TELE CENTRO OESTE CELULAR PARTICIPACOES
Form SC TO-T/A
September 21, 2004

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As filed with the Securities and Exchange Commission on September 21, 2004

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE TO
(Rule 14d-100)
Tender Offer Statement under Section 14(d)(1) of the Securities Exchange Act of 1934

(Amendment No. 2)

TELE CENTRO OESTE CELULAR PARTICIPAÇÕES S.A.

(Name of Subject Company (issuer))

TELESP CELULAR PARTICIPAÇÕES S.A.
BRASILCEL N.V.
PORTUGAL TELECOM, SGPS, S.A.
PT MÓVEIS, SGPS, S.A.
TELEFÓNICA MÓVILES, S.A.

(Name of Filing Person (offeror))

Preferred shares, without par value
American Depositary Shares (as evidenced by American Depositary Receipts),
each representing 3,000 preferred shares
(Title of Class of Securities)

87923P105 (American Depositary Shares)
(CUSIP Number of Class of Securities)

S. Todd Crider, Esq.
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
(212) 455-2000
(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications on Behalf of the Person(s) Filing Statement)

Check box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes to designate any transactions to which this statement relates:

x third party tender offer subject to Rule 14d-1

o issuer tender offer subject to Rule 13e-4

o going-private transaction subject to Rule 13e-3

o amendment to Schedule 13D under Rule 13d-2

Check the following box if the filing is a final amendment reporting the results of the tender offer. o

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INTRODUCTORY STATEMENT

This amendment relates to the Tender Offer Statement on Schedule TO (the Tender Offer Statement) filed on September 1, 2004 regarding the tender offer by Telesp Celular Participações S.A., a corporation organized under the laws of the Federal Republic of Brazil, or TCP, to purchase for cash up to 84,252,534,000 preferred shares of Tele Centro Oeste Celular Participações S.A., or TCO, a corporation organized under the laws of the Federative Republic of Brazil, at a price of R$10.70 per 1,000 preferred shares without interest, net of applicable stock exchange and settlement fees, brokerage fees or commissions and withholding taxes.

Subject to the terms and conditions of the tender offer, as set forth in the Tender Offer Statement, as amended hereby, the tender offer and the withdrawal rights expire on October 8, 2004, unless the offer is extended or earlier terminated. However, unless the offer is extended or earlier terminated, to participate in the tender offer, a holder must qualify for the tender offer (1) if a holder of American Depositary Shares, or ADSs, participating in the tender offer through The Bank of New York, as receiving agent, no later than 5:00 p.m., New York City time, on October 1, 2004 (such date, as it may be extended by TCP in its sole discretion, the ADS Qualification Date) and (2) if a holder of preferred shares, no later than 4:00 p.m., New York City time, on October 7, 2004 (such date, as it may be extended by TCP in its sole discretion, the Share Qualification Date). Withdrawals of ADSs by ADS holders who wish to participate in the tender offer through the receiving agent will not be accepted after 5:00 p.m., New York City time, on October 6, 2004, unless the offer is extended or terminated.

To the extent permitted by applicable Brazilian and U.S. securities laws and the terms of the tender offer, TCP reserves the right, at any time and from time to time, in its sole discretion, (1) to extend the period of time during which the tender offer is open and thereby delay acceptance for payment of and payment for tendered shares, (2) to amend the tender offer in any respect and (3) to terminate the tender offer without purchasing any shares. In order to comply with the requirements of the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act, and the regulations thereunder, any such extension, delay, termination, waiver or amendment will be followed as promptly as practicable by public announcement thereof, such announcement in the case of an extension to be made no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Share Qualification Date. Subject to applicable law (including Rule 14e-1 under the Exchange Act, which requires that material changes be promptly disseminated to shareholders in a manner reasonably designed to inform them of such changes) and without limiting the manner in which TCP may choose to make any public announcement, TCP will have no obligation to publish, advertise or otherwise communicate any such public announcement in the United States other than by issuing a press release to the Dow Jones News Service, the Public Relations Newswire or Business Wire.

On September 8, 2004, the Offerors filed Amendment No. 1 to the Tender Offer Statement to add to Item 12 a clarification, published September 2, 2004 (the Clarification), to the announcement to shareholders (*edital*) published on September 1, 2004. This Amendment No. 2 provides among other things, greater detail on the effect of the Clarification on the auction, the procedures for tendering shares and the withdrawal rights described in the offer to purchase dated September 1, 2004.

As previously disclosed in Section 4 Procedures for Accepting the Offer and Tendering Shares Direct Holders of Preferred Shares, to tender a holder s shares, a holder s broker must, no later than 11:00 a.m., New York City time, on October 8, 2004 (such time and date, as it may be extended by TCP in its sole discretion, the Expiration Date), transfer the shares to Account No. 7105-6 at the *Companhia Brasileira de Liquidação e Custódia* (the Brazilian Settlement and Custody Company, or CBLC), which is an account opened in the name of every shareholder and maintained by CBLC for the purpose of the tender offer. In addition, as previously disclosed in Section 3 Acceptance for Payment and Payment for Shares, brokers acting on behalf of holders that wish to tender their shares must present sales orders on behalf of tendering shareholders no later than 11:00 a.m., New York City time, on the Expiration Date through the

São Paulo Stock Exchange s Mega Bolsa electronic trading system. In accordance with the Clarification, however, legal acceptance of the tender offer by the shareholder does not occur until the auction itself. The auction is currently scheduled to occur at 2:00 p.m., New York City time (rather than after 2:05 p.m., New York City time, as previously disclosed), on the Expiration Date.

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The Clarification also states that each broker s sales order must indicate the respective sale price of the shares being tendered. With respect to ADS holders participating in the tender offer through The Bank of New York, as receiving agent, TCP expects that the broker selected by the receiving agent to tender shares in the tender offer will indicate a sale price equal to the price at which TCP has offered to purchase shares subject to the tender offer. This feature of the Clarification has been included pursuant to a Brazilian technical regulatory request and is not meant to suggest that TCP intends to increase the amount of consideration available in this tender offer. As disclosed in Section 1 Terms of the Tender Offer; Expiration Date and Qualification Dates and Section 3 Acceptance for Payment and Payment for Shares of the offer to purchase, (1) TCP does not expect to increase the amount of consideration currently available through this tender offer and (2) in the event of a competing tender offer, TCP may, in its sole discretion but subject to Brazilian law and regulations and the Exchange Act and the rules and regulations thereunder, submit a higher counteroffer for the shares sought by the competing offeror.

In addition, pursuant to the Clarification, there is no longer a specific requirement that, in order for a withdrawal from the tender offer to be effective, the broker who has been instructed to tender shares in the auction must withdraw those shares from the CBLC account maintained for the tender offer no later than 11:00 a.m., New York City time, on the Expiration Date. However, the effectiveness of a withdrawal from the tender offer still depends on the ability of the broker who has been instructed to tender shares in the auction to withdraw the order to sell those shares before the beginning of the auction. Shareholders who wish to withdraw from the tender offer are strongly advised to contact their brokers well before the beginning of the auction. It is the responsibility of the shareholder to ensure that the broker who has been instructed to tender its shares receives instructions to withdraw the tender of those shares before the auction.

Nothing in the Clarification changes the previous statements that, in order to participate in the tender offer, a holder must qualify for the tender offer (1) if a holder of American Depositary Shares, or ADSs, participating in the tender offer through The Bank of New York, as receiving agent, no later than 5:00 p.m., New York City time, on October 1, 2004 (which date, as it may be extended by TCP in its sole discretion, is defined in the offer to purchase as the ADS Qualification Date) and (2) if a holder of preferred shares, no later than 4:00 p.m., New York City time, on October 7, 2004 (such date, as it may be extended by TCP in its sole discretion, is defined in the offer to purchase as the Share Qualification Date). In addition, nothing in the Clarification changes the previous statement that withdrawals of ADSs by ADS holders who wish to participate in the tender offer through the receiving agent will not be accepted after 5:00 p.m., New York City time, on October 6, 2004, unless the offer is extended or earlier terminated.

In view of the foregoing, and to make certain additional changes, the Tender Offer Statement is hereby amended as follows:

Item 1. ***Summary Term Sheet.***

The Summary Term Sheet in the offer to purchase is hereby amended by replacing the first sentence of the third bullet point (entitled Expiration Date and Qualification Dates) with the following two sentences:

Subject to the exceptions and conditions described in the offer to purchase, the tender offer will expire at 11:00 a.m., New York City time, on October 8, 2004 (which time and date are referred to as the Expiration Date), unless the offer is extended or earlier terminated. The preferred shares purchased in the tender offer will be purchased through an auction on the São Paulo Stock Exchange that is currently scheduled to occur at 2:00 p.m., New York City time, on the Expiration Date.

The Summary Term Sheet in the offer to purchase is hereby amended by replacing the first sentence of the fifth bullet point (entitled Withdrawal) with the following sentence:

For a withdrawal to be effective, the broker who has been instructed to tender your shares or the preferred shares underlying your ADSs in the auction described in Section 3 Acceptance for Payment and Payment for Shares must withdraw the order to sell those shares before the beginning of the auction on the Expiration Date.

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The Summary Term Sheet in the offer to purchase is hereby amended by deleting the words so that the underlying shares may be tendered from the last sentence of the second paragraph under the question May ADS holders participate in the tender offer, and how may they do so?

The Summary Term Sheet in the offer to purchase is hereby amended by replacing the second sentence under the question After the tender offer, will TCO continue as a public company? with the following sentence:

The tender offer will reduce the number of outstanding preferred shares that are not held by TCP or its affiliates.

The Summary Term Sheet in the offer to purchase is hereby amended by replacing the second sentence of the second bullet point under the question How long do I have to decide whether to tender my preferred shares in the tender offer, and how do I tender those shares? with the following sentence:

To tender your shares, your broker must, no later than 11:00 a.m., New York City time, on the Expiration Date, transfer the shares to Account No. 7105-6 at CBLC, which is an account opened in the name of every shareholder and maintained by CBLC for the purpose of the tender offer, and present a sales order on your behalf through the São Paulo Stock Exchange s Mega Bolsa electronic trading system.

The Summary Term Sheet in the offer to purchase is hereby amended by replacing the first two sentences under the question Until what time may I withdraw my tendered shares, and how do I do so? with the following sentence:

For a withdrawal to be effective, the broker who has been instructed to tender shares in the auction described in Section 3 Acceptance for Payment and Payment for Shares, including the broker selected by the receiving agent to tender preferred shares underlying ADSs, must withdraw the order to sell those shares before the beginning of the auction on the Expiration Date.

