.
(c) In US dollars per barrel FOB Mediterranean Brent dated crude oil. Source: Eni calculations based on Platt s Oilgram data.

Summary operating data

2007			First Half 2007	**2008**	Change	% Ch.
	Exploration & Production					
1,736	Production of hydrocarbons	(kboe/d)	1,735	**1,784**	49	2.8
1,020	Liquids	(kbbl/d)	1,028	**1,005**	(23)	(2.2)
4,114	Natural gas	(mmcf/d)	4,063	**4,472**	409	10.4
	Gas & Power					
98.96	Worldwide gas sales	(bcm)	48.87	**53.07**	4.20	8.6
5.39	*of which: E&P sales* [(a)]	(bcm)	*2.24*	***3.32***	*1.08*	*48.2*
83.28	Gas volumes transported in Italy	(bcm)	41.89	**45.36**	3.47	8.3
33.19	Electricity sold	(TWh)	16.24	**15.37**	(0.87)	(5.4)
	Refining & Marketing					
37.15	Refining throughputs on own account	(mmtonnes)	18.32	**17.65**	(0.67)	(3.7)
56	Conversion index	(%)	57	**56**	(1)	(1.8)
12.65	Retail sales of petroleum products in Europe	(mmtonnes)	6.06	**6.27**	0.21	3.5
6,440	Service stations in Europe at period end	(units)	6,279	**6,373**	94	1.5
2,486	Average throughput of service stations in Europe	(kliters)	1,198	**1,210**	12	1.0
	Petrochemicals					
8,795	Production	(ktonnes)	4,411	**4,136**	(275)	(6.2)
5,513	Sales of petrochemical products	(ktonnes)	2,812	**2,677**	(135)	(4.8)
80.6	Average plant utilization rate	(%)	81.5	**77.3**	(4.2)	(5.2)
	Engineering & Construction					
12,011	Orders acquired	(million euro)	4,948	**5,471**	523	10.6
15,390	Order backlog at period end	(million euro)	13,308	**16,191**	2,883	21.7
75,862	**Employees at period end**	(units)	**75,841**	**76,360**	**519**	**0.7**

(a) E&P sales include volumes marketed by the Exploration & Production division in Europe (1.94, 1.83 and 3.59 bcm for the first half of 2007, 2008 and the full year 2007) and in the Gulf of Mexico (0.30, 1.49 and 1.80 bcm for the first half of 2007, 2008 and the full year 2007).

Contents

ENI OPERATING AND FINANCIAL REVIEW / OPERATING REVIEW

Exploration & Production

Key performance indicators

2007			First Half 2007	First Half 2008
		(million euro)	2007	**2008**
27,278	Net sales from operations [a]		12,829	**17,889**
13,788	Operating profit		6,550	**9,058**
14,051	Adjusted operating profit [b]		6,615	**9,369**
13,785	*Exploration & Production*		*6,425*	***9,252***
266	*Stoccaggi Gas Italia*		*190*	***117***
6,491	Adjusted net profit		3,056	**4,141**
	Results also include:			
5,626	amortization and depreciation		2,547	**3,259**
	of which:			
1,777	exploration expenditures		777	**1,056**
1,370	*amortization of exploratory drilling expenditures and other*		*615*	***806***
407	*amortization of geological and geophysical exploration expenses*		*162*	***250***
6,625	Capital expenditures		2,837	**4,462**
	of which:			
1,659	*exploration expenditures* [c]		*748*	***981***
145	*storage*		*34*	***98***
24,643	Adjusted capital employed, net		21,717	**23,610**
30.0	Adjusted ROACE	(%)	30.9	**33.4**
	Production [d]			
1,020	Liquids [e]	(kbbl/d)	1,028	**1,005**
4,114	Natural gas	(mmcf/d)	4,063	**4,472**
1,736	**Total hydrocarbons**	(kboe/d)	**1,735**	**1,784**
	Average realizations			
67.70	Liquids [e]	($/bbl)	59.47	**95.71**
5.42	Natural gas	($/mmcf)	5.18	**7.29**
53.17	**Total hydrocarbons**	($/boe)	**47.96**	**73.11**
9,334	Employees at period end	(units)	8,670	**10,773**

(a) Before elimination of intragroup sales.
(b) From 2008, adjusted operating profit is reported for the Exploration & Production and Storage businesses within the Exploration & Production division. Prior period data have been restated accordingly.
(c) Includes exploration bonuses.
(d) Includes Eni s share of equity-accounted entities.
(e) Includes condensates.

Mineral right portfolio

was partly offset by the acquisition of Burren Energy Plc for a total net exploration and development acreage of

and exploration activities

As of June 30, 2008, Eni s mineral right portfolio consisted of 1,236 exclusive or shared rights for exploration and development in 38 countries on five continents for a total net acreage of 383,557 square kilometers (394,491 at December 31, 2007).
Outside Italy net acreage (363,903 square kilometers) decreased by 9,924 square kilometers mainly due to implementation of a strategic oil deal in Libya, which 7,761 square kilometers (mainly in Turkmenistan, Yemen, Congo and Egypt). New exploration leases were acquired in Angola, Alaska, Indonesia, Norway and the Gulf of Mexico with an extension of 15,612 square kilometers (net to Eni, 98% operated). In Italy, net acreage (19,654 square kilometers) declined by 1,010 square kilometers due to releases.

In the first half of 2008, a total of 64 exploratory wells were completed (31 of which represented Eni s share), as compared to 45 exploratory wells completed in the first half of 2007 (24 of which represented Eni s share). The commercial success rate was 38.2% (46% net to Eni) as compared to 22.7% (18.8% net to Eni) in the first half of 2007.

Oil and natural gas interests

	December 31, 2007	June 30, 2008			
	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	**25,991**	**25,014**	**19,654**	**12,548**	**160**
Outside Italy	**731,292**	**730,366**	**363,903**	**24,855**	**1,076**
North Africa					
Algeria	11,432	2,876	903	903	33
Egypt	24,443	28,059	10,163	2,549	59
Libya	37,749	36,375	24,044	762	13
Tunisia	6,464	6,464	2,274	1,558	11
	80,088	**73,774**	**37,384**	**5,772**	**116**
West Africa					
Angola	20,527	20,492	3,323	1,397	55
Congo	11,099	15,655	8,244	1,009	26
Nigeria	44,049	44,049	7,756	5,715	50
	75,675	**80,196**	**19,323**	**8,121**	**131**
North Sea					
Norway	15,335	13,180	4,424	123	51
United Kingdom	5,445	5,198	1,172	644	91
	20,780	**18,378**	**5,596**	**767**	**142**
Caspian Area					
Kazakhstan	4,933	4,933	959	488	6
Turkmenistan		200	200	200	1
	4,933	**5,133**	**1,159**	**688**	**7**
Rest of world					
Australia	62,510	61,520	30,554	891	19
Brazil	2,920	1,772	1,772		3
China	632	770	159	135	5
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	24,425	9,091		3
Indonesia	27,999	30,958	20,218	656	11
Iran	1,456	1,456	820	820	4
Pakistan	38,426	35,939	18,359	601	21
Russia	5,126	5,126	3,076	1,168	4
Saudi Arabia	51,687	51,687	25,844		1

Trinidad & Tobago	382	382	66	66	1
United States	10,619	11,272	6,464	920	569
Venezuela	1,556	1,556	614	145	3
	243,937	**243,062**	**129,804**	**8,390**	**652**
Other countries	6,311	6,311	1,364	1,117	9
Other countries with only exploration activity	299,568	303,512	169,273		19
Total	**757,283**	**755,380**	**383,557**	**37,403**	**1,236**

(a) Square kilometers.

Production

Oil and natural gas production for the first half of 2008 averaged 1,784 kboe/d, an increase of 49 kboe/d compared to the same period of the last year (up 2.8%). This improvement mainly benefited from the assets acquired in the Gulf of Mexico, Congo and Turkmenistan (for an overall increase of 103 kboe/d), as well as continuing production ramp-up in Egypt, Angola, Pakistan and Venezuela. These positives were partially offset by planned and unplanned facility downtime in the North Sea, Nigeria and Australia as well as mature field declines. Higher oil prices resulted in lower volume entitlements in Eni s Production Sharing Agreements (PSAs)[1] and similar contractual schemes, down approximately 90 kboe/d. When excluding the impact of lower entitlements in PSAs, production was up 8.1%. The share of oil and natural gas produced outside Italy was 89% (87% in the first half of 2007).

Production of liquids was 1,005 kbbl/d and decreased by 23 kbbl/d from the first half of 2007 or 2.2%. Production decreases were mainly reported in the North Sea and Australia. The impact of lower entitlements in Eni s PSAs was mainly reported in Angola. The acquired assets in the Gulf of Mexico, Congo and Turkmenistan as well as continuing production ramp-up in Egypt and the start-up of Corocoro field (Eni s interest 26%) in Venezuela supported production growth.

Production of natural gas for the first half of 2008 was 4,472 mmcf/d and increased by 409 mmcf/d, or 10.4%. This improvement was mainly driven by the acquired assets in the Gulf of Mexico in 2007, the ramp-up production of the Zamzama field (Eni s interest 17.75%) and start-up of the Badhra field (Eni operator with a 40% interest) in Pakistan and in Kazakhstan. Production decreased in the United Kingdom and Italy due to mature field declines.

Oil and gas production sold amounted to 313.9 mmboe. The 10.8 mmboe difference over production mainly reflected volumes of gas consumed in operations (8 mmboe).

			First Half			
2007			2007	**2008**	Change	% Ch.
1,736	**Production of oil and natural gas** [a] [b]	(kboe/d)	**1,735**	**1,784**	**49**	**2.8**
212	Italy		219	**205**	(14)	(6.4)
594	North Africa		583	**639**	56	9.6
327	West Africa		335	**315**	(20)	(6.0)
261	North Sea		275	**243**	(32)	(11.6)
112	Caspian Area		117	**131**	14	12.0
230	Rest of world		206	**251**	45	21.8
611.4	**Oil and natural gas sold** [a]	(mmboe)	**302.3**	**313.9**	**11.6**	**3.8**

			First Half			
2007			2007	**2008**	Change	% Ch.
1,020	**Production of liquids** [a]	(kbbl/d)	**1,028**	**1,005**	**(23)**	**(2.2)**
75	Italy		76	**71**	(5)	(6.6)
337	North Africa		331	**340**	9	2.7
280	West Africa		286	**269**	(17)	(5.9)
157	North Sea		163	**143**	(20)	(12.3)
70	Caspian Area		75	**86**	11	14.7
101	Rest of world		97	**96**	(1)	(1.0)

2007			First Half 2007	2008	Change	% Ch.
4,114	**Production of natural gas** [(a) (b)]	(mmcf/d)	**4,063**	**4,472**	**409**	**10.4**
790	Italy		820	**770**	(50)	(6.1)
1,474	North Africa		1,446	**1,718**	272	18.8
274	West Africa		279	**261**	(18)	(6.5)
595	North Sea		647	**574**	(73)	(11.3)
238	Caspian Area		238	**261**	23	9.7
743	Rest of world		633	**888**	255	40.3

(a) Includes Eni s share of production of equity-accounted entities.
(b) Includes production volumes of natural gas consumed in operations (284 and 292 mmcf/d in the first half of 2008 and 2007, respectively, and 296 mmcf/d in 2007).

---

(1) For a definition of PSA see Glossary below.

Main exploration and development projects

NORTH AFRICA

Algeria Exploration activities yielded positive results in the following areas: a) Block 404 (Eni s interest 12.5%) with the BKNE-24 and HBNSE-12 appraisal wells, with the latter starting production through existing facilities; b) Blocks 401a and 402a with the ROD-21 appraisal well that started production through existing facilities.
Development activities mainly regarded continuation of the Rom Integrated project, which provides for the construction of a new oil treatment plant with a capacity of 32 kbbl/d.
The State oil company Sonatrach has requested to renegotiate economic terms of certain PSAs operated by Eni or Eni co-venturers, in particular the producing Blocks 401a/402a (Eni s interest 55%) and 404 (Eni s interest 12.25%) and Block 208 (Eni s interest 12.25%) under development. Sonatrach s request originated from certain changes to the Algerian tax framework for oil activities whereby Sonatrach is allegedly required to pay an increased tax burden on behalf of foreign oil companies with respect to the previous regime. Consequently Sonatrach is claiming to renegotiate contractual terms of the above mentioned PSAs in order to restore the initial economic equilibrium. At present, management is not able to foresee the final outcome of such renegotiations.

Egypt Exploration activities yielded positive results: a) offshore the Nile Delta with the Satis-1 discovery (Eni s interest 50%), aimed at supporting the expansion plan of the Damietta LNG plant; b) onshore with the Eky oil discovery (Eni operator with a 100% interest).
In the first half of 2008 a number of fields started production: (i) the West Ashrafi (Eni s interest 100%) field was completed underwater and linked to existing facilities. Current production amounts to approximately 2 kboe/d; (ii) in the Ras el Barr concession (Eni s interest 50%), the Taurt field was linked to the onshore West Harbour treatment plant. Current production of about 5 kboe/d (1.7 net to Eni) is expected to peak at about 38 kboe/d (13 net to Eni) in the fourth quarter of 2008; (iii) in the el Temsah concession (Eni operator with a 50% interest), development activities progressed at the expected to ensure natural gas supplies of 23 kboe/d to the first train of the Damietta LNG plant.
In the Gulf of Suez optimization activities progressed at the Belayim field (Eni s interest 100%) by finalizing basic engineering for the upgrading of the water injection system intended to recover residual reserves.
Development activities are underway offshore the Nile Delta, particularly in the Thekah concession (Eni operator with a 50% interest) and the North Bardawil concession (Eni operator with a 60% interest).
Upgrading of el Gamil compression plant progressed by adding new capacity.
Eni and the partners of 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 with start up expected in 2012. Eni will provide 88 bcf/y to the second train for a period of twenty years. The project is expected to be approved by the Egyptian authorities before the end of 2008. The reserves have been already identified which are destined to feed this second train, including any additional amounts that must be developed to meet the country s domestic requirements under existing laws.
In April 2008, Eni signed a memorandum of understanding relating to the thermoelectric sector in Egypt whereby the Company will provide its technology for the combined production of electricity and steam from gas-fired plants.

Libya Exploration activities yielded positive results in: a) the offshore Block NC41 (Eni s interest 100%), where the U1-NC41 discovery well showed the presence of oil and natural gas and the D4-NC41 appraisal well was successfully tested; b) in former Concession 82 (Eni s interest 50%), the YY1-82 discovery well showed the presence of oil.
In June 2008, Eni and the Libyan national oil company (NOC) finalized six Exploration and Production Sharing contracts (EPSA) converting the original agreements that regulated Eni s exploration and development activities in the country. The new contracts have incorporated general terms and conditions set in the framework agreement signed in October 2007[2]. Terms of Eni titles in Libya have been extended till 2042 and 2047 for oil and gas properties respectively. The two partners have also agreed to develop a number of industrial initiatives designed to monetize the large

Denise A platform achieving early production in late 2007. The production build-up was reached in the first half of 2008 through the completion of phase A of the development plan. Current production amounts to 35 kboe/d (10 net to Eni). The Taurt and Denise fields are reserve base, particularly through the implementation of important gas projects. The economic effects and Eni s production entitlements based on the new contracts have been determined effective from January 1, 2008. Also the tax burden on Eni s taxable

(2) For more information see Operating Review, Exploration & Production, Main exploration and development projects in Annual Report 2007.

profit has been determined based on the renewed tax framework applicable to foreign oil companies operating under PSAs schemes. This new tax regime was enacted in 2007. In line with past practice, NOC has retained the role of tax agent on behalf of foreign oil companies. This tax regime does not alter the agreed economic value of the EPSAs currently in place between Eni and NOC. Based on the arrangements agreed upon with NOC, the tax base of the Company s Libyan oil properties has been reassessed resulting in the partial utilization of previously accrued deferred tax liabilities amounting to US $ 265 million (see Financial Review, below).

Tunisia Exploration activities yielded positive results: a) onshore in the Adam Block (Eni operator with a 25% interest), where the MEJDA-1 well showed the presence of oil and gas; b) onshore in the Bek Block (Eni operator with a 25% interest), where the ABIR-1 well found oil and gas.
The ongoing development projects mainly regarded the optimization of production at the Oued Zar (Eni operator with a 50% interest) and El Borma (Eni s interest 50%) fields.
Development activities started also at the production platform of the Maamoura (Eni s interest 49%) and Baraka (Eni s interest 49%) fields. Production start-up is expected in 2009.

WEST AFRICA

Angola Exploration activities yielded positive results in: a) Block 15/06 (Eni operator with a 35% interest) with the Ngoma-1 and Sangos-1 oil discoveries. The Sangos discovery was declared of commercial interest; b) Block 0 (Eni s interest 9.8%) with the Kambala appraisal well; c) the development area of former Block 14 (Eni s interest 20%) with the Lucapa-5 appraisal well.
In May 2008, Eni acquired a 10% interest in the Cabinda North Block from the state oil company Sonangol.
As part of Phase C of the development of reserves in the Kizomba deep offshore area, the Mondo and Saxi/Batuque fields in Block 15 (Eni s interest 20%) were started-up by means of an FPSO vessel. Peak production at 100 kbbl/d (18 net to Eni) is expected in 2008 and 2009, respectively.

contain significant amount of resources based on a recent survey. Eni plans to monetize the heavy oil by applying its EST (Eni Slurry Technology) proprietary technology intended to fully convert the heavy barrel into high-quality light products. The project will also benefit from synergies resulting from the close proximity of the M'Boundi oilfield (Eni s interest 80.1%); (ii) collaboration in the use of vegetable oils, aimed at covering domestic demand for food uses and using exceeding amounts for the production of bio-diesel with Eni s proprietary technology Ultra-Bio-Diesel; (iii) construction of a 450 MW electricity generation plant near the Djeno oil terminal, with start-up expected in 2009. The power station (Eni s share 20%) will be fired with the associated natural gas from the operated M Boundi field and offshore discoveries in Permit Marine XII (Eni operator with a 90% interest) contributing to the reduction of gas flaring.
This project aims at qualifying as Clean Development Mechanism in implementing the Kyoto protocol and as a contribution to the sustainable development of the Country.
Development activities at the Awa Paloukou (Eni s interest 90%) and Ikalou-Ikalou Sud (Eni s interest 100%) fields are underway. Production is expected to start in the second half of 2008 peaking at 13 kboe/d net to Eni in 2009.

Nigeria Eni exercised its pre-emption rights on the remaining 49.81% interest in Blocks OML 125 and 134 (Eni s interest 50.19%). This transaction is subject to approval by relevant authorities.
In Blocks OML 60, 61, 62 and 63 (Eni operator with a 20% interest) development activities of gas reserves are underway: (i) the basic engineering work for increasing capacity at the Obiafu/Obrikom plant was completed. The project also provides for installation of a new treatment plant and transport facilities; (ii) the development plan of the Tuomo gas field has been progressing. Production is expected to start by means of linkage to the Ogbainbiri treatment plant. These activities target to supply 311 mmcf/d of feed gas to the Bonny liquefaction plant (Eni s interest 10.4%) for a period of 20 years.
In the OML 120/121 blocks (Eni operator with a 40% interest), the Oyo oil discovery is under development.

Congo In May 2008, Eni defined a cooperation agreement with the Republic of Congo intend to develop the country s mineral potential. The agreement provides for: (i) development and extraction of unconventional oil from the Tchikatanga and Tchikatanga-Makola oil sands deposits. The two deposits that cover acreage of approximately 1,790 square kilometers are deemed to

The project provides for the installation of an FPSO unit with production start-up expected in 2009.

NORTH SEA

Norway Exploration activities yielded positive results in: a) the Prospecting License 312 (Eni s interest 17%) with the Gamma gas discovery at a depth of about 2,500

meters. Production will be treated at the nearby Aasgard facilities (Eni s interest 14.82%); b) the Prospecting License 112 (Eni operator with a 20% interest), the Marulk discovery was appraised leading to an estimated mineral potential ranging from 80 to 120 mmboe; c) the Prospecting License 293 (Eni operator with a 45% interest), with the gas and condensate Aphrodite discovery. Ongoing pre-development activities aim to assessing the economic viability of the project.
In February 2008, following an international bid procedure, Eni was awarded operatorship of 2 exploration licenses with a 40% and 65% stake, respectively, in the Barents Sea and further 3 licenses in the Norwegian Sea with stakes from 19.6% to 29.4%.
Development activities concerned in particular optimization of producing fields, in particular Ekofisk (Eni s interest 12.39%), Aasgard (Eni s interest 14.82%), Heidrun (Eni s interest 5.12%) and Norne (Eni s interest 6.9%) through infilling activities designed to support production levels.
In May 2008, the relevant authorities sanctioned the development plan for the Morvin discovery (Eni s interest 30%). The basic design provides linkage to existing production facilities that will be upgraded. Production start-up is expected in the first quarter of 2010.
Drilling program started at the Tyrihans field (Eni s interest 6.23%) that will be developed through synergies with the production facilities of Kristin (Eni s interest 8.25%). Production is expected to start in 2009, in coincidence with the expected production decline of Kristin which will make spare capacity available to process production from Tyrihans.
In Prospecting Licence 229 (Eni operator with a 65% interest) appraisal activities continued on the Goliath oil discovery. The project is progressing according to schedule with start up expected in 2012 and production expected to plateau at 100 kbbl/d. In the first half of 2008 contracts were awarded for the study of two possible development plans by means of a cylindrical FPSO unit. The final investment decision is expected before the end of 2008.

United Kingdom Exploration activities yielded positive results in: a) the Block 16/23 (Eni s interest 16.67%) with the oil and gas Kinnoul discovery. The discovery is planned to be developed in synergy with the production

In June 2008, Eni signed a Memorandum of Understanding with the British company Tullow Oil to purchase a 52% stake and the operatorship of fields in the Hewett Unit in the British section of the North Sea and relevant facilities including the associated Bacton terminal. Eni aims to upgrade certain depleted fields in the area so as to achieve a gas storage facility with a 177 bcf capacity to support seasonal upswings in gas demand in the UK. Once completed, it will be the largest storage site in the UK. This transaction is expected to close by the end of 2008.
Pre-development activities are underway at the Burgley discovery (Eni s interest 7.1%). The project sanction is expected in the second half of 2008.
Development activities concerned: (i) optimization of producing fields, in particular J-Block (Eni s interest 33%) and the Liverpool Bay area (Eni s interest 59.3%) trough the upgrading of existing facilities; (ii) infilling actions at the Flotta Catchment Area (Eni s interest 20%) and Mac Culloch (Eni s interest 40%) field targeting to maintain production levels.
Development activities progressed at the West Franklin field (Eni s interest 21.87%) by completing a new development well expected to peak at 20 kboe/d (4 net to Eni) in the second half of 2008.