The Summary Term Sheet in the offer to purchase is hereby amended by replacing the second bullet point under the question Until what time may I withdraw my tendered shares, and how do I do so? with the following bullet point:

If you hold preferred shares directly in Brazil, you or your representative in Brazil must contact the broker that you instructed to tender shares on your behalf in sufficient time to enable the broker to withdraw the order to sell your shares before the beginning of the auction on the Expiration Date and must provide any documentation required by the broker.

Item 3. ***Identity and Background of Filing Person.***

Schedule 1 to the offer to purchase (and Section 11 Certain Information About TCP, TCO and Their Parent Companies of the offer to purchase, which refers to such schedule) is hereby amended and restated in its entirety as set forth in Schedule 1 to this amendment to the Tender Offer Statement.

Item 4. ***Terms of the Transaction.***

The legend on the cover of the offer to purchase is hereby amended by replacing the first sentence thereof with the following sentence:

Subject to the exceptions and conditions described herein, the tender offer will expire at 11:00 a.m., New York City time, on October 8, 2004, unless the offer is extended or earlier terminated.

The second paragraph of the subsection General of Section 1 Terms of the Tender Offer; Expiration Date and Qualification Dates of the offer to purchase is hereby amended by adding the following sentence after the last sentence thereof:

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If TCP extends the Expiration Date, TCP will also extend the ADS Qualification Date and the Share Qualification Date.

The third paragraph in the subsection General in Section 1 Terms of the Tender Offer; Expiration Date and Qualification Dates of the offer to purchase is hereby amended by replacing the second sentence thereof with the following sentence:

For those ADSs tendered through the receiving agent, the receiving agent will tender the underlying preferred shares in the auction described in Section 3 Acceptance for Payment and Payment for Shares, and if the underlying shares are accepted for purchase in the auction, those ADSs will be cancelled.

The first paragraph in the subsection Proration in Section 1 Terms of the Tender Offer; Expiration Date and Qualification Dates of the offer to purchase is hereby amended by replacing the second sentence thereof with the following sentence:

The proration period expires at the time of the auction on the Expiration Date.

The second paragraph in the subsection Extension, Amendment and Termination in Section 1 Terms of the Tender Offer; Expiration Date and Qualification Dates of the offer to purchase is hereby amended and restated in its entirety as follows:

If TCP makes a material change in the terms of the tender offer or the information concerning the tender offer, TCP will extend the tender offer to the extent required by Rule 14e-1 under the Exchange Act and to the extent permitted under applicable Brazilian laws and regulations. If TCP decides to increase the consideration being offered in the tender offer, the increase in the consideration being offered will be applicable to all shareholders whose shares are accepted for payment under the tender offer. Furthermore, if at the time notice of any such increase in the consideration being offered is first published, sent or given to holders of those shares, the tender offer is scheduled to expire at any time earlier than the period ending on the tenth business day from and including the date that such notice is first so published, sent or given, the tender offer will be extended at least until the expiration of that ten-business-day period to the extend permitted under applicable Brazilian laws and regulations. TCP does not expect to increase the amount of consideration currently available through this tender offer.

The first paragraph of Section 3 Acceptance for Payment and Payment for Shares of the offer to purchase is hereby amended by replacing the second sentence thereof with the following sentence:

The auction is currently scheduled to occur at 2:00 p.m., New York City time, on October 8, 2004.

The second paragraph of Section 3 Acceptance for Payment and Payment for Shares of the offer to purchase is hereby amended by replacing the second sentence thereof with the following sentence:

Sale orders for tendered shares that have not been withdrawn before the beginning of the auction on the Expiration Date will be deemed accepted, subject to the proration provisions described in Section 1 Terms of the Tender Offer; Expiration Date and Qualification Dates, and may not be withdrawn once the auction begins.

Section 3 Acceptance for Payment and Payment for Shares is hereby amended by inserting the following paragraph before the last paragraph thereof:

TCP reserves the right to transfer or assign, in whole at any time or in part from time to time, to one or more of its affiliates, the right to purchase preferred shares in the tender offer, but any such transfer or assignment will not relieve

TCP of its obligations under this offer to purchase or prejudice the rights of tendering holders to receive payments for shares validly tendered and accepted for payment pursuant to the offer to purchase.

The last paragraph of Section 3 Acceptance for Payment and Payment for Shares of the offer to purchase is hereby amended by replacing the first sentence thereof with the following:

TCP will pay for shares accepted in the tender offer promptly after the Expiration Date on the third Brazilian business day following the auction, in accordance with the rules established by CBLC for net settlement.

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The third paragraph of the subsection Holders of ADSs Direct Participation in the Tender Offer of Section 4 Procedures for Accepting the Offer and Tendering Shares is hereby amended by replacing the cross-reference to Holders of Shares Through CBLC with a cross-reference to Direct Holders of Preferred Shares.

The fourth paragraph of the subsection Holders of ADSs Direct Participation in the Tender Offer of Section 4 Procedures for Accepting the Offer and Tendering Shares is hereby amended by replacing the first sentence thereof with the following sentence:

Tendering the preferred shares underlying the ADSs and participating directly in the tender offer allows holders to benefit from withdrawal rights as to the tender offer until the beginning of the auction on the Expiration Date, as described in Section 5 Withdrawal Rights.

The first paragraph of the subsection Direct Holders of Preferred Shares in Section 4 Procedures for Accepting the Offer and Tendering Shares is hereby amended by replacing the second sentence thereof with the following sentence:

To tender a holder s shares, the holder s broker must, no later than 11:00 a.m., New York City time, on the Expiration Date, (1) transfer the shares to Account No. 7105-6 at CBLC, which is an account opened in the name of every shareholder and maintained at CBLC for the purpose of the tender offer and (2) present a sale order on behalf of the holder through the São Paulo Stock Exchange s Mega Bolsa electronic trading system using the codes set forth in Section 3 Acceptance for Payment and Payment for Shares.

The second paragraph of the subsection Direct Holders of Preferred Shares in Section 4 Procedures for Accepting the Offer and Tendering Shares is hereby amended by replacing the first sentence thereof with the following sentence:

Preferred shares held directly in Brazil are generally held either through CBLC or through Banco ABN Amro Real, TCO s transfer agent.

The fourth paragraph of the subsection Direct Holders of Preferred Shares in Section 4 Procedures for Accepting the Offer and Tendering Shares is hereby amended by replacing the word Brasilcel appearing therein with the term TCP.

The first paragraph of Section 5 Withdrawal Rights of the offer to purchase is hereby amended by replacing the second and third sentences thereof with the following sentence:

For a withdrawal to be effective, the broker who has been instructed to tender shares in the auction described in Section 3 Acceptance for Payment and Payment for Shares, including the broker selected by the receiving agent to tender preferred shares underlying ADSs, must withdraw the order to sell those shares before the beginning of the auction on the Expiration Date.

The third paragraph of the subsection Holders of ADSs in Section 5 Withdrawal Rights is hereby amended by replacing the first sentence thereof with the following sentence:

If an ADS holder withdraws ADSs from the tender offer, the ADRs evidencing those ADSs will be returned promptly after the proper withdrawal of the ADSs or, in the case of ADSs transferred through the Book-Entry Transfer Facility, the properly withdrawn ADSs will be credited promptly into the receiving agent s account at the Book-Entry Transfer Facility pursuant to book-entry transfer procedures and such ADSs will be credited promptly to an account maintained with the Book-Entry Transfer Facility for the ADSs after the proper withdrawal of the ADSs.

The fourth paragraph of the subsection Holders of ADSs in Section 5 Withdrawal Rights is hereby amended by replacing the first sentence thereof with the following sentence:

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Please note that any ADS holder that wishes to preserve its effective right to withdraw up until the beginning of the auction on the Expiration Date must surrender its ADSs, withdraw the underlying preferred shares from the ADS program and participate directly in the tender offer like other holders of preferred shares.

The subsection Direct Holders of Preferred Shares in Section 5 Withdrawal Rights is hereby amended by replacing the paragraph thereunder with the following paragraph:

If a shareholder directly holds preferred shares, the shareholder or its representative in Brazil must contact the broker that it has instructed to tender shares on its behalf in sufficient time to enable the broker to withdraw the order to sell those shares before the beginning of the auction **on the Expiration Date** and must provide any documentation required by the broker. Shareholders who wish to withdraw from the tender offer are strongly advised to contact their brokers well before the beginning of the auction.

The first paragraph of Section 6 Conditions to the Tender Offer of the offer to purchase is hereby amended by replacing the language of the first sentence thereof up to the first colon with the following language:

Notwithstanding any other provisions of this offer to purchase and in addition to any rights TCP may have to terminate or modify the terms of the tender offer set forth in the last paragraph of this section, TCP will not be required to accept for payment or pay for any TCO preferred shares, subject to the rules under the Exchange Act and applicable Brazilian laws and regulations, if, at any time on or after the date of this offer to purchase and on or before 8:00 a.m., New York City time, on the Expiration Date, any of the following shall have occurred:

The second to the last paragraph of Section 6 Conditions to the Tender Offer of the offer to purchase is hereby amended by adding the following sentence after the last sentence thereof:

If any of the conditions is triggered, TCP will publish a Notice of Material Fact clarifying whether it will continue the tender offer (if TCP waives the condition) or whether the tender offer will have no more effect.

The title of Section 8 Certain Tax Consequences and all references thereto in the offer to purchase are hereby amended to Material Tax Consequences. In addition, the subheading Certain United States Federal Income Tax Consequences appearing in Section 8 Certain Tax Consequences of the offer to purchase and all references thereto in such section are hereby amended to Material United States Federal Income Tax Consequences. The subheading Certain Brazilian Tax Consequences appearing in Section 8 Certain Tax Consequences of the offer to purchase and all references thereto in the offer to purchase are hereby amended to Material Brazilian Tax Consequences.

The first paragraph of Section 8 Certain Tax Consequences (renamed Material Tax Consequences pursuant to the preceding paragraph) is hereby amended by replacing the first sentence thereof with the following sentence:

The following summary describes the material U.S. federal income tax consequences of the tender offer for preferred shares of TCO.

The first paragraph of the subsection Certain Brazilian Tax Consequences (renamed Material Brazilian Tax Consequences pursuant to the second preceding paragraph) is hereby amended by replacing the first sentence thereof with the following sentence:

The following discussion summarizes the material Brazilian tax consequences of the disposition of TCO s preferred shares by a U.S. holder not deemed to be domiciled in Brazil for Brazilian tax purposes, or a U.S. holder for purposes of this subsection Material Brazilian Tax Consequences, including a disposition of preferred shares in the tender offer.