CASPIAN AREA

Kazakhstan - Kashagan Eni is the single operator of the North Caspian Sea Production Sharing Agreement (NCSPSA) with a participating interest equal to 18.52% as of December 31, 2007. The other partners of this initiative are Total, Shell and ExxonMobil, each with a participating interest of 18.52%, ConocoPhillips with 9.26%, and Inpex and KazMunaiGas each with 8.33%.
On January 14, 2008, all parties to the NCSPSA consortium and the Kazakh authorities signed a memorandum of understanding for the amicable solution of a dispute that commenced in August 2007 about the economic terms of the Kashagan development project. The material terms of the agreement are: (i) the proportional dilution of the participating interest of all the international members of the Kashagan consortium, following which the stake held by the national Kazakh company KazMunaiGas and the stakes held by the other four major shareholders will each be equal to 16.81%. These changes will be effective from January 1, 2008.

facilities of Andrew (Eni s interest 16.21%); b) the Block 30/6 (Eni s interest 33%) gas and condensates were found nearby the recent Jasmine discovery. Joint development of these two structures is being assessed in combination with existing facilities.

The Kazakh partner will pay to the other co-venturers an aggregate amount of US $1.78 billion; (ii) a value transfer package to be implemented through changes to the terms of the

NCSPSA, the amount of which will vary in proportion to future levels of oil prices. Eni is expected to contribute to the value transfer package in proportion to its new participating interest in the project; (iii) an increased role of the Kazakh partner in operations and a new operating and governance model which will entail a greater involvement of the major international partners. Although the project continued during the negotiation process, its progress was delayed due to lack of approval of relevant contracts. In April 2008, the NCPSA consortium partners filed with the Kazakh authorities a revised budget and schedule (expenditures and first oil) for the execution of phase-one of the project (the so called Experimental Program). Parties have agreed to reach a final approval of the revised budget of phase one by October 15, 2008. Parties have also agreed to extend the variable value transfer mechanism to higher oil prices and to define a schedule to finalize the arrangements intended to enact terms and conditions contained in the MOU that was signed in January 2008. In the meantime, the Kazakh authorities approved the 2008 budget and relevant working plan as well as outstanding contracts.

Kazakhstan - Karachaganak In April 2008, the Kazakh authorities approved a tax decree enacting a new duty tax on crude oil exports. Eni and the Kazakh authorities are currently assessing whether this new duty tax is applicable to oil exports from the Karachaganak field where Eni is co-operator with a 32.5% stake, taking into account that certain clauses in the PSA regulating activities at the field provide the stability of the tax burden for the venturers.

REST OF WORLD

Australia Exploration activities yielded positive results in: a) the Block WA-328-P (Eni operator with a 67% interest) with the offshore Charon-1 oil discovery; b) the Block JPDA 06-105 (Eni operator with a 40% interest), located in the international offshore cooperation zone between East Timor and Australia, where the Kitan-1 exploration well showed the presence of oil at a depth of 3,658 meters and yielded 6.1 kbbl/d in test production. In June 2008, the oilfield development area was approved by the Timor Sea Designated Authority pursuant to the declaration of commercial discovery that linked to an FPSO unit. Production rump-up is expected in the second half of the year.
Development activities are underway at the Blacktip field (Eni operator with a 100% interest). The development strategy is expected to be deployed envisaging installation of a platform that will be linked to an onshore treatment plant. Engineering activities and the offshore facilities have been completed. Start-up is expected in 2009, peaking at 26,133 mmcf/year in 2010. Natural gas production is destined to supply a power station plant.

India In April 2008, Eni made a cash offer to acquire up to 20% of the share capital of Hindustan Oil Exploration Ltd pursuant to the acquisition of Burren Energy plc, resulting in the indirect acquisition of 27.17% of the share capital of the target company. This company is listed on the main Indian stock markets. The offer process closed successfully early in August 2008. As a result Eni increased its interest to 47.17%.

Indonesia In May 2008, following an international bid procedure, Eni was awarded the operatorship of the West Timor exploration block extending over an offshore and onshore area of about 4,000 square kilometers.
Development activity concerned: (i) in the Krueng Mane permit (Eni operator with an 85% interest) the drilling preliminary activities was completed. The drilling program is expected to start in the second half of the year; (ii) in the Bukat permit (Eni operator with a 66.25% interest), the seismic data campaign was completed.

Pakistan Exploration activities yielded positive results in: a) the Mubarak Block (Eni s interest 38%) with the Squib gas discovery that yielded 700 kmc/d in test production; b) the Latif exploration licence, where the Latif-2 appraisal well allowed to confirm the presence of new reserves and the mineral potential of the area.
As part of the development of reserves in the Bhit permit (Eni operator with a 40% interest) the third treatment unit was started and increased the plant capacity by 46 bcf leading to the start-up of the satellite Badhra field.

Qatar Eni signed a memorandum of understanding with

was made by Eni. Activities are ongoing for the preparation of development plan to be filed with relevant authorities within 12 months.
In the first half of 2008 development activities have been completed in the southern area of the Woollybutt field (Eni operator with a 65% interest) with the drilling of a new production well that was

the state-owned company Qatar Petroleum International to target joint investment opportunities in the exploration and production of oil and gas. The agreement also envisages the development of joint projects in the petrochemical industry and power generation.

United States - Gulf of Mexico Offshore exploration activities yielded positive results: a) in Block Mississippi Canyon 771 (Eni s interest 25%) with the oil and gas

- 12 -

Kodiak discovery near the operated Devil s Tower platform (Eni s interest 75%); b) in Block Walker Ridge 508 (Eni s interest 15%) the Stones-3 discovery well found oil. This discovery is part of the exploration assets acquired from Dominion Resources; c) in Block Mississippi Canyon 459 (Eni s interest 100%) with the Appaloosa and Aransas oil discoveries.
In March 2008, following an international bid procedure Eni was awarded 32 exploration blocks. The subsequent development phase will leverage synergies relating to the proximity of acquired acreage to existing operated facilities.
The development program of the Longhorn discovery (Eni s interest 75%) was sanctioned. The project provides for installation of a fixed platform linked to 3 underwater wells. Start-up is expected in the first quarter of 2009 with peak production at 28 kboe/d (about 19 net to Eni) in 2009.

United States - Alaska In February 2008, following an international bid procedure Eni was awarded 18 offshore exploration blocks, 4 of which as operator, in the Chukchi Sea. The acquired acreage is estimated to have significant mineral potential and will strengthen Eni s position in the area.
The phased development plan of Nikaitchuq field (Eni operator with a 100% interest) was sanctioned. Production is expected to start in 2009 with production plateau at 25 kboe/d in 2014.
In June 2008, production started at the Ooguruk oil field (Eni s interest 30%), in the Beaufort Sea, by linking to onshore facilities located on an artificial island. Peak production at 17 kboe/d is expected in 2011.

Venezuela In February 2008, Eni and the Venezuelan Authorities reached a final settlement over the dispute regarding the expropriation of the Dación field which took place on April 1, 2006. Under the terms of the settlement, Eni will receive cash compensation in line with the carrying amount of the expropriated asset. Part of this cash compensation has been collected in the period. Eni believes this settlement represents an important step towards improving and strengthening cooperation with the Venezuelan State oil company PDVSA.
As part of improving cooperation with PDVSA, on February 29, 2008 the two partners signed a strategic agreement for the development of the Junin Block 5 located in the Orinoco oil belt. This block covering a gross acreage of 670 square kilometers holds a resource potential estimated to be in excess of 2.5 bbbl of heavy oil. Once relevant studies have been performed and a development plan defined, a joint venture between PDVSA (60%) and Eni (40%) will be established to execute the project. Eni intends to contribute its experience and leading technology to the project in order to maximize the value of the heavy oil. In particular, it will make available its EST (Eni Slurry Technology) proprietary technology. This is a highly innovative technology for the complete conversion of heavy oils into high-quality light products.
In the first quarter of 2008, production started at the Corocoro field (Eni s interest 26%) in the Gulf of Paria West Block. A second development phase is expected to be designed based on the results achieved in the first one regarding well production rate and field performance under water and gas injection. A production peak of 66 kbbl/d (17 net to Eni) is expected in 2010.

Italy In the offshore Sicily, the operated gas discovery Cassiopea 1 (Eni s interest 60%) was made yielding excellent results.
In February 2008 Eni exercised its pre-emption right on the 13% stake in the Serra San Bernardo exploration permit in Basilicata. With this transaction Eni holds 63.34% interest.
In the first half of 2008, development activities concerned in particular: (i) optimization of producing fields by means of sidetracking and infilling (Cervia, Bonaccia, Barbara, Emma, Fratello-Nord, Hera-Lacinia, Gela, Fiumetto and Cascina Cardana); (ii) continuation of drilling and upgrading of producing facilities in the Val d Agri; (iii) development of the Annamaria field.
The Miglianico project has been put on hold due to a determination made by the Region of Abruzzo that suspended the validity of authorizations previously granted for the construction of the treatment center.

Contents

ENI OPERATING AND FINANCIAL REVIEW / OPERATING REVIEW

Capital expenditures

Capital expenditures of the Exploration & Production division (euro 4,462 million) concerned development of oil and gas reserves (euro 2,827 million) directed mainly outside Italy, in particular Egypt, Kazakhstan, Angola and Congo. Development expenditures in Italy concerned well drilling program and facility upgrading in Val d Agri and sidetrack and infilling interventions in mature fields.

About 93% of exploration expenditures that amounted to euro 981 million were directed outside Italy in particular to the United States, Egypt, Angola, Libya, Norway and the United Kingdom. In Italy, exploration activities were directed mainly to the offshore of Sicily.

Acquisition of proved and unproved property concerned mainly the extension of the duration of Eni s mineral rights in Libya pursuant to a strategic oil deal with the Libyan national oil company based on the framework agreement of October 2007. This deal went effective from January 1, 2008.

As compared to the first half of 2007, capital expenditures increased by euro 1,625 million, up 57.3%, due to increased development expenditures in Egypt, Nigeria, United States and Kazakhstan.

In the first half of 2008 the Exploration & Production division completed the acquisition of Burren Energy Plc for cash consideration amounting to euro 1.7 billion (total cash consideration for this transaction amounted to euro 2.3 billion which includes the amount of Burren s shares purchased in December 2007).

2007	(million euro)	First Half 2007	First Half **2008**	Change	% Ch.
96	Acquisitions of proved and unproved property	96	**621**	525	..
11	North Africa	11	**601**	590	
	West Africa		**13**	13	
85	Rest of world	85	**7**	(78)	
1,659	Exploration	748	**981**	233	31.1
104	Italy	62	**71**	9	14.5
380	North Africa	169	**213**	44	26.0
239	West Africa	138	**139**	1	0.7
193	North Sea	124	**148**	24	19.4
36	Caspian Area	19	**7**	(12)	(63.2)
707	Rest of world	236	**403**	167	70.8
4,788	Development	1,965	**2,827**	862	43.9
606	Italy	254	**357**	103	40.6
145	*of which: storage*	*34*	***98***	*64*	..
948	North Africa	395	**542**	147	37.2
1,343	West Africa	522	**780**	258	49.4
397	North Sea	203	**212**	9	4.4
733	Caspian Area	316	**435**	119	37.7
761	Rest of world	275	**501**	226	82.2
82	Other expenditures	28	**33**	5	17.9
6,625		2,837	**4,462**	1,625	57.3

Gas & Power

Key performance indicators

2007			First Half 2007	First Half 2008
		(million euro)		
27,633	Net sales from operations [(a)]		13,722	**16,892**
4,127	Operating profit		2,106	**2,284**
4,092	Adjusted operating profit [(b)]		2,202	**2,165**
2,225	*Marketing*		*1,263*	***1,093***
1,419	*Regulated businesses in Italy*		*714*	***816***
448	*International transport*		*225*	***256***
2,936	Adjusted net profit		1,577	**1,579**
5,077	EBITDA pro-forma adjusted [(b)]		2,688	**2,642**
3,065	*Marketing*		*1,670*	***1,521***
1,289	*Regulated businesses in Italy*		*648*	***752***
723	*International transport*		*370*	***369***
1,366	Capital expenditures		526	**871**
20,547	Adjusted capital employed, net		18,451	**20,045**
14.9	Adjusted ROACE	(%)	16.6	**15.3**
98.96	Worldwide gas sales	(bcm)	48.87	**53.07**
5.39	*of which: E&P sales* [(c)]		*2.24*	***3.32***
6.61	Customers in Italy	(million)	6.55	**6.61**
83.28	Gas volumes transported in Italy	(bcm)	41.89	**45.36**
33.19	Electricity sold	(TWh)	16.24	**15.37**
11,582	Employees at period end	(units)	11,861	**11,381**

(a) Before elimination of intragroup sales.
(b) From 2008, adjusted operating profit is reported for the same businesses as EBITDA pro-forma adjusted. Results of the power generation activity are reported within the marketing business as it is ancillary to the latter. Results from Regulated businesses in Italy include results from Transport, Distribution and Re-gasification activities in Italy. Prior period data have been restated accordingly.
(c) Exploration & Production sales in Europe and in the Gulf of Mexico.

NATURAL GAS

Supply of natural gas

In the first half of 2008 Eni s consolidated subsidiaries supplied 45.07 bcm with a 3.18 bcm increase from the first half of 2007, up 7.6% reflecting higher sales due to strong seasonal factors in the first quarter. Natural gas volumes supplied outside Italy (41.03 bcm), imported in Italy or sold on European and extra European markets, represented 91% of total supplies with a 3.61 bcm 9.6%. Higher volumes were purchased from: (i) Algeria via pipeline (up 0.95 bcm); (ii) the Netherlands (up 0.90 bcm); (iii) Russia (up 0.66 bcm); (iv) Libya (up 0.41 bcm) in line with the build-up of gas production from Eni-operated fields.

Supplies in Italy (4.04 bcm) declined by 0.43 bcm, down 9.6%, from the first half of 2007 due to mature field declines.

increase from the first half of 2007, up

Supply of natural gas

	(bcm)	First Half			
2007		2007	**2008**	Change	% Ch.
8.65	**Italy**	**4.47**	**4.04**	**(0.43)**	**(9.6)**
18.79	Russia for Italy	9.34	**10.00**	0.66	7.1
4.65	Russia for Turkey	2.46	**2.65**	0.19	7.7
16.55	Algeria	8.81	**9.76**	0.95	10.8
7.74	Netherlands	3.35	**4.25**	0.90	26.9
5.78	Norway	2.90	**2.98**	0.08	2.8
9.24	Libya	4.61	**5.02**	0.41	8.9
3.15	United Kingdom	1.57	**1.47**	(0.10)	(6.4)
2.87	Hungary	1.45	**1.67**	0.22	15.2
1.86	Algeria (LNG)	0.85	**0.89**	0.04	4.7
2.32	Others (LNG)	1.14	**0.95**	(0.19)	(16.7)
1.30	Other supplies Europe	0.57	**0.99**	0.42	73.7
0.90	Outside Europe	0.37	**0.40**	0.03	8.1
75.15	**Outside Italy**	**37.42**	**41.03**	**3.61**	**9.6**
83.80	**Total supplies of Eni s own company**	**41.89**	**45.07**	**3.18**	**7.6**
1.49	Offtake from (input to) storage	0.92	**0.33**	(0.59)	(64.1)
(0.46)	Network losses and measurement differences	(0.22)	**(0.12)**	0.10	(45.5)
84.83	**Available for sale of Eni s own companies**	**42.59**	**45.28**	**2.69**	**6.3**
8.74	**Available for sale of Eni s affiliates**	**4.04**	**4.47**	**0.43**	**10.6**
5.39	E&P volumes	2.24	**3.32**	1.08	48.2
98.96	**Total available for sale**	**48.87**	**53.07**	**4.20**	**8.6**

TAKE-OR-PAY

In order to meet medium and long-term demand growth 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 21.5 years. Such contracts, which generally contain take-or-pay clauses, will ensure a total of approximately 62.4 bcm/y of natural gas supplies by 2010. The finalization of the purchase of the Belgian company Distrigaz (for details on this deal see Development Projects below) will entail significant expansion in Eni s supply portfolio with an addition of long-term supplies of approximately 14.7 bcm (Norway, the Netherlands and Qatar) having residual average life of about 14 years. Eni s supply portfolio will be more diversified and less risky, as Eni will depend from one single supplier for about 20% of total projected supplies in 2011.

Despite the fact that an increasing portion of natural gas regulations of the natural gas sector, represent risk factors to the fulfillment of Eni s obligations in connection with its take-or-pay supply contracts.

Sales of natural gas

In the first half of 2008, natural gas sales were 53.07 bcm, an increase of 4.20 bcm or 8.6% from the first half of 2007 driven by an increase in international sales that were up by 20.1% mainly reflecting in addition to the higher seasonal sales recorded in the first quarter, organic growth achieved in European markets. Sales included own consumption, sales by affiliates and upstream sales in Europe and the Gulf of Mexico.

Natural gas sales in Italy (28.60 bcm, including own consumption) grew by 0.10 bcm from the first half of 2007, up 0.4%, primarily reflecting higher supplies to the power generation segment (up 1.23 bcm) and higher seasonal sales to residential customers (up 0.57 bcm).

volumes is planned to be sold outside Italy, management believes that in the long-term unfavorable trends in the Italian demand and supply for natural gas, also due to possible implementation of all publicly announced plans for the construction of new supply infrastructures via pipeline and LNG terminals, and the evolution of Italian

These increases were partially offset by lower supplies to wholesalers (down 1.76 bcm) and to industrial customers (down 1.03 bcm) mainly relating to competitive pressure and a gas release program (up 1.17 bcm) agreed by Eni and the Italian Antitrust Authorithy[3] late in 2007.

---

(3) In June 2004, Eni agreed with the Antitrust Authority to sell a total volume of 9.2 bcm of natural gas (2.3 bcm/y) in the four thermal years from October 1, 2004 to September 30, 2008 at the Tarvisio entry point into the Italian network. In March 2007 a new gas release program was signed for volumes amounting to 4 bcm of natural gas to sell in the two thermal years from October 1, 2007 to September 30, 2009 at a virtual exchange point in the Italian market.

International sales amounted to 24.47 bcm with a 4.10 bcm increase (up 20.1%).

Sales to importers in Italy (6.84 bcm) increased by 1.13 bcm, up 19.8%, mainly due to the circumstance that in 2007 part of these sales was replaced with direct sales in Italy.

Gas sales on European markets (13.17 bcm including affiliates) increased by 1.69 bcm, up 14.7%, reflecting also market share gains. Main increases were registered in: (i) the Iberian Peninsula (up 0.71 bcm), due to higher supplies to wholesalers; (ii) Germany-Austria (up 0.37 bcm) due to higher supplies to wholesalers; (iii) France (up 0.26 bcm) due to marketing initiatives targeting small businesses and residential customers; and (iv) Turkey (up 0.18 bcm), due to the progressive reaching of full operations of the Blue Stream pipeline.

Sales to markets outside Europe (1.14 bcm) grew by 0.20 bcm, up 21.3%, on the back of higher LNG sales to the Asiatic markets by the affiliate Unión Fenosa Gas (Eni s share 50%).

Gas sales by market

	(bcm)	First Half			
2007		2007	**2008**	Change	% Ch.
56.13	**Italy**	**28.50**	**28.60**	**0.10**	**0.4**
10.01	Wholesalers	6.21	**4.45**	(1.76)	(28.3)
2.37	Gas release	0.95	**2.12**	1.17	..
1.90	Italian exchange for gas and spot markets	0.68	**0.52**	(0.16)	(23.5)
12.77	Industries	6.83	**5.80**	(1.03)	(15.1)
11.77	*Industries*	*6.33*	***5.21***	*(1.12)*	*(17.7)*
1.00	*Medium-sized enterprises and services*	*0.50*	***0.59***	*0.09*	*18.0*
17.21	Power generation	7.81	**9.04**	1.23	15.7
5.79	Residential	3.15	**3.72**	0.57	18.1
6.08	Own consumption	2.87	**2.95**	0.08	2.8
42.83	**International sales**	**20.37**	**24.47**	**4.10**	**20.1**
10.67	Importers in Italy	5.71	**6.84**	1.13	19.8
24.35	European markets	11.48	**13.17**	1.69	14.7
6.91	*Iberian Peninsula*	*2.92*	***3.63***	*0.71*	*24.3*
5.03	*Germany-Austria*	*2.28*	***2.65***	*0.37*	*16.2*
4.62	*Turkey*	*2.46*	***2.64***	*0.18*	*7.3*
3.15	*Northern Europe*	*1.57*	***1.47***	*(0.10)*	*(6.4)*
2.74	*Hungary*	*1.37*	***1.59***	*0.22*	*16.1*
1.62	*France*	*0.77*	***1.03***	*0.26*	*33.8*
0.28	*Other*	*0.11*	***0.16***	*0.05*	*45.5*
2.42	Extra European markets	0.94	**1.14**	0.20	21.3
5.39	E&P in Europe and in the Gulf of Mexico	2.24	**3.32**	1.08	48.2
98.96	**Worldwide gas sales**	**48.87**	**53.07**	**4.20**	**8.6**

Gas sales by entity

	(bcm)	First Half			
2007		2007	**2008**	Change	% Ch.

84.83	**Sales of consolidated companies**	**42.59**	**45.28**	**2.69**	**6.3**
56.08	Italy (including own consumption)	28.47	**28.57**	0.10	0.4
27.86	Rest of Europe	13.76	**16.32**	2.56	18.6
0.89	Outside Europe	0.36	**0.39**	0.03	8.3
8.74	**Sales of Eni s affiliates** (net to Eni)	**4.04**	**4.47**	**0.43**	**10.6**
0.05	Italy	0.03	**0.03**		
7.16	Rest of Europe	3.43	**3.69**	0.26	7.6
1.53	Outside Europe	0.58	**0.75**	0.17	29.3
5.39	**E&P in Europe and in the Gulf of Mexico**	**2.24**	**3.32**	**1.08**	**48.2**
98.96	**Worldwide gas sales**	**48.87**	**53.07**	**4.20**	**8.6**

- 17 -

Electricity sales

In the first half of 2008 sales of electricity (15.37 TWh) were directed to the free market (76%), the electricity exchange (12%), industrial sites (9%) and GSE/Cip 6 (3%). In the first half of 2008 sales declined by 0.87 TWh, down 5.4%, reflecting lower traded volumes. The decrease mainly regarded volumes to the electricity exchange. Sales on the free market to wholesalers increased due to higher spot sales, and so did sales to industrial users due to new customers acquired. Customers whom the Company jointly supplies gas and electricity amounted approximately to 177,000 units as of June 30, 2008 57,000 higher than at December 31, 2007 (120,000 customers).