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Item 7. ***Source and Amount of Funds or Other Consideration.***

Section 7 Source and Amount of Funds of the offer to purchase is hereby amended and restated in its entirety as follows:

The total amount of funds required by TCP to purchase the maximum number of preferred shares subject to the tender offer, before fees and expenses, is estimated to be approximately R$902 million. TCP initially intends to pay this amount through bridge financing and has received a commitment letter for that bridge financing from Banco ABN Amro Real. This commitment is for a loan in a foreign currency to be determined in a maximum amount equivalent to R$902 million. Banco ABN Amro Real would also provide a swap so that TCP s effective principal obligation would be in *reais* and bear interest at 104.3% of the CDI (*Certificado Depositário Interbancário*) rate, a Brazilian interbank rate. The loan would mature 90 days after disbursement, and the maturity date could be extended by TCP for periods of 30 days, up to a maximum of 180 days from disbursement. The loan would be guaranteed by TCP s subsidiary Telesp Celular S.A. A copy of the commitment letter is filed as an exhibit to the Schedule TO to which this offer to purchase is also an exhibit. Banco ABN Amro Real is also TCP s transfer agent. TCP currently does not have alternative financing arrangements or plans in the event the bridge financing is not funded. However, the tender offer is not subject to receipt of financing. TCP is evaluating its capital structure and considering its alternatives, including a possible capital increase through a preemptive rights offering if required to reduce its levels of indebtedness. However, TCP s board of directors has made no decision as to the manner of refinancing the intended bridge financing.

Item 12. ***Exhibits.***

Item 12 of the Tender Offer Statement is hereby amended and restated in its entirety as follows:

(a)(1)(A) Offer to purchase dated September 1, 2004.*

(a)(1)(B) Form of letter of transmittal.*

(a)(1)(C) Letter to brokers, dealers, commercial banks, trust companies and other nominees.*

(a)(1)(D) Letter to clients for use by brokers, dealers, commercial banks, trust companies and other nominees.*

(a)(1)(E) Announcement to shareholders (*edital*) dated September 1, 2004.*

(a)(1)(F) Notice of guaranteed delivery.*

(a)(1)(G) Guidelines for certification of taxpayer identification number on Substitute Form W-9.*

(a)(1)(H) Clarification, published September 2, 2004, to announcement to shareholders (*edital*) filed as Exhibit (a)(1)(E).*

(a)(5)(A) Summary advertisement dated September 1, 2004.*

(a)(5)(B) Press release dated August 24, 2004, incorporated herein by reference to the first pre-commencement communication filed by the filing persons under cover of Schedule TO on

August 25, 2004 (Exhibit 1.2) (SEC File No. 005-60699).

(a)(5)(C)	Notice of material fact (*fato relevante*) dated August 25, 2004, incorporated herein by reference to the precommencement communication filed by the filing persons under cover of Schedule TO on August 27, 2004 (Exhibit 1.1) (SEC File No. 005-60699).
(a)(5)(D)	Investor presentation dated August 25, 2004, incorporated herein by reference to the second pre-commencement communication filed by the filing persons under cover of Schedule TO on August 25, 2004 (Exhibit 1.1) (SEC File No. 005-60699).
(a)(5)(E)	Notice of material fact (*fato relevante*) dated September 1, 2004.*
(a)(5)(F)	Press release dated September 1, 2004.*

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(b)(1)	Commitment letter of Banco ABN Amro Real S.A. dated September 17, 2004.**
(d)(1)	Shareholders Agreement by and among Telefónica Móviles, S.A., Portugal Telecom SGPS, S.A., PT Móveis SGPS, S.A., and Brasilcel B.V. on October 17, 2002, incorporated by reference to Exhibit 4.3 to the Annual Report on Form 20-F of Telefónica, S.A. filed on June 30, 2003 (the 2002 Telefónica 20-F) (SEC file number 001-09531).
(d)(2)	Subscription Agreement by and among Telefónica Móviles, S.A., Portugal Telecom SGPS, S.A., PT Móveis SGPS, S.A., and Brasilcel B.V. on October 17, 2002, incorporated by reference to Exhibit 4.4 to the 2002 Telefónica 20-F.

* Previously filed.
** Filed herewith.

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SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

TELESP CELULAR PARTICIPAÇÕES S.A.

By: /s/ Luis Avelar

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Name: Luis Avelar
Title: Executive Vice President for Marketing and Innovation

By: /s/ Javier Rodríguez Garcia

____

Name: Javier Rodríguez Garcia
Title: Vice President for Technology and Networks

Dated: September 21, 2004

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BRASILCEL N.V.

By: /s/ Francisco José Azevedo Padinha

____
Name: Francisco José Azevedo Padinha
Title: Chief Executive Officer

By: /s/ Javier Rodríguez Garcia

____
Name: Javier Rodríguez Garcia
Title: Vice President for Technology and Networks

Dated: September 21, 2004

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PORTUGAL TELECOM, SGPS, S.A.

By: /s/ Miguel Horta e Costa

____

Name: Miguel Horta e Costa
Title: President and Chief Executive Officer

By: /s/ Zeinal Bava

____

Name: Zeinal Bava
Title:Chief Financial Officer

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PT MÓVEIS, SGPS, S.A.

By: /s/ Carlos Vasconcellos Cruz

____

Name: Carlos Vasconcellos Cruz
Title:Chief Executive Officer

By: /s/ Diogo Horta e Costa

____

Name: Diogo Horta e Costa
Title: Director

Dated: September 21, 2004

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TELEFÓNICA MÓVILES, S.A.

By: /s/ Antonio Hornedo Muguiro

Name: Antonio Hornedo Muguiro
Title: General Counsel

By: /s/ Ernesto Lopez Mozo

Name: Ernesto Lopez Mozo
Title: Chief Financial Officer

Dated: September 21, 2004

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SCHEDULE 1

INFORMATION ABOUT THE DIRECTORS AND EXECUTIVE

OFFICERS OF TCP, TCO AND CERTAIN OF THEIR AFFILIATES

1. Directors and Executive Officers of TCP.

The following table sets forth the name and position of each director and executive officer of TCP. The current business address of each person is at Av. Roque Petroni Júnior, 1464, Morumbi, São Paulo, SP, Brazil, 04707-000, except where otherwise indicated below. Each position set forth opposite an individual s name refers to a position with TCP unless otherwise indicated.

Name	Positions Held	Principal Occupation and Business Experience
Felix Pablo Ivorra Cano(1)	Director	President of the Board of Directors of TCP; Executive Vice-President for Brazil and Latin America of Telefónica Móviles; Member of the Board of Directors of Telecomunicações de São Paulo S.A, Brasilcel N.V., Tele Leste Celular Participaçoes, S.A., Celular CRT Participaçoes, S.A., Tele Sudeste Celular Participaçoes, S.A., Telesp Celular Participaçoes, S.A., Tele Centro Oeste Celular Participaçoes, S.A., Telefónica Móviles SAC Perú, Telefónica Móviles Perú Holding, S.A. and MobiPay International, S.A. He joined the Telefónica Group in July 1972 and served in the areas of Technical Specifications, Network Planning, Commercial Planning and as General Director of Advanced Communications. In 1993, he was appointed General Director of the team that founded Telefónica Servicios Móviles, where he held several positions including General Commercial Director and General Director of Business Development. During 1997 and part of 1998, he was chairman of the board of Telefónica Móviles group companies Mensatel, S.A. and Radiored, S.A. Chief Executive Officer of Telerj Celular S.A., Telest Celular S.A., Telebahia Celular S.A. and Telergipe Celular S.A.., from 1999 until 2003. Chief Executive Officer Celular CRT S.A., from 2001 to 2003. Member of the Board of Directors of Telemat Celular S.A., Teleacre Celular S.A., Telems Celular S.A., Norte Brasil Telecom S.A., Teleron Celular S.A., TCO-IP S.A. and Telegoiás Celular S.A. since 2003. His current business address is at C/ Goya, 24, 28001, Madrid, Spain.
Shakhaf Wine(2)	Director	Member of the board of directors of each of Brasilcel N.V., Telesp Celular Participações S.A., Tele Centro Oeste Participações S.A., Tele Sudeste Participações S.A., Celular CRT Participações S.A., Telemat Celular S.A., Teleacre Celular S.A., Telems Celular S.A., Norte Brasil Telecom S.A., Teleron Celular S.A., TCO-IP S.A. Telegoiás Celular S.A., Universo Online S.A. and Bancol Net S.A. since 2004; Director of Investment Banking and a relationship manager for European clients in the Global Telecommunications Group of Merrill Lynch International from 1998 until 2003; Senior Associate Director in the Latin American and Telecommunications Groups of Deutsche Morgan Grenfell from 1993 until 1998; foreign exchange trader of Banco Icatu and dealer to the Brazilian Central Bank from 1991 until 1993. His current business

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Name	Positions Held	Principal Occupation and Business Experience
		address is at Praia de Botafogo, 501, 22250-040, Rio de Janeiro, RJ, Brazil.
Fernando Xavier Ferreira(2)	Director	Chief Executive Officer and Chairman of the Board of Directors of Telecomunicações de São Paulo S.A. TELESP; Member of the Board of Directors of Telefónica Móviles, Brasilcel, N.V., Tele Sudeste Celular Participações, S.A., Tele Centro Oeste Celular Participações, S.A., Celular CRT Participações, S.A., Tele Leste Participações, S.A. Telemat Celular S.A., Teleacre Celular S.A., Telems Celular S.A., Norte Brasil Telecom S.A., Teleron Celular S.A., TCO-IP S.A. Telegoiás Celular S.A. and Telesp Celular, S.A.; Member of ANATEL in 1998; General Director of Telebrás from 1995 to 1998; President of the Board of Directors of Embratel from 1995 to 1998 and Telesp S.A. from 1995 to 1998; President of Telecomunicações do Paraná S.A. Telepar from 1997 to 1999 and Vice President of that company from 1979 to 1987. He has been a member of the Latin America Committee of the New York Stock Exchange and the Global Infrastructure Commission. His current business address is at Rua Martiniano de Carvalho, 851, 01321-001 São Paulo, SP, Brazil.
Luis Miguel Gilpérez López(1)	Director	Executive Director of the International Area of Telefónica Móviles S.A. Member of the Board of Directors of Medi Telecom, S.A., Telefónica Móviles México, S.A. de C.V., Tele Leste Celular Participações S.A., Tele Sudeste Celular Participações, S.A. Celular CRT Participações S.A., Telesp Celular Participações, S.A., Tele Centro Oeste Celular Participaçoes, S.A. Brasilcel N.V., Telemat Celular S.A., Teleacre Celular S.A., Telems Celular S.A., Norte Brasil Telecom S.A., Teleron Celular S.A., TCO-IP S.A. and Telegoiás Celular S.A. Executive Chairman of MobiPay International S.A. He joined the Telefónica group in 1981. His current business address is at C/ Goya, 24, 28001, Madrid, Spain.
Ernesto Lopez Mozo(1)	Director	Chief Financial Officer General Manager for Finance and Management Control of Telefónica Móviles S.A.; Member of the Board of Directors of Telefónica Móviles de España, S.A., Mobipay International, S.A., Telefónica Móviles México, S.A. de C.V., Brasilcel N.V, Telesp Celular Participações, S.A., Tele Sudeste Celular Participações, S.A., Tele Leste Celular Participaçoes, S.A., Tele Centro Oeste Celular Participações S.A., Telemat Celular S.A., Teleacre Celular S.A., Telems Celular S.A., Norte Brasil Telecom S.A., Teleron Celular S.A., TCO-IP S.A., Telegoiás Celular S.A. and Celular CRT Participações, S.A.; Worked as Senior Manager in the financing department of Telefónica, S.A., where he was also responsible for relationships with credit rating agencies. His current business address is at C/ Goya, 24, 28001, Madrid, Spain.
Ignacio Aller Mallo(1)	Director	Member of the Board of Directors of Telefonica Móviles Mexico, S.A. de C.V., Brasilcel N.V, Telesp Celular Participações S.A., Tele Centro Oeste Celular Participações S.A., Tele Sudeste Celular Participações S.A., Tele Leste Celular Participações S.A., Celular CRT Participações S.A.,

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Name	Positions Held	Principal Occupation and Business Experience
		Telemat Celular S.A., Teleacre Celular S.A., Telems Celular S.A., Norte Brasil Telecom S.A., Teleron Celular S.A., TCO-IP S.A. and Telegoiás Celular S.A . He served as Chief Operating Officer of Telefónica Móviles S.A. by 2003 and has held several positions at Telefónica de Espana since 1967. His current business address is at C/ Goya, 24, 28001, Madrid, Spain.
Zeinal Abedin M. Bava(3)	Director	Chief Financial Officer of Portugal Telecom, SGPS, S.A. since 2000; Chief Executive Officer of TV Cabo Portugal, S.A. since March 2004; Executive Vice-Chairman of the Board of Directors of PT Comunicações, S.A. since January 2004; Member of the Board of Directors of Telemat Celular S.A., Teleacre Celular S.A., Telems Celular S.A., Norte Brasil Telecom S.A., Teleron Celular S.A., TCO-IP S.A., Telegoiás Celular S.A. and Telesp Celular Participações S.A. since 2004. Member of the Board of Directors of PT Corporate Soluções Empresariais de Telecomunicações e Sistemas, S.A. since June 2003; Chief Executive Officer of PT Multimedia Serviços de Telecomunicações e Multimedia, SGPS, S.A. since May 2003; Member of the Board of Directors of PT Compras Serviços de Consultoria e Negociação, S.A. since May 2003; Member of the Board of Directors of Fundação Portugal Telecom since March 2003; Chairman of the Board of Directors of Previsao Sociedade Gestora de Fundos de Pensoes, S.A. since March 2003; Chairman of the Board of Directors of PT Serviços de Gestão, S.A. since February 2003; Member of the Board of Directors of Tele Sudeste Participações S.A. since 2003; Member of the Board of Directors of CRT Celular Participações S.A. since 2003; Member of the Board of Directors of Tele Leste Participações S.A. since 2003; Member of the Board of Directors of Tele Centro Oeste Celular Participações S.A. since 2003; Member of the Board of Directors of Brasilcel, N.V. since December 2002; Vice-Chairman of the Board of Directors of PT Multimedia Serviços de Telecomunicações e Multimedia, SGPS, S.A. since November 2002; Member of the Board of Directors of Portugal Telecom Brasil, S.A. since July 2002; Member of the Board of Directors of BEST Banco Electronico de Servico Total, S.A. since May 2001; Vice-Chairman of the Board of Directors of PT Ventures, SGPS, S.A. (formerly Portugal Telecom Internacional, SGPS, S.A.) from 2000 until 2002; Director and Relationship Manager for Portugal of Merrill Lynch International from 1998 until 1999. His current business address is at Avenida Fontes Pereira de Melo, 40, 1069-300 Lisbon, Portugal.
Carlos Manuel L. Vasconcellos Cruz(3)	Director	Chief Executive Officer of Portugal Telecom Investimentos Internacionais Consultoria Internacional S.A. and PT Ventures, SGPS, S.A. since April 2004; Member of the Board of Directors of PT Corporate Soluções Empresariais de Telecomunicações e Sistemas, S.A. since June 2003; Chief Executive Officer of PT Comunicações, S.A. from May 2002 until January 2004; Chief Executive Officer of PT Prime, SGPS, S.A. from 2002 until January 2004; Chairman of the Board of Directors of PT Prime,

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Name	Positions Held	Principal Occupation and Business Experience
		SGPS, S.A. from 2002 until January 2004; Chairman of the Board of Directors of PT Contact Telemarketing e Serviços de Informação, S.A. from 2002 until January 2004; Chief Executive Officer of PTM.com, SGPS, S.A. from May 2003 until January 2004; Member of the Board of Directors of PT Compras Serviços de Consultoria e Negociação, S.A. since May 2003; Member of the Board of Directors of Fundação Portugal Telecom since March 2003; Member of the Board of Directors of Brasilcel, N.V. since December 2002; Member of the Board of Directors of Portugal Telecom Brasil, S.A. since July 2002; Member of the Board of Directors of TMN Telecomunicações Móveis Nacionais, S.A. from June 2002 until May 2003; Member of Board of Directors of Telesp Celular Participações S.A. since April 2001; Vice-Chairman of Telesp Celular Participações S.A. since 2001; Member of the Board of Directors of Tele Sudeste Celular Participações, S.A. since 2003; Member of the Board of Directors of CRT Celular Participações, S.A. since 2003; Member of the Board of Directors of Tele Leste Celular Participações, S.A., since 2003; Member of the Board of Directors of Tele Centro Oeste Celular Participações S.A. since 2003; Chairman and Chief Executive Officer of Telesp Celular S.A. from May 2001 until May 2002; President and Chief Executive Officer of Tradecom, SGPS, S.A. from 2000 until 2001; Executive Board Member of PT Prime, SGPS, S.A. from 2000 until 2001; Invited Professor of Universidade Católica Portuguesa and ISCTE for Post-Graduate Courses and MBA Program from 2000 until 2001; Member of World Board of Dun & Bradstreet Corporation, Executive Vice-President of Dun & Bradstreet Corporation, President and Chief Executive Officer of D&B GMC, Executive Vice President of D&B Europe, President and Chief Executive Officer of D&B Iberia, Vice President of Trans Union España Credit Burear S/A from 1997 until 1999; Senior Vice-President of Dun & Bradstreet Corporation, Senior Vice-President of Dun & Bradstreet Europe, President and Chief Executive Officer of D&B Iberia & Middle West, Vice-President of A.P.E.I.N. (Associação Portuguesa de Empresas de Informação de Negócio) in 1996; President & Chief Executive Officer of Dun & Bradstreet Ibéria in 1995; President and Chief Executive Officer of Dun & Bradstreet Portugal, Vice-President of Associação Portuguesa para a Qualidade from 1990 until 1993; President of European Customer Service group of Dun & Bradstreet in 1992; General Director of Dun & Bradstreet France in 1989; General Director of Sales of Dun & Bradstreet France in 1988; Commercial Director of Dun & Bradstreet Portugal in 1987; National Director of Sales of Dun & Bradstreet Portugal in 1986; Director of Sales Department of Dun & Bradstreet Portugal in 1985; Senior Economist of LEASEINVEST from 1983 until 1985; Economist of Finance Ministry of Portugal from 1978 until 1983.
Eduardo Perestrelo Correia de Matos(3)	Director	President of Portugal Telecom Brasil S.A.; Member of the Board of Directors of Telemat Celular S.A., Teleacre Celular S.A., Telems Celular S.A., Norte Brasil Telecom

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Name	Positions Held	Principal Occupation and Business Experience
		S.A., Teleron Celular S.A., TCO-IP S.A. and Telegoiás Celular S.A. since 2004. Member of the Board of Directors of PT Móveis, Serviços de Telecomunicações, S.G.P.S., S.A., Tele Centro Oeste Celular Participações S.A., Tele Sudeste Celular Participações S.A., Tele Leste Celular Participações S.A., Celular CRT Participações S.A. and Telesp Celular Participações S.A. since 2003; Member of the Board of Directors of Portugal Telecom, S.G.P.S., S.A. from 1996 until May 2002. His current business address is at Av. Brigadeiro Faria Lima, 2277, 15º andar, Suite 1503, 01452-000, São Paulo, SP, Brazil.
Pedro Manuel Brandão Rodrigues(3)	Director	Member of the Board of Directors and Executive Officer of Telecomunicações Móveis Nacionais TMN, since 2003; Member of the Board Directors of PT Móveis, S.G.P.S., S.A., since 2000; Member of the Board of Directors of Telemat Celular S.A., Teleacre Celular S.A., Telems Celular S.A., Norte Brasil Telecom S.A., Teleron Celular S.A., TCO-IP S.A. and Telegoiás Celular S.A. since 2004; Member of the Board of Directors of Brasilcel N.V. since 2003; Member of the Board of Directors of Tele Centro Oeste Celular Participações S.A., Tele Sudeste Celular Participações S.A., Tele Leste Celular Participações S.A., Celular CRT Participações S.A. and Telesp Celular Participações S.A. since 2003; President of the Permanent Offset Committee since 2003; Member of the Working Group on Public Service Television in 2002; Elected Member of Parliament for Lisbon in 2002 (IX Legislature); Professor at Instituto Superior Técnico from 1987 to 2000. Member of the Board and Member of the Executive Committee of Banco Mello and Banco Mello de Investimentos from 1994 to 2000; Permanent Member of the Financial International Union (UIF) Consulting Committee from 1994 to 2000. His current business address is at Avenida Álvaro Pais, 02, 1649-041 Lisbon, Portugal.
António Gonçalves de Oliveira(2)	Director	Member of the Board of Directors of Previ; Member of the Social and Economic Development Council of the Brazilian Government, Member of the Board of the Small and Medium Company Working Group sponsored by the Brazilian Government; Coordinator of the international integration foreign trade committee of the Small Company Permanent Forum sponsored by the Brazilian Government; Coordinator for the Small Company National Seminar; Vice-President of the Brazilian Businessmen Association for Market Integration (ADEBIM); Member of the orientation and steering council of Banco do Povo do Estado de São Paulo and President of the decision council of the National Employee Association of Banco do Brasil (ANABB). From 1991 to 1995 he served as director of the Latin American Sociology Association and from 1993 to 1994 he served as the executive coordinator of the Small and Medium Company National Movement (MONAMPE).
Francisco José Azevedo Padinha(3)	Chief Executive Officer	Chief Executive Officer of each of Brasilcel N.V., Tele Sudeste Celular Participações S.A., Tele Leste Celular Participações S.A., Telesp Celular Celular Participações S.A.,