Electricity sales

	(TWh)	First Half			
2007		2007	**2008**	Change	% Ch.
20.73	Free market	9.67	**11.76**	2.09	21.6
8.66	Italian Exchange for electricity	4.61	**1.80**	(2.81)	(61.0)
2.81	Industrial plants	1.41	**1.39**	(0.02)	(1.4)
0.99	Electricity Services Operator	0.55	**0.42**	(0.13)	(23.6)
33.19		**16.24**	**15.37**	**(0.87)**	**(5.4)**
25.49	Electricity production	12.15	**12.28**	0.13	1.1
7.70	Trading of electricity	4.09	**3.09**	(1.00)	(24.4)

Transport and regasification of natural gas

Eni transported 45.36 bcm of natural gas in Italy, an increase of 3.47 bcm from the first half of 2007, up 8.3% due mainly to increased volumes of natural gas input in the national grid for the rebuilding of stocks in the second quarter following the relevant amounts sold in the first quarter.

Volumes of natural gas transported on behalf of third parties (18.10 bcm) increased by 2.92 bcm from the first half of 2007, up 19.2%. In the first half of 2008, the LNG terminal in Panigaglia (La Spezia) regasified 0.91 bcm of natural gas (1.31 bcm in the first half of 2007).

Gas volumes transported in Italy [(a)]

	(bcm)	First Half			
2007		2007	**2008**	Change	% Ch.
52.39	Eni	26.71	**27.26**	0.55	2.1
30.89	On behalf of third parties	15.18	**18.10**	2.92	19.2
83.28		**41.89**	**45.36**	**3.47**	**8.3**

(a) Include amounts destined to domestic storage.

Development projects

MARKETING

Distrigaz acquisition

On May 29, 2008, as a result of an auction process that involved all the major European gas players, Eni signed a binding agreement with the French company Suez-Tractebel for the acquisition in cash of a 57.243% majority stake in the Belgian company Distrigaz SA, listed on the Euronext Brussels Stock Exchange, for euro 2.74 billion. The deal values Distrigaz at euro 4.8 billion. The holding company of Belgian utilities, Publigas, owns a 31.254% interest in Distrigaz. The remaining 11.503% of the share capital is floating. The Kingdom of Belgium owns a golden share, which is allowed to exercise in case there is a threat to national interests. Distrigaz is the incumbent natural gas operator on the Belgian market with total sales amounting to 17 billion cubic meters in 2007 mainly to the industries, resellers and electricity producers in Belgium. It also sells gas in France, Germany, the Netherlands and Luxembourg. About 90% of its sales are supplied by long-term contracts with Norway, the Netherlands and Qatar. In addition it owns gas infrastructure and an 11% interest in Interconnector UK Ltd, the company that owns the interconnection of the transit gas networks between Belgium and the UK. Transit capacity on the Troll and vTn/rTr gas pipelines are marketed by its affiliate Distrigaz & Co, which is being divested[4].
In 2007, Distrigaz reported net consolidated sales amounting to euro 4.3 billion and consolidated net profit after minority interests amounting to euro 294 million. The deal is expected to be finalized by the end of 2008, as soon as authorization from the European Commission is granted and other conditions are met, including the condition that the municipal holding company Publigaz SCRL waives its rights of pre-emption over the transfer of shares from Suez to Eni. Following the closing, Eni will launch a mandatory tender offer on the remaining shares of Distrigaz. On July 30, 2008 Eni and Publigaz signed a shareholders agreement intended to regulate the governance of Distrigaz. This agreement provides the right of Publigaz to put its shares to Eni in accordance with the terms contained in the shareholders agreement. Publigaz has currently waived its pre-emption rights on the 57.243 stake of the share capital of Distrigaz being sold.
The deal will strengthen Eni s leadership in the European gas market and accelerate its growth strategy by ensuring Eni a strong foothold in Belgium, a key country in the European gas market due to being a liquid gas market and its high level of interconnectivity with the Centre-North European transit gas networks. Furthermore, Eni signed a preliminary agreement with Suez to dispose of certain assets, also targeting optimization of its asset portfolio. Eni s consideration assets include: (i) Eni s network of low-pressure pipelines serving the consumer area of Rome; this is a 5,300-kilometer long network; (ii) interests in some of Eni s exploration and production properties. Also the two partners are negotiating certain long-term supply contracts whereby Eni will supply to Distrigaz: (i) volumes of electricity up to a maximum of 1.1 GW of generation capacity for 20 years; (ii) volumes of gas to be delivered in Italy and outside Italy up to a 20-year period and an option for Distrigaz to purchase LNG volumes equivalent to 0.9 bcm to be delivered to the Gulf of Mexico for 20 years.

France: agreement for the acquisition of a stake in Gaz de Bordeaux Energie Services

On July 15, 2008 Eni signed an agreement to purchase a 17% stake in the share capital of Gaz de Bordeaux Energie Services SAS. Also Eni s associate Altergaz (Eni s interest being 38%) intends to purchase a stake of a similar size. The two partners plans to support the development of the target company by supplying it with up to 250 million cubic meters of gas per year for ten years to expand sales to residential, commercial and industrial customers, targeting a potential market of approximately 250,000 customers.

Russia: Supply contract to TGK-9

On July 8, 2008 Eni signed a gas sale contracts with TGK-9, a Russian producer of electricity. Under the terms of the contracts, as of June 1, 2008, Eni will sold to the customer 350 million cubic meters of gas per year, with expected build-up by 2010. Based on this deal, Eni will become the first European player to enter the Russian gas downstream market, the second largest in the world in terms of consumption.

(4) The closing of this transaction might entail the payment of compensation by Eni to Suez, or vice versa, according to the actual price of the transaction.

Contents

LNG

Egypt

Eni, through its interest in Unión Fenosa Gas, owns a 40% stake in the Damietta liquefaction plant producing approximately 5 mmtonnes/y of LNG equal to a feedstock of 7.6 bcm/y of natural gas. In the first half of 2008, the Gas & Power segment withdrew approximately 0.7 mmtonnes of LNG to be marketed in Europe.

The partners of the project (Unión Fenosa Gas, the state owned Egyptian company EGAS and oil producers Eni and BP) defined terms and conditions for doubling the plant capacity. The project is expected to be approved by the Egyptian authorities by end of 2008.

USA

Eni is implementing a global development strategy of its LNG business targeting expansion in the strategic US market where Eni holds a 40% capacity entitlement in the Cameron re-gasification terminal for 20 years. The plant is currently under construction on the coast of Louisiana and is planned to have initial outbound capacity of 15.5 bcm/y (6 net to Eni). Operations are expected to start between end of 2008 and the first quarter of 2009. Eni is implementing certain initiatives to ensure its share of supplies to the plant.

In addition, in the framework of the Angola LNG project providing for the construction of an LNG plant designed to produce 5.2 mmtonnes/y of LNG (approximately 5.6 bcm/y) destined to the US market, Eni purchased a share of 5.6 bcm/y of the capacity of the Pascagoula re-gasification plant under construction in Mississippi and expected to start operations in 2011.

TRANSPORT INFRASTRUCTURES

TAG - Russia

The TAG gasline is undergoing an upgrade designed to increase the transport capacity by 6.5 bcm/y from the current level of 37 bcm/y. A first 3.2 bcm/y portion of the upgrade was awarded to third parties in February 2006 and is expected to be operating from October 1, 2008. The second portion of 3.3 bcm/y is expected to start operating in the fourth quarter of 2009. Its awarding will take place by end of 2008.

TTPC - Algeria

The transport capacity of the TTPC gasline from Algeria is expected to be increased by 6.5 bcm/y from the current 27 bcm/y. A 3.2 bcm/y portion came on line on April 1, 2008; the second portion is expected to come on line by October 2008. New available capacity has already been awarded to third parties.

A corresponding capacity on the TMPC downstream gasline is already available. TMPC crosses underwater the Sicily channel.

POWER GENERATION

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

In the first half of 2008, electricity production sold was 12.28 TWh, up 0.13 TWh or 1.1% from the first half of 2007, due mainly to higher volumes produced at the Ferrera Erbognone plant, partially offset by lower production at the Livorno and Brindisi plants. At June 30, 2008 installed capacity was 4.9 GW.

Eni expects to complete the upgrading plan of its power generation capacity in 2010, targeting an installed capacity of 5.5 GW. The development plan is particularly underway at Ferrara (Eni s interest 51%), where in partnership with Swiss company EG Luxembourg AG the construction of two new 390 megawatt combined cycle units is planned to be completed in 2009.

2007			First Half 2007	2008	Change	% Ch.
	Purchases					
4,860	Natural gas	(mmcm)	2,283	**2,350**	67	2.9
720	Other fuels	(ktep)	324	**302**	(22)	(6.8)
25.49		(TWh)	12.15	**12.28**	0.13	1.1

	Electricity production					
10,849	Steam	(ktonnes)	5,365	**5,410**	45	0.8

- 20 -

Capital expenditures

Capital expenditures in the Gas & Power segment totaled euro 871 million and mainly related to: (i) developing and upgrading Eni s transport network in Italy (euro 529 million); (ii) the upgrading plan of international pipelines (euro 175 million); (iii) developing and upgrading Eni s natural gas distribution network in Italy (euro 85 million); (iv) ongoing construction and other operations of combined cycle power plants (euro 41 million).

2007	(million euro)	First Half 2007	2008	Change	% Ch.
1,063	Italy	425	**668**	243	57.2
303	Outside Italy	101	**203**	102	..
1,366		**526**	**871**	**345**	**65.6**
227	**Marketing**	**112**	**82**	**(30)**	**(26.8)**
52	Marketing	24	**41**	17	70.8
2	*Italy*	*8*	***13***	*5*	*62.5*
50	*Outside Italy*	*16*	***28***	*12*	*75.0*
175	Power generation	88	**41**	(47)	(53.4)
886	**Regulated businesses in Italy**	**329**	**614**	**285**	**86.6**
691	Transport	273	**529**	256	93.8
195	Distribution	56	**85**	29	51.8
253	**International transport**	**85**	**175**	**90**	**..**
1,366		**526**	**871**	**345**	**65.6**

Contents

ENI OPERATING AND FINANCIAL REVIEW / OPERATING REVIEW

Refining & Marketing

Key performance indicators

2007		(million euro)	First Half 2007	First Half **2008**
36,401	Net sales from operations [(a)]		16,880	**24,274**
729	Operating profit		420	**847**
329	Adjusted operating profit		305	**180**
319	Adjusted net profit		250	**172**
979	Capital expenditures		319	**350**
7,149	Adjusted capital employed, net		5,909	**8,490**
5.0	Adjusted ROACE	(%)	10.8	**3.4**
37.15	Refinery throughputs on own account	(mmtonnes)	18.32	**17.65**
56	Conversion index	(%)	57	**56**
748	Balanced capacity of refineries	(kbbl/d)	721	**747**
12.65	Retail sales of petroleum products in Europe	(mmtonnes)	6.06	**6.27**
6,440	Service stations in Europe at period end	(units)	6,279	**6,373**
2,486	Average throughput per service station in Europe	(kliters)	1,198	**1,210**
9,428	Employees at period end	(units)	9,372	**9,468**

(a) Before elimination of intragroup sales.

Supply and trading

In the first half of 2008, purchases of crude oil amounted to 28.77 mmtonnes (30.84 mmtonnes in the first half of 2007), of which 14.02 mmtonnes were purchased from the Eni s Exploration & Production segment, 8.67 mmtonnes on the spot market and 6.08 mmtonnes under long-term supply contracts with producing countries. Some 26% of crude oil purchases came from West Africa, 22% from Russia and the Caspian region, 15% from North Africa, 15% from the Middle East, 12% from the North Sea, 7% from Italy and 3% from other areas.

Some 13.03 mmtonnes of purchased crude oil were marketed, down 7.4% from the first half of 2007. In addition, 1.51 mmtonnes of intermediate products were purchased (1.72 mmtonnes in the first half of 2007) to be used as feedstock in conversion plants and 7.42 mmtonnes of refined products (7.36 in the first half of 2007) were purchased to be sold on markets outside Italy (5.69 mmtonnes) and on the Italian market (1.72 mmtonnes) as a complement to own production.

The table below presents the break-down of crude oil supplies by sources.

Supply of oil

(mmtonnes) First Half

2007		2007	**2008**	Change	% Ch.
27.47	Eni s production outside Italy	15.32	**12.23**	(3.09)	(20.2)
4.10	Eni s production in Italy	1.98	**1.79**	(0.19)	(9.6)
31.57	**Total production**	**17.30**	**14.02**	**(3.28)**	**(19.0)**
11.34	Purchases on spot markets	5.68	**8.67**	2.99	52.6
16.65	Purchases under long-term contracts	7.86	**6.08**	(1.78)	(22.7)
59.56		**30.84**	**28.77**	**(2.07)**	**(6.7)**

(5) The Refining & Marketing segment purchases approximately two-thirds of the Exploration & Production segment s liquid production and resold on the marketplace those crude and condensate qualities that are not fit for processing at Eni s refineries also considering the geographic area of production.

Refining

In the first half of 2008, refining throughputs on own account in Italy and outside Italy were 17.65 mmtonnes, down 0.67 mmtonnes from the first half of 2007, or 3.7%. In Italy refining throughputs decrease by 1.19 mmtonnes, down 7.4%, in particular at the Porto Marghera, Taranto and Milazzo refineries mainly due to planned and unplanned downtime, as well as at Livorno plant due to a negative refining scenario. Refining throughputs outside Italy increased by 0.52 mmtonnes due to higher capacity available at Ceska Rafinerska reflecting the purchase of an additional interest in the plant which was executed late in 2007.

Total throughputs on wholly-owned refineries (12.69 mmtonnes) decreased by 1.07 mmtonnes from the first half of 2007, down 7.8%.

Approximately 21.8% of processed feedstock was supplied by Eni s Exploration & Production segment (32.8% in the first half of 2007), representing an 11 percentage point decrease from the first half of 2007, associated with a decline in production in Angola and Nigeria.

Availability of refined products

2007	(mmtonnes)	First Half 2007	2008	Change	% Ch.
	Italy				
	Refinery throughputs				
27.79	At wholly-owned refineries	13.76	**12.69**	(1.07)	(7.8)
(1.76)	Less input on account of third parties	(0.88)	**(0.74)**	0.14	(15.9)
6.42	At affiliated refineries	3.22	**2.96**	(0.26)	(8.1)
32.45	*Refinery throughputs on own account*	*16.10*	*14.91*	*(1.19)*	*(7.4)*
(1.63)	Consumption and losses	(0.81)	**(0.79)**	0.02	(2.5)
30.82	**Products available for sale**	**15.29**	**14.12**	**(1.17)**	**(7.7)**
2.16	Purchases of refined products and change in inventories	1.79	**1.59**	(0.20)	(11.2)
(3.80)	Products transferred to operations outside Italy	(2.51)	**(0.86)**	1.65	(65.7)
(1.13)	Consumption for power generation	(0.53)	**(0.54)**	(0.01)	1.9
28.05	**Sales of products**	**14.04**	**14.31**	**0.27**	**1.9**
	Outside Italy				
4.70	*Refinery throughputs on own account*	*2.22*	*2.74*	*0.52*	*23.4*
(0.31)	Consumption and losses	(0.19)	**(0.13)**	0.06	(31.6)
4.39	**Products available for sale**	**2.03**	**2.61**	**0.58**	**28.6**
13.91	Purchases of refined products and change in inventories	5.78	**5.78**		
3.80	Products transferred from Italian operations	2.51	**0.86**	(1.65)	(65.7)
22.10	**Sales of products**	**10.32**	**9.25**	**(1.07)**	**(10.4)**
37.15	**Refinery throughputs on own account**	**18.32**	**17.65**	**(0.67)**	**(3.7)**
11.22	**Input from Eni s production**	**6.01**	**3.85**	**(2.16)**	**(36.0)**
50.15	**Total sales of refined products**	**24.36**	**23.56**	**(0.80)**	**(3.3)**

due to lower volumes sold to oil companies and traders in Italy, partly offset by higher retail and wholesale sales

Marketing of refined products

In the first half of 2008, sales volumes of refined products (23.56 mmtonnes) were down 0.80 mmtonnes from the first half of 2007, or 3.3%, mainly on markets in the rest of Europe and in Italy.

- 23 -

Contents

ENI OPERATING AND FINANCIAL REVIEW / OPERATING REVIEW

Products sales in Italy and outside Italy by market

2007	(mmtonnes)	First Half 2007	2008	Change	% Ch.
8.62	Retail	4.17	**4.24**	0.07	1.7
11.09	Wholesale	5.27	**5.36**	0.09	1.7
1.93	Petrochemicals	0.97	**0.95**	(0.02)	(2.1)
6.41	Other sales	3.63	**3.76**	0.13	3.6
28.05	**Sales in Italy**	**14.04**	**14.31**	**0.27**	**1.9**
4.03	Retail rest of Europe	1.89	**2.03**	0.14	7.4
4.96	Wholesale outside Italy	2.34	**2.82**	0.48	20.5
4.39	*of which rest of Europe*	*2.07*	***2.54***	*0.47*	*22.7*
13.11	Other sales	6.09	**4.40**	(1.69)	(27.8)
22.10	**Sales outside Italy**	**10.32**	**9.25**	**(1.07)**	**(10.4)**
50.15		**24.36**	**23.56**	**(0.80)**	**(3.3)**

Retail and wholesale sales of refined products

2007	(mmtonnes)	First Half 2007	2008	Change	% Ch.
	Italy				
8.62	**Retail sales**	**4.17**	**4.24**	**0.07**	**1.7**
3.19	Gasoline	1.56	**1.50**	(0.06)	(3.8)
5.25	Gasoil	2.53	**2.65**	0.12	4.7
0.17	LPG	0.08	**0.09**	0.01	12.5
0.01	Lubricants				
11.09	**Wholesale sales**	**5.27**	**5.36**	**0.09**	**1.7**
4.42	Gasoil	2.11	**2.12**	0.01	0.5
0.95	Fuel oil	0.47	**0.42**	(0.05)	(10.6)
0.37	LPG	0.19	**0.18**	(0.01)	(5.3)
0.15	Gasoline	0.07	**0.06**	(0.01)	(14.3)
0.13	Lubricants	0.06	**0.06**		
1.58	Bunker	0.73	**0.81**	0.08	11.0
3.49	Other	1.64	**1.71**	0.07	4.3
8.99	**Outside Italy (retail + wholesale)**	**4.23**	**4.85**	**0.62**	**14.7**
2.29	Gasoline	1.11	**1.20**	0.09	8.1
5.16	Gasoil	2.43	**2.76**	0.33	13.6
0.38	Jet fuel	0.16	**0.02**	(0.14)	(87.5)
0.25	Fuel oil	0.11	**0.11**		
0.09	Lubricants	0.04	**0.06**	0.02	50.0
0.49	LPG	0.24	**0.26**	0.02	8.3
0.33	Other	0.14	**0.44**	0.30	..
28.70	**Total**	**13.67**	**14.45**	**0.78**	**5.7**

Retail sales in Italy
Retail volumes of refined products marketed on the Italian network (4.24 mmtonnes) were up 70 ktonnes 2007 (4,390 service stations). This increase resulted from the opening of new service stations (3 units) and the positive balance of acquisitions/releases of leased

from the first half of 2007, or 1.7% mainly due to a higher market share (from 28.8% in the first half of 2007 to 29.8%). Higher sales mainly regarded gasoil following the same pattern as national consumption trends, while gasoline sales declined.

At June 30, 2008, Eni s retail network in Italy consisted of 4,402 service stations, 12 more than at December 31, service stations (20 units). Ten low throughput service stations were shut down and one outlet under highway concessions was released. Average throughput was 1,183 kliters as measured on gasoline and gasoil volumes, in line with the first half of 2007.

Retail volumes of BluDiesel, including its reformulated version BluDieselTech, declined due to the sensitivity of demand to fuel prices considering that prices were at

- 24 -

historical highs. They are high performance and low environmental impact gasoil. Sales of both products amounted to approximately 300 ktonnes (346 mmliters), down 14% from the first half of 2007 and represented 11.3% of gasoil sales on the Eni s retail network. At June 30, 2008, virtually all Agip branded service stations marketed the product (about 91% of Eni s network).

Also retail volumes of BluSuper suffered from the price environment. This is a high performance and low environmental impact gasoline. Sales in the first half amounted to approximately 39 ktonnes (45 mmliters), slightly declining from the first half of 2007 and covered 2.6% of gasoline volumes sold on Eni s retail network. At June 30, 2008, service stations marketing BluSuper totaled 2,540 units (2,565 at December 31, 2007) corresponding to approximately 58% of Eni s network.

Under the You&Agip promotional campaign lasting 3 years, at June 30, 2008 the number of customers that actively used the card in the period amounted to approximately 5 million. This campaign was launched in March 2007 and was designed to retain customers. In the period the average number of active cards was approximately 3 million. Volumes of fuel marketed under this initiative represented 47% of total volumes marketed on Eni s service stations joining the programme, and 46% of overall volumes marketed on the Eni network.

Retail sales outside Italy

In the first half of 2008, retail sales of refined products marketed in the rest of Europe were 2.03 mmtonnes, up 140 ktonnes from the first half of 2007, or 7.4%, mainly in the Czech Republic, Hungary and Slovakia due the purchase of assets made in the fourth quarter of 2007. Volume growth was driven primarily by increased sales of gasoil and LPG.

At June 30, 2008, Eni s retail network in the rest of Europe consisted of 1,971 units, a decrease of 79 units from December 31, 2007 (2,050 service stations). The network s evolution was as follows: (i) 13 service stations were acquired; (ii) 4 outlets were opened; (iii) 9 low throughput service stations were closed in particular in Spain; (iv) a negative balance of acquisitions/releases of leased service stations was recorded (down 87 units), with positive changes in Switzerland, Spain and Slovenia, and negative ones in Germany and Portugal. Average throughput (1,269 kliters) was up 3%.

Wholesale and other sales

Sales volumes on wholesale markets in Italy (5.36 mmtonnes) were up 90 ktonnes from the first half of 2007, or 1.7%, reflecting mainly am increase in domestic consumption on the bunkering market and increased sales of kerosene for aviation uses reflecting a recovery in the airline industry offset only in part by lower demand for heating oil from the power generation sector due to substitution of this fuel with gas.

Sales on wholesale markets in the rest of Europe (2.54 mmtonnes) increased 470 ktonnes, mainly in the Czech Republic and Switzerland, while sales declined in Austria and France.

Supplies of feedstock to the petrochemical industry (0.95 mmtonnes) declined by 20 ktonnes due to lower supplies of feestocks.

Other sales (8.16 mmtonnes) decreased by 1.56 mmtonnes, or 16%, mainly due to lower sales to oil companies and traders (down 1.69 mmtonnes) outside Italy.

Contents

Capital expenditures

In the first half of 2008, capital expenditures in the Refining & Marketing segment amounted to euro 350 million (euro 319 million in the first half of 2007) and regarded mainly: (i) refining, supply and logistics (euro 251million) in Italy, with projects designed to improve the conversion rate and flexibility of refineries, in particular ongoing construction of a new hydro-cracker at the Sannazzaro refinery, and expenditures on health, safety and environmental upgrades; (ii) upgrade and restructuring of the retail network in Italy (euro 49 million); (iii) upgrade of the retail network in the rest of Europe (euro 32 million).