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Name	Positions Held	Principal Occupation and Business Experience
		Celular CRT Participações S.A., Telerj Celular S.A., Telest Celular S.A., Telebahia Celular S.A., Telergipe Celular S.A., Celular CRT S.A., Telesp Celular S.A. and Global Telecom S.A. since 2003; Chairman of the Board of Directors of each of PT Prime Tradecom Soluções Empresariais de Comércio Electrónico, S.A., Megamedia Soluções Multimédia, S.A., PT Prime, SGPS, S.A.; Vice Chairman of the Board of Directors of PT Ventures S.A.; Member of the Board of Directors of PT Comunicações S.A.; Member of the scientific committee of Taguspark Sociedade de Promoção e Desenvolvimento do Parque da Ciência e Tecnologia da Área de Lisboa, S.A.; He was also the Chairman of the Board of Directors of Prymesys Soluções Empresariais S.A.; Manager of the central department for research and development of Companhia Portuguesa Rádio Marconi, S.A., from 1989 until 1992 and Chairman of the Board of Directors of Telecom Portugal, S.A. from 1992 until 1994; Chief executive officer of PT Prime SGPS, S.A. from 2000 to 2001; Member of the board of directors of Portugal Telecom from 1994 until 2002. Executive Officer of Tagilo Participações Ltda. and Intertelecom Ltda. since 2004.
Fernando Abella García(1)	Executive Vice President for Finance, Planning and Control and Investors Relations Officer	Executive Vice President for finance, planning and control of each of Brasilcel N.V., Tele Sudeste Celular Participações S.A., Tele Leste Celular Participações S.A., Celular CRT Participações S.A., Telesp Celular Participações S.A., Telerj Celular S.A., Telest Celular S.A., Telebahia Celular S.A., Telergipe Celular S.A., Celular CRT S.A., Telesp Celular S.A. and Global Telecom S.A.. Investor Relations Officer of Tele Sudeste Celular Participações S.A., Telesp Celular Participações S.A., Celular CRT Participações S.A. and Tele Leste Celular Participações S.A.; Executive Vice President for IT and Product and Service Engineering of Tele Centro Oeste Celular Participações S/A; Vice President for Human Resource and Quality of Telerj Celular S.A., Telest Celular S.A., Telebahia Celular S.A., Telergipe Celular S.A. and Celular CRT S.A., from 2002 until 2003. Vice President for Resource, Finance and Control of Telerj Celular S.A., Telest Celular S.A., Telebahia Celular S.A., Telergipe Celular S.A. and Celular CRT S.A., from 2002. Member of the Board of Directors of Telefónica Factoring do Brasil Ltda. From 1994 until 1997, Mr. Garcia worked as an external consultant for the Telefónica Group in several different areas. Since joining the Telefónica Group in 1997, he has served in different positions in the financial and strategic planning areas in Spain and Brazil. He was also a member of the Board of Directors of Telefónica Móviles S.A.C. in Peru, Telefónica Móvil S.A. in Chile, Telefónica Móviles El Salvador, S.A. de C.V. in El Salvador and Telefónica Centroamérica Guatemala, S.A. in Guatemala.
Paulo Cesar Pereira Teixeira(2)	Executive Vice President for Operations	Executive Vice President for operations of Tele Sudeste Celular Participações S.A., Tele Leste Celular Participações S.A., Telesp Celular Participações S.A., Celular CRT Participações S.A., Telesp Celular S.A. and Global Telecom S.A. Member of the Board Directors of Tele Sudeste

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Name	Positions Held	Principal Occupation and Business Experience
		Celular Participações S.A., Tele Leste Celular Participações S.A. and Celular CRT Participações S.A. from 2001 until 2003. Executive Vice President of Telerj Celular S.A., Telest Celular S.A., Telebahia Celular S.A., Telergipe Celular S.A. and Celular CRT S.A., from 2001 until 2004. Executive Vice President for Operations of Telerj Celular S.A. and Telest Celular S.A., from 1999 until 2001. Executive Vice President for Planning and Co-ordination from 1998 until 2001. From 1980 until 1987, Mr. Teixeira performed several different managerial duties in Companhia Riograndense de Telecomunicações S.A.-CRT and was also a member of the Board of Directors (1985-1986). In 1987 and 1988, he served at several different positions in Telebrás or in the companies of the Telebrás Group.
Javier Rodríguez Garcia(1)	Executive Vice President for Technology and Networks	Executive Vice President for technology and networks of each Tele Sudeste Celular Participações S.A., Tele Leste Celular Participações S.A., Celular CRT Participações S.A., Telesp Celular Participações S.A., Telerj Celular S.A., Telest Celular S.A., Telebahia Celular S.A., Telergipe Celular S.A., Celular CRT S.A., Telesp Celular S.A. and Global Telecom S.A.. From 1986 until 1988, Mr. García worked at INDELEC Indústria Electrónica de Comunicaciones S.A., as the manager responsible for the implementation of an automatic mobile telecommunications project for Telefónica de España S.A. From 1988 until 1990, he worked at Rede Electrica de España S.A., as the person responsible for the project, installation and maintenance of radio mobile systems in Spain. From 1990 until 1992, Mr. García served as an engineering manager at Telcel S.A., where he was responsible for the implementation of automatic mobile telecommunication system for Telefónica de España S.A. in Barcelona, Madrid and Palma de Mallorca. From 1992 until 1996, he was an engineering manager responsible for the installation and maintenance of systems at Compañia Europea de Radiobusqueda S.A., and from 1996 until 1998, he worked in cellular businesses for Telefónica Group in Spain and Peru, as a network quality manager and technical area sub-manager, respectively. From 1998 until 2000, Mr. García was the technology manager in the cellular business of Telefónica Group in Brazil and from 2000 until 2002 he was the network manager of Telerj Celular S.A. and Telest Celular S.A.
Guilherme Silverio Portela Santos(3)	Executive Vice President for Customers	Executive Vice President for customers of each of Tele Sudeste Celular Participações S.A., Tele Leste Celular Participações S.A., Telesp Celular Participações S.A., Celular CRT Participações S.A., Telerj Celular S.A., Telest Celular S.A., Telebahia Celular S.A., Telergipe Celular S.A., Celular CRT S.A., Telesp Celular S.A. and Global Telecom S.A.; Executive manager at PT Móveis, SGPS, S.A.. From 1989 until 1993, Mr. Santos was a consultant at McKinsey & Co., and from 1994 until 1998 he worked as an officer for operations and an officer for special projects at Parque Expo 98, S.A. He was also a coordination officer at Companhia de Seguros Tranquilidade.

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Name	Positions Held	Principal Occupation and Business Experience
Luis Filipe Saraiva Castel-Branco de Avelar(3)	Executive Vice President for Marketing and Innovation and Vice President for IT and Product and Service Engineering	Executive Vice President for IT and product and service engineering of each of Tele Sudeste Celular Participações S.A., Tele Leste Celular Participações S.A., Celular CRT Participações S.A., Telesp Celular Participações S.A., Telerj Celular S.A., Telest Celular S.A., Telebahia Celular S.A., Telergipe Celular S.A., Celular CRT S.A., Telesp Celular S.A. and Global Telecom S.A.. In 1989, 1991 and 1993, Mr. Avelar was respectively the corporate accounts director of Telefones de Lisboa e Porto, an expert in telecommunications services for the European Commission (DG XIII, Telecom Policy Unit) and a strategic planning director at Comunicações Nacionais. From 1993 to 1998 he was a consultant in privatization and regulation projects for the World Bank, the European Bank for Reconstruction and Development and the European Commission. From 1996 to 1998 he was a portfolio director of Portugal Telecom Group in the strategic marketing board of Portugal Telecom. From 1998 to 2000, Mr. Avelar was a special consultant to the president of Telesp Celular Participações S.A. for the areas of marketing, sales, strategy, regulation and special projects, and, from 2000 to 2001, he was a director at the internet and e-commerce business unit at the same company.
José Carlos de la Rosa Guardiola(1)	Executive Vice President for Regulatory Matters and Institutional Relations	Executive Vice President for regulatory matters and institutional relations of each of Telesp Celular Participações S.A., Tele Leste Celular Participações S.A., Tele Sudeste Celular Participações S.A., Celular CRT Participações S.A., Telerj Celular S.A., Telest Celular S.A., Telebahia Celular S.A., Telergipe Celular S.A., Celular CRT S.A., Telesp Celular S.A. and Global Telecom S.A.. Vice President for Planning and Co-ordination of Telerj Celular S.A. and Telest Celular S.A., from 2000 to 2002. Vice President for Planning and Co-ordination of Celular CRT S.A., from 2001 to 2002. From November 1998 until February 2002, Mr. Guardiola was engaged in the Regulation and Operations Departments of these companies, and occupied the function of vice president of Operations responsible for the commercial, administrative and operations activities of each of Telebahia Celular S.A. and Telergipe Celular S.A. He is also member of the Board of Directors of Saint Gobain, France, National Semiconductors, USA and NEC Eletronics, Japan.

(1) Spanish citizen.

(2) Brazilian citizen.

(3) Portuguese citizen.

2. Directors and Executive Officers of Brasilcel.

The following table sets forth the name and position of each director and executive officer of Brasilcel. The current business address of each person is at Strawiskylaan, 3105, 1077 ZX, Amsterdam, The Netherlands, except where otherwise indicated below. Each position set forth opposite an individual s name refers to a position with Brasilcel unless otherwise indicated.