Expenditures on health, safety and the environment amounted to euro 45 million.

	(million euro)	First Half			
2007		2007	**2008**	Change	% Ch.
873	Italy	283	**318**	35	12.4
106	Outside Italy	36	**32**	(4)	(11.1)
979		**319**	**350**	**31**	**9.7**
675	**Refinery, supply and logistic**	**214**	**251**	**37**	**17.3**
675	Italy	214	**251**	37	17.3
282	**Marketing**	**85**	**81**	**(4)**	**(4.7)**
176	Italy	49	**49**		
106	Outside Italy	36	**32**	(4)	(11.1)
22	**Other**	**20**	**18**	**(2)**	**(10.0)**
979		**319**	**350**	**31**	**9.7**

Petrochemicals

Key performance indicators

2007			First Half 2007	2008
		(million euro)		
6,934	Net sales from operations [(a)]		3,476	**3,519**
74	Operating profit		211	**(272)**
90	Adjusted operating profit		189	**(225)**
57	Adjusted net profit		130	**(168)**
145	Capital expenditures		56	**68**
8,795	Production	(ktonnes)	4,411	**4,136**
5,513	Sales of petrochemical products		2,812	**2,677**
80.6	Average plant utilization rate	(%)	81.5	**77.3**
6,534	Employees at period end	(units)	6,845	**6,485**

(a) Before elimination of intragroup sales.

Sales - production - prices

In the first half of 2008, sales of petrochemical products (2,677 ktonnes) decreased by 135 ktonnes from the first half of 2007, down 4.8%. This decrease mainly regarded: (i) basic petrochemicals (down 6.2%) due to lower product availability related to the shutdown of the Gela cracker; and (ii) polyethylene due to negative market trends. These declines were partially offset by higher sales of intermediates (up 8.4%), reflecting higher product availability, and elastomers (up 5.7%) due to positive market trends.

Petrochemical production (4,136 ktonnes) decreased by 275 ktonnes from the first half of 2007, down 6.2% due to unplanned downtime at Dunkerque, Porto Torres and shutdown of the Gela cracker.

Nominal production capacity was in line with the first half of 2007. Average plant utilization rate calculated on nominal capacity decreased by approximately 4 percentage points from 81.5% to 77.3% due to lower production.

Approximately 48% of total production was directed to Eni s own production cycle (46% in the first half of 2007). Oil-based feedstock supplied by Eni s Refining & Marketing division covered 23% of feed requirements (22% in the first half of 2007).

Prices of Eni s main petrochemical products increased on average by 5%. Main increases were registered in olefins (up 11%) and polyethylene (up 9%), with increases in all products. Declines regarded: (i) styrene (down 4%), in particular expandable polystyrenes; (ii) aromatics (down 3%), in particular benzene; and (iii) intermediates (down 3%), in particular phenol.

Product availability

2007	(ktonnes)	First Half 2007	2008	Change	% Ch.
5,688	Basic petrochemicals	2,803	**2,635**	(168)	(6.0)
1,632	Styrene and elastomers	837	**788**	(49)	(5.9)
1,475	Polyethylene	771	**713**	(58)	(7.5)
8,795	**Production**	**4,411**	**4,136**	**(275)**	**(6.2)**
(4,304)	Consumption of monomers	(2,042)	**(1,973)**	69	(3.4)
1,022	Purchases and change in inventories	443	**514**	71	16.0
5,513		**2,812**	**2,677**	**(135)**	**(4.8)**

Sales

2007	(ktonnes)	First Half 2007	2008	Change	% Ch.
3,023	Basic petrochemicals	1,510	**1,417**	(93)	(6.2)
1,041	Styrene and elastomers	544	**539**	(5)	(0.9)
1,449	Polyethylene	758	**721**	(37)	(4.9)
5,513		**2,812**	**2,677**	**(135)**	**(4.8)**

Business areas

Basic petrochemicals

Sales of basic petrochemicals of 1,417 ktonnes decreased by 93 ktonnes from the first half of 2007, down 6.2%, mainly due to lower product availability following the shutdown of the Gela cracker and of a paraxylene line at Priolo. Declines registered in xylene (down 26%), ethylene (down 13%) and propylene (down 10%), offset in part by higher sales of butadiene (up 31%) and intermediates (up 8.4%), in particular cicloexanone (up 24%) reflecting higher product availability due to the fact that in 2007 availability of this product was affected by maintenance shutdown of the Mantova plant.
Basic petrochemicals production (2,635 ktonnes) decreased by 168 ktonnes, down 6%.

Styrene and elastomers

Styrene sales (296 ktonnes) decreased by 5.4% from the first half of 2007 mainly due to lower sales of compact polystyrenes (down 13.6%) reflecting negative market trends.
Elastomers sales (243 ktonnes) increased by 5.7% from the first half of 2007. Increased sales of SBR (up 22%), thermoplastic rubbers (up 11%) and EPR (up 7%) reflected positive market trends
Styrene production (529 ktonnes) decreased by 6% as it was affected by unplanned downtime occurred at the Mantova plant.
Elastomers production (259 ktonnes) decreased by 5.5% from the first half of 2007 due to the maintenance shutdown of the Ravenna plant.

Polyethylene

Polyethylene sales (721 ktonnes) decreased by 37 ktonnes from the first half of 2007, down 4.9%, due to lower product availability in particular for HDPE (down 11.2%) and LDPE (down 11.5%). Increased sales of LLPDE (up 3.8%) and EVA (up 5.7%) reflected positive market trends.
Production (713 ktonnes) decreased by 58 ktonnes from the first half of 2007, down 7.5%, affecting all products except for EVA, due to unplanned downtime occurred at the Dunkerque plant.

Capital expenditures

In the first half of 2008, capital expenditures (euro 68 million; mainly regarded plant upgrade (euro 24 million), measures to comply with environmental, health and safety regulations (euro 17 million), plant efficiency (euro 15 million) and upkeeping (euro 8 million).

Engineering & Construction

Key performance indicators

2007		(million euro)	First Half 2007	**2008**
8,678	Net sales from operations [(a)]		4,289	**4,211**
837	Operating profit		390	**467**
840	Adjusted operating profit		379	**467**
658	Adjusted net profit		304	**368**
1,410	Capital expenditures		510	**977**
17.1	Adjusted ROACE	(%)	15.8	**17.1**
12,011	Orders acquired		4,948	**5,471**
15,390	Order backlog		13,308	**16,191**
33,111	Employees at period end	(units)	32,903	**32,184**

(a) Before elimination of intragroup sales.

Activity for the year

Among the main orders acquired in the first half of 2008 were:

- the contract for laying the Nord Stream pipeline with a capacity of about 55 bcm/year to transport natural gas from Russia to Germany across the Baltic Sea;
- an EPIC contract on behalf of Total for the construction and installation of facilities offshore within the development of Usan field in Nigeria;
- an EPC contract on behalf of Kuwait Oil Company for the construction of a natural gas booster station at the existing Mina Al Ahmadi refinery;
- the construction of FSRU (Floating, Storage and Regasification Unit) LNG terminal on behalf of OLT GNL, in Italy;
- an EPIC contract on behalf of Burullus Gas for the construction and installation of the subsea development system and natural gas export pipeline within the development of the Sequoia field in Egypt.

Order acquired in the first half of 2008 amounted to euro 5,471 million, of these projects to be carried out outside Italy represented 92%, while orders from Eni companies amounted to 1% of the total. Order backlog was euro 16,191 million at June 30, 2008 (euro 15,390 million at December 31, 2007). Projects to be carried out outside Italy represented 95% of the total order backlog, while orders from Eni companies amounted to 17% of the total.

(million euro)	First Half 2007	**2008**	Change	% Ch.

Orders acquired	**4,948**	**5,471**	**523**	**10.6**
Offshore construction	1,881	**3,419**	1,538	81.8
Onshore construction	2,774	**1,055**	(1,719)	(62.0)
Offshore drilling	144	**213**	69	47.9
Onshore drilling	149	**784**	635	..
of which:				
- Eni	556	**62**	(494)	(88.8)
- Third parties	4,392	**5,409**	1,017	23.2
of which:				
- Italy	164	**455**	291	..
- Outside Italy	4,784	**5,016**	232	4.8

Contents

ENI OPERATING AND FINANCIAL REVIEW / OPERATING REVIEW

(million euro)	Dec. 31, 2007	**June 30, 2008**	Change	% Ch.
Order backlog	**15,390**	**16,191**	**801**	**5.2**
Offshore construction	4,215	**5,843**	1,628	38.6
Onshore construction	7,003 [(a)]	**5,616**	(1,387)	(19.8)
Offshore drilling	3,471	**3,446**	(25)	(0.7)
Onshore drilling	701	**1,286**	585	83.5
of which:				
- Eni	3,399	**2,724**	(675)	(19.9)
- Third parties	11,991	**13,467**	1,476	12.3
of which:				
- Italy	799	**731**	(68)	(8.5)
- Outside Italy	14,591	**15,460**	869	6.0

(a) Net of the backlog of divested companies (Haldor Topsøe and Camom Group) for euro 181 million.

Capital expenditures

2007	(million euro)	First Half 2007	**2008**	Change	% Ch.
566	Offshore construction	225	**385**	160	71.1
76	Onshore construction	40	**31**	(9)	(22.5)
478	Offshore drilling	165	**449**	284	..
266	Onshore drilling	72	**112**	40	55.6
24	Other expenditures	8		(8)	..
1,410	**Capital expenditures**	**510**	**977**	**467**	**91.6**

In the first half of 2008 capital expenditures in the Engineering & Construction segment (euro 977 million) mainly regarded: (i) ongoing construction of a new pipelayer, two new semisubmersible platform and a new deepwater drilling ship; (ii) the conversion of a tanker ship into FPSO vessels that will operate in Angola; (iii) strengthening the operating bases/yards; (iv) upgrading the existing asset base.

The turnkey contract for the construction of the Saipem FDS 2 deepwater field development ship was awarded to Samsung Heavy Industries Co. The overall investment will amount to approximately euro 380 million.

Financial Review

Profit and loss account

	(million euro)	First Half			
2007		2007	**2008**	Change	% Ch.
87,256	Net sales from operations	41,688	**55,422**	13,734	32.9
827	Other income and revenues	445	**406**	(39)	(8.8)
(61,979)	Operating expenses	(29,504)	**(39,538)**	(10,034)	(34.0)
(8)	*of which non recurring items*	*(56)*		*56*	
(7,236)	Depreciation, depletion, amortization and impairments	(3,306)	**(4,389)**	(1,083)	(32.8)
18,868	**Operating profit**	**9,323**	**11,901**	**2,578**	**27.7**
(83)	Finance (expense) income	25	**(61)**	(86)	..
1,243	Net income from investments	491	**869**	378	77.0
20,028	**Profit before income taxes**	**9,839**	**12,709**	**2,870**	**29.2**
(9,219)	Income taxes	(4,673)	**(5,482)**	(809)	(17.3)
46.0	*Tax rate (%)*	*47.5*	***43.1***	*(4.4)*	
10,809	Net profit	5,166	**7,227**	2,061	39.9
	Attributable to:				
10,011	**- Eni**	**4,855**	**6,758**	**1,903**	**39.2**
798	- minority interest	311	**469**	158	50.8

Net profit

Eni s net profit for the first half of 2008 was euro 6,758 million, an increase of euro 1,903 million from the first half of 2007, or 39.2%. This result benefited from higher reported operating profit, which was up euro 2,578 million, or 27.7%, mainly as a result of an improved performance by the Exploration & Production division and increased net income from investments (euro 378 million). The improved operating result was partly absorbed by higher income taxes (down euro 809 million), reflecting higher tax currently payable recorded by subsidiaries of the Exploration & Production division operating outside Italy. On the positive side, an adjustment was recorded relating to deferred tax for Italian companies and for Libyan activities reflecting new tax rules enacted in the period, effective from January 1, 2008 (for more details on tax matters see the following discussion under income taxes).

Adjusted net profit

	(million euro)	First Half			
2007		2007	**2008**	Change	% Ch.

10,011	**Net profit attributable to Eni**	**4,855**	**6,758**	**1,903**	**39.2**
(499)	Exclusion of inventory holding (gain) loss	(110)	**(783)**		
(42)	Exclusion of special items	155	**(607)**		
	of which:				
35	*- non recurring items*	*81*			
(77)	*- other special items*	*74*	***(607)***		
9,470	**Eni s adjusted net profit**[(a)]	**4,900**	**5,368**	**468**	**9.6**

(a) For a detailed explanation of adjusted operating profit and net profit see page 44.

Eni s adjusted net profit amounted to euro 5,368 million, an increase of euro 468 million or 9.6% from the first half of 2007. Adjusted net profit is calculated by excluding an inventory holding gain of euro 783 million and special gains of euro 607 million net, resulting in an overall adjustment equal to a decrease of euro 1,390 million.

Special items mainly related to: (i) an adjustment to deferred tax for Italian subsidiaries and Libyan oil properties due to new tax rules; (ii) a special gain was also recorded on the divestment of interests in the Engineering & Construction business; and (iii) asset impairments, including unproved oil and gas properties, refineries and petrochemicals plants.

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

	(million euro)	First Half			
2007		2007	**2008**	Change	% Ch.
6,491	Exploration & Production	3,056	**4,141**	1,085	35.5
2,936	Gas & Power	1,577	**1,579**	2	0.1
319	Refining & Marketing	250	**172**	(78)	(31.2)
57	Petrochemicals	130	**(168)**	(298)	..
658	Engineering & Construction	304	**368**	64	21.1
(210)	Other activities	(120)	**(114)**	6	5.0
(141)	Corporate and financial companies	29	**(97)**	(126)	..
(16)	Impact of unrealized intragroup profit elimination [a]	(15)	**(146)**	(131)	
10,094		**5,211**	**5,735**	**524**	**10.1**
	of which attributable to:				
624	- Minority interest	311	**367**	56	18.0
9,470	**- Eni**	**4,900**	**5,368**	**468**	**9.6**

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

The increase in the Group adjusted net profit mainly reflected a higher result reported by:
- the **Exploration & Production** division achieved an increase of euro 1,085 million in adjusted net profit, up 35.5%, due to a better operating performance (up euro 2,754 million, or 41.6%) driven by higher realizations in dollars (oil up 60.9%; natural gas up 40.8%) and production growth (up 11.8 mmboe). These improvements were partially offset by the appreciation of the euro against the dollar (up 15.1%), rising operating costs and higher amortization charges, also due to increased exploration activity (increasing by euro 417 million at constant exchange rates). Income taxes increased by euro 1,859 million, also reflecting a higher tax rate (from 54.5% to 57.1%);
- the **Engineering & Construction** division reported improved net profit (up 64 million, or 21.1%) driven by better operating performance which was up euro 88 million due to favorable market conditions.

These increases were partly offset by weaker results reported by the oil and petrochemical downstream operating performance decreased by euro 125 million from a year ago, mainly due to poor refining performance. Also lower results of certain equity-accounted entities were recorded. These negatives were partly offset by lower income taxes.

Return On Average Capital Employed (ROACE) calculated on an adjusted basis for the twelve-month period ending June 30, 2008 was 19.8% (21.4% for the twelve-month period ending June 30, 2007).

Eni s results for the first half of 2008 were achieved in a trading environment characterized by a significant increase in Eni s oil and gas realizations up by 52.4% on average on the back of strong crude oil prices with Brent prices up 72.5% from the first half of 2007. Margins on gas sales were affected by unfavorable trends in energy parameters to which gas purchase costs and selling prices are indexed. Refining activities were negatively affected by the appreciation of the euro against the dollar and rising refining utility expenses, partly offset by an improved dollar-denominated trading environment businesses.

- The **Petrochemical** division incurred a loss at both the operating level and the bottom line reversing prior year profit, down euro 414 million and euro 298 million respectively. This shortfall was due to a steep decline in commodity chemical margins, reflecting higher supply costs of oil-based feedstock that were not fully recovered in sales prices.
- The **Refining & Marketing** division reported lower adjusted results (down euro 78 million, or 31.2%) as from the second quarter. Wholesale margins on refined products mostly declined due to rapidly escalating costs of supplies that were not fully transferred to final prices due to time lag. A steep decline was registered in selling margins of commodity chemicals, reflecting higher supply costs of oil-based feedstock that were not fully recovered in sales prices. Eni s results for the first half were negatively affected by the 15.1% appreciation of the euro against the US dollar.

Analysis of Profit and Loss Account Items

Net sales from operations

2007	(million euro)	First Half 2007	**2008**	Change	% Ch.
27,278	Exploration & Production	12,829	**17,889**	5,060	39.4
27,633	Gas & Power	13,722	**16,892**	3,170	23.1
36,401	Refining & Marketing	16,880	**24,274**	7,394	43.8
6,934	Petrochemicals	3,476	**3,519**	43	1.2
8,678	Engineering & Construction	4,289	**4,211**	(78)	(1.8)
205	Other activities	103	**95**	(8)	(7.8)
1,313	Corporate and financial companies	617	**643**	26	4.2
(21,186)	Consolidation adjustment	(10,228)	**(12,101)**	(1,873)	
87,256		**41,688**	**55,422**	**13,734**	**32.9**

Eni s **net sales from operations (revenues)** for the first half of 2008 (euro 55,422 million) were up euro 13,734 million from the first half of 2007, or 32.9%, primarily reflecting higher realizations on oil, products and natural gas in dollar terms, an increase in hydrocarbon production sold and higher natural gas sales volumes. These positives were partially offset by the impact of the appreciation of the euro versus the dollar (up 15.1%).

Revenues generated by the Exploration & Production division (euro 17,889 million) increased by euro 5,060 million, up 39.4%, mainly due to higher realizations in dollars (oil up 60.9%, natural gas up 40.8%). Eni s liquid realizations were affected by the settlement of certain commodity derivatives relating to the sale of 23 mmbbl in the period, with a negative impact of $5.70 per barrel (for a more detailed explanation about this issue see the discussion on results of the Exploration & Production division below). Revenue increase was also driven by production growth (up 11.8 mmboe, or 3.9%). These improvements were partially offset by the appreciation of the euro against the dollar.

Revenues generated by the Gas & Power division (euro 16,892 million) increased by euro 3,710 million, up 23.1%, mainly due to higher average natural gas prices reflecting trends in energy parameters to which gas prices are contractually indexed. Revenues also increased as result of a growth achieved in volumes sold by consolidated subsidiaries (up 2.69 bcm or 6.3%) as well as higher volumes transported to re-build gas stocks and higher volumes distributed.

Revenues generated by the Refining & Marketing division (euro 24,274 million) increased by euro 7,394 million, up 43.8%, mainly due to higher international prices for oil and products partly offset by the effect of the appreciation of the euro over the dollar and lower product volumes sold (down 3.6%) and traded volumes of oil (down 7.4%).

Revenues generated by the Petrochemical division (euro 3,519 million) increased by euro 43 million, up 1.2%, mainly reflecting a 5% increase in commodity chemicals prices partly offset by a decline in volumes sold (down 4.7%), reflecting a decrease in production.

Revenues generated by the Engineering & Construction division (euro 4,211 million) decreased by euro 78 million, down 1.8%, due to the impact of the appreciation of the euro versus the dollar, partially offset by increased activity levels.

Operating expenses

	(million euro)	First Half			
2007		2007	**2008**	Change	% Ch.
58,179	Purchases, services and other	27,727	**37,566**	9,839	35.5
	of which:				
91	*- non-recurring items*	*130*			
470	*- other special items*	*171*	***190***		
3,800	Payroll and related costs	1,777	**1,972**	195	11.0
	of which:				
(83)	*- non-recurring items*	*(74)*			
198	*- provision for redundancy incentives*	*19*	***27***		
61,979		**29,504**	**39,538**	**10,034**	**34.0**

Operating expenses for the first half of 2008 (euro 39,538 million) increased by euro 10,034 million from the first half of 2007, up 34%.

Purchases, services and other (euro 37,566 million) increased by euro 9,839 million, up 35.5%, mainly reflecting: (i) higher purchase prices of natural gas as well as higher prices for refinery and petrochemical feedstock due to trends in energy commodities; (ii) and rising dollar-denominated operating expenses in the Exploration & Production division due to full consolidation of acquired assets in 2007 and the impact of sector-specific inflation. These increases were partly offset by the appreciation of the euro over the dollar. Purchases, services and other include **special items** amounting to euro 190 million mainly relating to environmental provisions and other charges as well as current assets impairments.

In the first half of 2007 non recurring items amounting to euro 130 million mainly related to risk provision on ongoing antitrust and regulatory proceedings, whilst other special items of euro 171 million mainly related to current assets impairments and environmental and other risk provisions.

Payroll and related costs (euro 1,972 million) increased by euro 195 million, up 11%, mainly due to higher unit labor cost in Italy and outside Italy and an increase in the average number of employees outside Italy that was recorded mainly in the Exploration & Production division. In addition in the first half of 2007 a non-recurring gain of euro 74 million was recorded in connection with the curtailment of the provision for post-retirement benefits relating to obligations towards Italian employees. These increases were partly offset by exchange rate translation differences.

Depreciation, depletion, amortization and impairments

	(million euro)	First Half			
2007		2007	**2008**	Change	% Ch.
5,483	Exploration & Production	2,516	**3,072**	556	22.1
687	Gas & Power	333	**340**	7	2.1
433	Refining & Marketing	216	**218**	2	0.9
116	Petrochemicals	56	**64**	8	14.3
248	Engineering & Construction	119	**154**	35	29.4
4	Other activities	2	**1**	(1)	(50.0)
68	Corporate and financial companies	31	**35**	4	12.9
(10)	Impact of unrealized intragroup profit elimination	(4)	**(6)**	(2)	

7,029	**Total depreciation, depletion and amortization**	**3,269**	**3,878**	**609**	**18.6**
207	Impairments	37	**511**	474	..
7,236		**3,306**	**4,389**	**1,083**	**32.8**

Depreciation, depletion and amortization charges (euro 3,878 million) increased by euro 609 million, up 18.6%, mainly in the Exploration & Production division (up euro 556 million) in connection with: (i) higher exploration expenditures reflecting execution of a greater number of exploration projects (up by euro 279 million, up by euro 417 million on a constant exchange rate basis); (ii) rising development amortization charges (up euro 277 million), reflecting the consolidation of assets acquired in 2007 in the Gulf of Mexico and Congo and increased expenditures needed to develop new fields and to sustain production performance of mature fields. These negatives were partly offset by the appreciation of the euro against the dollar.

Impairment charges for the first half of 2008 at euro 511 million regarded mainly unproved mineral properties in the Exploration & Production division and plants and equipment in the Refining & Marketing and Petrochemical divisions.

- 34 -

Operating profit

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

	(million euro)	First Half			
2007		2007	**2008**	Change	% Ch.
13,788	Exploration & Production	6,550	**9,058**	2,508	38.3
4,127	Gas & Power	2,106	**2,284**	178	8.5
729					