Name	Positions Held	Principal Occupation and Business Experience
Zeinal Abedin M. Bava(1)	Director	See Directors and Executive Officers of TCP.
Álvaro José Roquette Morais(1)	Director	Director and Chief Operating Officer of PT Investimentos Internacionais since March 2004; Director and Chief Operating Officer of PT Comunicações from June 2002 until March 2004. Chief Executive Officer of PT Prime from June 2002 until March 2004; Executive Vice President of Sales and Marketing of Telesp Celular from April 2001 until June 2002; Chief Executive Officer of Tradecom Latin America (PT Group) from September 2000 until April 2001; President and Chief Executive Officer of D&B Spain from January 1999 until September 2000; Chief Executive Officer of Transunion Spain from January 1999 until September 2000; Deputy General Manager and Sales and Marketing Director of D&B Spain in 1998. His current business address is at Avenida Fontes Pereira de Melo, 40, 1069-300 Lisbon, Portugal.
Carlos Manuel de Lucena e Vasconcellos Cruz(1)	Director	Director and Executive Officer of Portugal Telecom, SGPS, S.A. Chief Executive Officer of Portugal Telecom Investimentos Internacionais Consultor ia Internacional S.A. and PT Ventures, SGPS, S.A. since April 2004; Member of the Board of Directors of PT Corporate Soluções Empresariais de Telecomunicações e Sistemas, S.A. since June 2003; Member of the Board of Directors of PT Compras Serviços de Consultoria e Negociação, S.A. since May 2003; Member of the Board of Directors of Fundação Portugal Telecom since March 2003; Member of the Board of Directors of Tele Sudeste Participações S.A. since 2003; Member of the Board of Directors of CRT Celular Participações S.A. since 2003; Member of the Board of Directors of Tele Leste Participações S.A., since 2003; Member of the Board of Directors of Tele Centro Oeste Celular Participações S.A. since 2003; Member of the Board of Directors of Brasilcel, N.V. since December 2002; Member of the Board of Directors of Portugal Telecom Brasil, S.A. since July 2002; Member of Board of Directors of Telesp Celular Participações S.A. since April 2001; Vice-Chairman of Telesp Celular Participações S.A. since 2001; Chief Executive Officer of PTM.com, SGPS, S.A. from May 2003 until January 2004; Chief Executive Officer of PT Comunicações, S.A. from May 2002 until January 2004; Chief Executive Officer of PT Prime, SGPS, S.A. from 2002 until January 2004; Chairman of the Board of Directors of PT Prime, SGPS, S.A. from 2002 until January 2004; Chairman of the Board of Directors of PT Contact Telemarketing e Serviços de Informação, S.A. from 2002 until January 2004; Member of the Board of Directors of TMN Telecomunicações Móveis Nacionais, S.A. from June 2002 until May 2003; Chairman and Chief Executive Officer of Telesp Celular S.A. from May 2001

Name	Positions Held	Principal Occupation and Business Experience
		until May 2002; President and Chief Executive Officer of Tradecom, SGPS, S.A. from 2000 until 2001; Executive Board Member of PT Prime, SGPS, S.A. from 2000 until 2001; Invited Professor of Universidade Católica Portuguesa and ISCTE for Post-Graduate Courses and MBA Program from 2000 until 2001. His current business address is at Avenida Fontes Pereira de Melo, 40, 1069-300 Lisbon, Portugal.
Harry Dirk Hilbert Moraal(2)	Director	Senior Client Relationship Manager in ABN AMRO Trust in Amsterdam from 1999 until 2004; Head Client Relationship Department member in ABN AMRO Trust in Amsterdam since 2004.
Paul Johannes Antonius Wilbrink(2)	Director	Senior Account Manager at ING Trust (Nederland) B.V. from 1999 until 2000; Lawyer at Nationale-Nederlanden from 2000 until 2002; Team Manager at ING Trust (Nederland) B.V. from 2002 until 2004; Senior Client Relationship Manager since 2004 at ABN AMRO Trust Company (Nederland) B.V.
Hendrik Justus Wirix(2)	Director	Deputy manager and Chief Legal Counsel at ABN AMRO Trust Company (Nederland) B.V. since 1991.
Lara Ieka Runne(2)	Director	Corporate lawyer for ABN AMRO Trust Company (Nederland) B.V. since November 2003; Junior account manager trust at MeesPierson Trust (Curacao) N.V. from 2002 until 2003 and in 2001; Marketing sales and assistant at MeesPierson Trust (Curacao) N.V. in 2002; Worked in sales and marketing for a resort at Curacao from 2000 to 2001.
Marcus Antonius Joseph Pessel(2)	Director	Financial Officer and Corporate Officer of ING Trust (Nederland) B.V. from 1997 until 2000 and from 2000 until 2002; Account Manager at Sheltons Trust & Corporate Services in 2002; Senior Client Relationship Manager since 2002 at ABN AMRO Trust Company (Nederland) B.V.
Carlos David Maroto Sobrado(3)	Director	Executive Managing Director of Telefónica Europe B.V. since March 2002. Member of the Board of Directors of Telefónica Europe B.V., Atento N.V. and Brasilcel N.V. Manager of Corporate Financing & Documentation Department of Telefónica S.A. from March 2000 until March 2002. Senior Analyst in Financing and Derivatives in Financing and Debt-Capital Structure of Telefónica S.A. from 1999 until March 2000. His current business address is at Aert van Nesstraat 45, 3012 CA Rotterdam, The Netherlands.
Antonio Pedro de Carvalho Viana Baptista(1)	Director	Member of the Board of Directors of Telefónica. Served as Chairman and Chief Executive Officer of Telefonica Moviles S.A., since August 2002. He also serves on the Board of Directors of Telefónica Internacional, S.A., Terra Networks, S.A., Telefónica de Argentina, S.A, Brasilcel, N.V, Tele Leste Celular Participações S.A., Tele Sudeste Celular Participações S.A., Telesp Celular Participacoes, S.A., Tele Centro Oeste Celular Participações S.A., Celular CRT Participações S.A. and Portugal Telecom SGPS, S.A. He was a principal partner of McKinsey & Co. at the McKinsey offices in Madrid and Lisbon from 1985 to 1991

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Name	Positions Held	Principal Occupation and Business Experience
		and served as Executive Advisor of the Banco Portugues de Investimento (BPI) from 1991 to 1996. From 1996 through July 2002, he was President of Telefónica Internacional and Executive President of Telefónica Latinoamerica. His current business address is at Pº Recoletos, 7-9, 3ª Planta, 28004, Madrid, Spain.
Ignacio Aller Mallo(3)	Director	See Directors and Executive Officers of TCP.
Félix Pablo Ivorra Cano(3)	Director	See Directors and Executive Officers of TCP.
Ernesto Lopez Mozo(3)	Director	See Directors and Executive Officers of TCP.
Robertus Hendrikus Lukas de Groot(2)	Director	Account manager from 1995 until 2000, Senior Account Manager from 2000 to 2003 and Senior Client Relationship Manager since 2003 at ABN AMRO Trust Company (Nederland) B.V.
Alexander Daniël de Vreeze(2)	Director	Head of Commercial Organization and member of management team of ABN AMRO Trust Company (Nederland) B.V. since 1998.
Fernando Xavier Ferreira(4)	Director	See Directors and Executive Officers of TCP.
Eduardo Perestrelo Correia de Matos(1)	Director	See Directors and Executive Officers of TCP.
Pedro Manuel Brandão Rodrigues(1)	Director	See Directors and Executive Officers of TCP.
Paul Jozef Schmitz(2)	Director	Senior Account Manager of ABN AMRO Trust Company (Nederland) B.V. since 1993.
Benjamin de Koe(2)	Director	Account manager from 1998 until 2002, Senior Client Relationship Manager from 2002 to 2004 and Client Accounting Officer and Client Relationship Manager in 2004 at ABN AMRO Trust Company (Nederland) B.V.
Luis Miguel Gilperez López(3)	Director	See Directors and Executive Officers of TCP.
J.C.W. van Burg(2)	Director	Regional Manager Private Banking from 1999 until 2001, Senior Vice President Business Development in 2001 and 2002, Senior Vice President Group Audit in 2002 and 2003 and Managing Director since 2003 at ABN AMRO Trust Company (Nederland) B.V.
C.J.P. Kluft(2)	Director	Various positions in ABN AMRO Bank N.V. since 1974; Assistant to the Head of the Legal Department of ABN AMRO Bank Trust Company.
Shakhaf Wine(4)	Director	See Directors and Executive Officers of TCP.

(1) Portuguese citizen.

(2) Dutch citizen.

(3) Spanish citizen.

(4) Brazilian citizen.

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3. Directors and Executive Officers of TCO.

The following table sets forth the name and position of each director and executive officer of TCO. The current business address of each person is SQS Quadra 2, Bloco C, Lote 226, Edifício Telebrasília Celular 7 andar, Brasília, D.F., Brazil, 70302-936. Each position set forth opposite an individual s name refers to a position with TCO unless otherwise indicated.

Name	Positions Held	Principal Occupation and Business Experience
Felix Pablo Ivorra Cano(1)	Chairman	See Directors and Executive Officers of TCP.
Shakhaf Wine	Director	See Directors and Executive Officers of TCP.
Fernando Xavier Ferreira(3)	Director	See Directors and Executive Officers of TCP.
Luis Miguel Gilperez Lopez	Director	See Directors and Executive Officers of TCP.
Ernesto Lopez Mozo(1)	Director	See Directors and Executive Officers of TCP.
Ignacio Aller Mallo(1)	Director	See Directors and Executive Officers of TCP.
Zeinal Abedin M. Bava(2))	(531)	(13.9)

(41)	(42)	(61)		Impact of unrealized intragroup profit elimination (b)		31	(103)	
				Net profit attributable to Eni s shareholders				
0.23	0.61	0.50	117.4	per share	(euro)	0.76	1.12	47.4
0.63	1.69	1.27	101.6	per ADR	($)	2.02	2.97	47.0
				Adjusted net profit attributable to Eni s shareholders				
0.25	0.50	0.45	80.0	per share	(euro)	0.73	0.95	30.1
0.68	1.38	1.15	69.1	per ADR	($)	1.94	2.52	29.9
3,622.4	**3,622.4**	**3,622.4**		**Weighted average number of outstanding shares (c)**		**3,622.4**	**3,622.4**	
2,178	**4,554**	**4,585**	**110.5**	**Net cash provided by operating**		**7,621**	**9,139**	**19.9**

3,697	**2,779**	**4,328**	**17.1**	**activities Capital expenditures**	**6,844**	**7,107**	**3.8**

(a) For a detailed explanation of adjusted net profit by division see page 24.

(b) Unrealized intragroup profit concerns profit on intragroup sale of products, goods, services and tangible and intangible goods reported in the acquiring company s assets at period end.

(c) Fully diluted (million shares).

Trading environment indicators

Second Quarter 2009	**First Quarter 2010**	**Second Quarter 2010**	**% Ch. 2 Q. 10 vs 2 Q. 09**			**First Half 2009**	**First Half 2010**	**% Ch.**
58.79	76.24	78.30	33.2	Average price of Brent dated crude oil [(a)]		51.60	77.27	49.7
1.362	1.384	1.273	(6.5)	Average EUR/USD exchange rate [(b)]		1.332	1.328	(0.3)
43.16	55.09	61.51	42.5	Average price in euro of Brent dated crude oil		38.74	58.19	50.2
3.61	2.40	3.39	(6.1)	Average European refining margin [(c)]		4.47	2.90	(35.1)
3.90	3.20	4.48	14.9	Average European refining margin Brent/Ural [(c)]		5.09	3.84	(24.6)
2.65	1.74	2.66	0.4	Average European refining margin in euro		3.36	2.18	(35.1)
1.3	0.6	0.6	(53.8)	Euribor - three-month euro rate	(%)	1.7	0.6	(64.7)
0.9	0.3	0.4	(55.6)	Libor - three-month dollar rate	(%)	1.0	0.3	(70.0)

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

(b) Source: ECB.

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

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Group results

Net profit attributable to Eni s shareholders for the second quarter of 2010 was euro 1,824 million, doubling the profit of the second quarter of 2009 with an increase of euro 992 million. For the first half of 2010 net profit was euro 4,046 million, an increase of euro 1,310 million from the first half of 2009, or 47.9%. The results were driven by an improved operating performance (up by 79% and 43.6% in the second quarter and the first half of 2010, respectively) which was mainly reported by the Exploration & Production division. Also higher profit was reported from equity-accounted entities in both periods, helped by gains on divestments. These additions were partly offset by higher losses on fair-value derivative instruments on currencies, which were recognized through profit and loss as they did not meet the formal criteria to be designated as hedges under IFRS. Finally, Group results were affected by increased income taxes.

Adjusted net profit attributable to Eni s shareholders amounted to euro 1,625 million for the second quarter of 2010, an increase of euro 723 million from the second quarter of 2009, up 80.2%. For the first half of 2010 adjusted net profit was euro 3,447 million, an increase of euro 786 million from the first half of 2009, or 29.5%. Adjusted net profit for the second quarter was calculated by excluding an inventory holding profit of euro 250 million and net special losses of euro 51 million, resulting in an overall adjustment equivalent to a decrease of euro 199 million. For the first half 2010, an inventory holding profit of euro 530 million and net special gains of euro 69 million resulted in an overall adjustment equivalent to a decrease of euro 599 million.
Special charges of the operating profit mainly related to light impairment charges of oil&gas properties in the Exploration & Production division and capital expenditures for the period on health, safety and environmental upgrades on assets impaired in previous reporting periods in the Refining & Marketing and Petrochemical divisions. Also there were recorded provisions for redundancy incentives and environmental provisions.
These special charges were offset by gains from the divestment of certain non-strategic assets in the Exploration & Production division. Special charges of net profit included a currency adjustment amounting to euro 47 million to the loss provision accrued in the 2009 financial statements to take account of the TSKJ proceeding. Certain special gains were also recorded related to the divestment of a 25% stake in GreenStream (euro 93 million), including a gain from revaluating the residual interest in the venture, and a 100% interest in the Belgian company DistriRe (euro 47 million), as well as impairment of the Company s interest in an industrial venture in Venezuela (euro 20 million[1])

Results by division

The increase in the Group adjusted net profit in both the second quarter and first half of 2010 reflected higher adjusted net profit mainly reported by the Exploration &Production, Petrochemical and Engineering & Construction divisions.

Exploration & Production

The Exploration & Production division reported better adjusted net results (up 42.8% in the second quarter and 40.1% in the first half) driven by a better operating performance (up euro 1,378 million or 66.8% in the second quarter; up euro 2,323 million, or 54.8% in the first half). The main positive trends were higher oil realizations in dollar terms and the depreciation of the euro against the US dollar, predominantly in the second quarter. On the negative side, the adjusted tax rate was up by 4.8 and 3.3 percentage points in the second quarter and in the first half of 2010, respectively.

Petrochemicals

In the second quarter of 2010, the Petrochemical division achieved a remarkable improvement by trimming net loss by approximately 80% (from a loss of euro 114 million in the second quarter 2010 to a loss of euro 23 million). In the first half of 2010, net loss was reduced by 68.4% (from euro 209 million to euro 66 million). These improvements were driven by better operating performance (up euro 135 million and up euro 187 million in the second quarter and the first half of 2010, respectively) due to increased sales volumes up by 11% and 17%, respectively (led by the

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(4) A further impairment of the Company s interest in the above mentioned industrial venture resulting from the bolivar translation differences was accounted on the Company s equity for a total amount of euro 29 million.

polymers business area) and cost efficiencies. Profitability continued being negatively impacted by high supply costs of oil-based feedstock that were not fully recovered in sales prices.

Refining & Marketing

In the second quarter of 2010 the Refining & Marketing division reported a reversal in net losses which were trimmed by 80.8% from a year ago (down to euro 19 million from euro 99 million) driven by improved refining margins. Decreased results were recorded by marketing activities in Italy due to lower sales of automotive fuels (down 6%). On the contrary, the adjusted net loss for the first half of 2010 increased by 58.1%, from euro 31 million to euro 49 million.

Engineering & Construction

The Engineering & Construction division reported improved net profit (up 20.8% in the second quarter and 4.7% in the first half of 2010) driven by a better operating performance (up euro 46 million in the second quarter and up euro 63 million in the first half) driven by a growth in revenues and higher profitability of acquired orders.

Gas & Power

The Gas & Power division reported modest changes in adjusted net profit which was euro 24 million higher in the second quarter (up 4.8%) and euro 9 million lower in the first half of 2010 (down 0.6%). The Marketing performance was sharply lower in both reporting periods pressured by negative pricing conditions in oil-linked formulae, volume losses in Italy and lowered marketing margins, partly offset by the positive impact associated with supply contract renegotiation and optimization. As a result, operating profit was down by euro 162 million quarter-on-quarter, or 76.1%, and by euro 322 million in the first half, or 32.6%. Those negatives were counterbalanced by a robust performance delivered by the Regulated businesses in Italy (up 23% in the quarter and 18% in the first half), as well as higher profit reported by equity-accounted entities.

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Liquidity and capital resources

Summarized Group Balance Sheet[5]

(euro million)	December 31, 2009	March 31, 2010	June 30, 2010	Change vs Dec. 31, 2009	Change vs Mar. 31, 2010
Fixed assets [(a)]					
Property, plant and equipment	59,765	62,033	67,477	7,712	5,444
Inventory - compulsory stock	1,736	1,873	1,997	261	124
Intangible assets	11,469	11,446	11,479	10	33
Equity-accounted investments and other investments	6,244	6,026	6,389	145	363
Receivables and securities held for operating purposes	1,261	1,300	1,976	715	676
Net payables related to capital expenditures	(749)	(612)	(710)	39	(98)
	79,726	**82,066**	**88,608**	**8,882**	**6,542**
Net working capital					
Inventories	5,495	5,517	6,641	1,146	1,124
Trade receivables	14,916	17,803	15,493	577	(2,310)
Trade payables	(10,078)	(12,001)	(11,536)	(1,458)	465
Tax payables and provisions for net deferred tax liabilities	(1,988)	(4,003)	(4,059)	(2,071)	(56)
Provisions	(10,319)	(10,644)	(10,854)	(535)	(210)
Other current assets and liabilities [(b)]	(3,968)	(3,297)	(2,895)	1,073	402
	(5,942)	**(6,625)**	**(7,210)**	**(1,268)**	**(585)**
Provisions for employee post-retirement benefits	**(944)**	**(964)**	**(1,012)**	**(68)**	**(48)**
Net assets held for sale including related liabilities	**266**	**897**	**331**	**65**	**(566)**
CAPITAL EMPLOYED, NET	**73,106**	**75,374**	**80,717**	**7,611**	**5,343**
Shareholders equity					
Eni shareholders equity	46,073	50,099	53,379	7,306	3,280
Non-controlling interest	3,978	4,223	3,996	18	(227)
	50,051	**54,322**	**57,375**	**7,324**	**3,053**
Net borrowings	**23,055**	**21,052**	**23,342**	**287**	**2,290**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**73,106**	**75,374**	**80,717**	**7,611**	**5,343**

(a) For the explanation of IFRIC 12 adoption, see the methodology note at page 6.
(b) Include receivables and securities for financing operating activities for euro 496 million (euro 339 million and euro 181 million at December 31, 2009 and March 31, 2010, respectively) and securities covering technical reserves of Eni s insurance activities for euro 266 million (euro 381 million and euro 444 million at December 31, 2009 and March 31, 2010, respectively).

The Group s balance sheet as of June 30, 2010 was significantly impacted by a large drop in the exchange rate of the euro versus the US dollar, which was down by 14.9% from December 31, 2009 (from 1.441 to 1.227 US dollar per euro as of June 30, 2010). This trend increased net capital employed, net equity and net borrowings by approximately euro 5,700 million, euro 5,000 million and euro 700 million, respectively, as a result of exchange rate translation differences.

Fixed assets amounted to euro 88,608 million, representing an increase of euro 8,882 million from December 31, 2009 reflecting exchange rate translation differences and capital expenditures incurred in the period (euro 7,107 million), partly offset by depreciation, depletion, amortization and impairment charges (euro 4,459 million).

Net working capital amounted to a negative euro 7,210 million, representing a decrease of euro 1,268 million mainly as a result of increased tax payable and provisions for net deferred tax liabilities accrued in the period.

Net assets held for sale including related liabilities (euro 331 million) mainly related to the following assets: certain oil&gas properties in Italy which were contributed in kind to two subsidiaries Società Padana Energia SpA and Società Adriatica Idrocarburi SpA, and the subsidiary Gas Brasiliano Distribuidora SA.

Shareholders equity including non-controlling interest increased by euro 7,324 million to euro 57,375 million, reflecting comprehensive income earned in the period (euro 9,524 million). This comprised the first half net profit (euro 4,358 million) and foreign currency translation differences. Dividend payments to Eni s shareholders (euro 1,811 million) and minorities (euro 353 million, particularly by Saipem and Snam Rete Gas) partly reduced the increases.

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(5) The summarized group balance sheet aggregates the amount of assets and liabilities derived from the statutory balance sheet in accordance with functional criteria which consider the enterprise conventionally divided into the three fundamental areas focusing on resource investments, operations and financing. Management believes that this summarized group balance sheet is useful information in assisting investors to assess Eni s capital structure and to analyze its sources of funds and investments in fixed assets and working capital. Management uses the summarized group balance sheet to calculate key ratios such as return on capital employed (ROACE) and the proportion of net borrowings to shareholders equity (leverage) intended to evaluate whether Eni s financing structure is sound and well-balanced.

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Summarized Group Cash Flow Statement[6]

(euro million)

Second Quarter 2009	First Quarter 2010	Second Quarter 2010		First Half 2009	First Half 2010
2,178	**4,554**	**4,585**	**Net cash provided by operating activities**	**7,621**	**9,139**
(3,697)	(2,779)	(4,328)	Capital expenditures	(6,844)	(7,107)
(175)	(39)	(76)	Investments and purchase of consolidated subsidiaries and businesses	(2,214)	(115)
3,093	729	66	Disposals	3,275	795
(2,258)	(118)	(88)	Other cash flow related to capital expenditures, investments and disposals	(513)	(206)
(859)	**2,347**	**159**	**Free cash flow**	**1,325**	**2,506**
368	(88)	94	Borrowings (repayment) of debt related to financing activities	470	6
1,057	(1,484)	1,118	Changes in short and long-term financial debt	(1,323)	(366)
(1,069)	13	(2,161)	Dividends paid and changes in non-controlling interest and reserves	(1,071)	(2,148)
(2)	49	20	Effect of changes in consolidation and exchange differences		69
(505)	**837**	**(770)**	**NET CASH FLOW FOR THE PERIOD**	**(599)**	**67**

Change in net borrowings

(euro million)

Second Quarter 2009	First Quarter 2010	Second Quarter 2010		First Half 2009	First Half 2010
(859)	**2,347**	**159**	**Free cash flow**	**1,325**	**2,506**
101	(357)	(288)	Exchange differences on net borrowings and other changes	(233)	(645)
(1,069)	13	(2,161)	Dividends paid and changes in non-controlling interest and reserves	(1,071)	(2,148)
(1,827)	**2,003**	**(2,290)**	**CHANGE IN NET BORROWINGS**	**21**	**(287)**

Net cash provided by operating activities amounted to euro 9,139 million in the first half of 2010. Proceeds from divestments amounted to euro 795 million. Those cash inflows were used to fund cash outflows relating to capital expenditures totaling euro 7,107 million and dividend payments amounting to euro 2,164 million, which included payment of the balance of dividend 2009 to Eni s shareholders (euro 1,811 million) and to minorities (euro 353 million, particularly by Saipem and Snam Rete Gas). Net borrowings as of June 30, 2010 increased by a small amount from December 31, 2009 (up euro 287 million). The divestments related to the sale to Gazprom of a 51% interest in the joint-venture OOO SeverEnergia (euro 526 million), non-strategic assets in the Exploration & Production division (euro 202 million) and of a 25% interest in the GreenStream venture (euro 75 million).

Other information

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

Certain provisions have been recently enacted regulating continuing Italian listing standards of issuers controlling subsidiaries that are incorporated or regulated in accordance with laws of extra-EU countries, also having a material impact on the consolidated financial statements of the parent company. Regarding the aforementioned provisions, as of June 30, 2010 eight of Eni s subsidiaries Burren Energy (Bermuda) Ltd, Eni Congo SA, Eni Norge AS, Eni

Petroleum Co Inc, NAOC-Nigerian Agip Oil Co Ltd, Nigerian Agip Exploration Ltd and Trans Tunisian Pipeline Co Ltd, Burren Energy (Congo) Ltd, Eni Finance USA Inc fall within the scope of the new continuing listing standard. Eni has already adopted adequate procedures to ensure full compliance with the new regulation.

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

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(6) Eni s summarized group cash flow statement derives from the statutory statement of cash flows. It enables investors to understand the link existing between changes in cash and cash equivalents (deriving from the statutory cash flows statement) and in net borrowings (deriving from the summarized cash flow statement) that occurred from the beginning of the period to the end of period. The measure enabling such a link is represented by the free cash flow which is the cash in excess of capital expenditure needs. Starting from free cash flow it is possible to determine either: (i) changes in cash and cash equivalents for the period by adding/deducting cash flows relating to financing debts/receivables (issuance/repayment of debt and receivables related to financing activities), shareholders equity (dividends paid, net repurchase of own shares, capital issuance) and the effect of changes in consolidation and of exchange rate differences; (ii) change in net borrowings for the period by adding/deducting cash flows relating to shareholders equity and the effect of changes in consolidation and of exchange rate differences. The free cash flow is a non-GAAP measure of financial performance.

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Exploration & Production

Second Quarter 2009	First Quarter 2010	Second Quarter 2010	% Ch. 2 Q. 10 vs 2 Q. 09			First Half 2009	First Half 2010	% Ch.
				RESULTS	(euro million)			
5,683	**7,385**	**7,184**	**26.4**	**Net sales from operations**		**11,828**	**14,569**	**23.2**
1,778	**3,297**	**3,401**	**91.3**	**Operating profit**		**4,152**	**6,698**	**61.3**
286	(179)	41		Exclusion of special items:		85	(138)	
220		*29*		*- asset impairments*		*220*	*29*	
(4)	*(160)*	*(7)*		*- gains on disposal of assets*		*(167)*	*(167)*	
3	*2*	*6*		*- provision for redundancy incentives*		*5*	*8*	
67	*(21)*	*13*		*- re-measurement gains/losses on commodity derivatives*		*27*	*(8)*	
2,064	**3,118**	**3,442**	**66.8**	**Adjusted operating profit**		**4,237**	**6,560**	**54.8**
50	(49)	(57)		Net financial income (expense) [a]		83	(106)	
125	67	199		Net income from investments [a]		113	266	
(1,231)	(1,891)	(2,145)		Income taxes [a]		(2,517)	(4,036)	
55.0	*60.3*	*59.8*		*Tax rate*	(%)	*56.8*	*60.1*	
1,008	**1,245**	**1,439**	**42.8**	**Adjusted net profit**		**1,916**	**2,684**	**40.1**
				Results also include:				
1,785	1,680	1,778	(0.4)	- amortizations and depreciations		3,471	3,458	(0.4)
				of which:				
442	312	318	(28.1)	exploration expenditure		920	630	(31.5)
394	*231*	*149*	*(62.2)*	*- amortization of exploratory drilling expenditure and other*		*770*	*380*	*(50.6)*
48	*81*	*169*	*..*	*- amortization of geological and geophysical exploration expenses*		*150*	*250*	*66.7*
2,759	**1,964**	**3,186**	**15.5**	**Capital expenditures**		**4,907**	**5,150**	**5.0**
				of which:				
352	*256*	*259*	*(26.4)*	- exploratory expenditure [b]		*732*	*515*	*(29.6)*
				Production [c] [d] [e]				
986	1,011	980	(0.6)	Liquids [f]	(kboe/d)	1,000	995	(0.5)
4,290	4,615	4,319	0.8	Natural gas	(mmcf/d)	4,344	4,466	2.4
1,733	**1,842**	**1,758**	**n.m.**	**Total hydrocarbons**	(kboe/d)	**1,756**	**1,800**	**n.m.**
1,733	**1,816**	**1,732**	**(0.1)**	**Total hydrocarbons net of updating the natural gas conversion rate**		**1,756**	**1,774**	**1.0**
				Average realizations				
54.43	70.93	72.33	32.9	Liquids [f]	($/bbl)	48.30	71.63	48.3
5.03	5.73	5.81	15.5	Natural gas	($/mmcf)	6.05	5.77	(4.8)
44.20	**53.48**	**55.06**	**24.6**	**Total hydrocarbons**	($/boe)	**42.83**	**54.26**	**26.7**
				Average oil market prices				
58.79	76.24	78.30	33.2	Brent dated	($/bbl)	51.60	77.27	49.7
43.16	55.09	61.51	42.5	Brent dated	(euro/bbl)	38.74	58.19	50.2
59.54	78.67	77.78	30.6	West Texas Intermediate	($/bbl)	51.26	78.23	52.6
131.02	181.87	152.56	16.4	Gas Henry Hub	($/kcm)	146.20	167.39	14.5

(a) Excluding special items.
(b) Includes exploration bonuses.
(c) Supplementary operating data is provided on page 42.
(d) Includes Eni s share of production of equity-accounted entities.
(e) From April 1, 2010, the conversion rate of natural gas from cubic feet to boe has been updated to 1 barrel of oil = 5,550 cubic feet of gas (it was 1 barrel of oil = 5,742 cubic feet of gas). The effect on production has been 26 kboe/d. For further information see page 6.
(f) Includes condensates.

Results

The Exploration & Production division reported adjusted operating profit amounting to euro 3,442 million for the **second quarter of 2010**, representing an increase of euro 1,378 million from the second quarter 2009, up 66.8%, mainly driven by higher oil and gas realizations in dollars (up 32.9% and 15.5%, respectively). In addition, the business reported a positive impact associated with the depreciation of the euro over the US dollar (up approximately euro 120 million) and lower exploratory expenditure. These positives were partly offset by higher

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operating costs and higher amortization charges taken in connection with development activities as new fields were brought into production.

Special charges excluded from the adjusted operating profit amounted to euro 41 million and mainly regarded negligible impairments of oil&gas properties as well as re-measurement gains recorded on fair value evaluation of the ineffective portion of certain cash flow hedges.

Second-quarter adjusted net profit increased by euro 431 million to euro 1,439 million from the second quarter of 2009 due to improved operating performance and higher results from equity-accounted entities. This increase was partly offset by a higher tax rate from 55% to 59.8%, (up 4.8 percentage points) mainly due to a higher share of profit before tax earned in foreign countries with a higher rate of taxes.

Adjusted operating profit for the **first half of 2010** was euro 6,560 million, an increase of euro 2,323 million from the first half of 2009, up 54.8%, mainly driven by higher oil realizations in dollars (up 48.3%). Lower expenses were also incurred in connection with exploration activities. These positives were partly offset by rising operating costs and amortization charges taken in connection with development activities as new fields were brought into production, as well as lower gas realizations in dollars (down 4.8%).

Special gains excluded from the adjusted operating profit amounted to euro 138 million and mainly concerned gains from the divestment of certain exploration and production assets, impairments of oil&gas properties as well as re-measurement gains recorded on fair value evaluation of the ineffective portion of certain cash flow hedges.

Adjusted net profit for the first half of 2010 increased by euro 768 million to euro 2,684 million from the first half of 2009 due to an improved operating performance and higher results from equity-accounted entities. These increases were partly offset by a higher tax rate from 56.8% to 60.1%, (up 3.3 percentage points) mainly due to a higher share of profit before tax earned in foreign countries with a higher rate of taxes.

Operating review

In the **second quarter of 2010** Eni reported oil and natural gas production of 1,758 kboe/d. Production was substantially unchanged from a year-ago quarter when excluding the effect of the updated gas conversion rate as disclosed above (see page 6). The performance was positively influenced by organic growth achieved in Nigeria, Congo and Italy as well as new field start-ups and production ramp-up at fields which were started-up in 2009. These increases were offset by planned facility shutdowns in the North Sea and in Kazakhstan as well as mature field declines. Also, production was negatively affected by lower gas uplifts in Libya due to oversupply conditions on the European gas market. Finally, the combined negative impact associated with lower entitlements in the Company s PSAs due to higher oil prices net of lower OPEC restrictions (overall down 10 kboe/d) reduced growth by half of a percentage point. The share of oil and natural gas produced outside Italy was 89% (90% in the second quarter of 2009).

Liquids production (980 kbbl/d) decreased by 6 kbbl/d (down 0.6%). The main reductions were recorded for planned facility shutdowns in the North Sea and Kazakhstan as well as the combined negative impact associated with lower entitlements in the Company s PSAs due to higher oil prices net of lower OPEC restrictions. These negatives were partly offset by organic growth achieved in Nigeria, due to the ramp-up of the Oyo project (Eni s interest 40%) and lower impact of disruptions resulting from security issues, Congo, due to the ramp-up of the Awa Paloukou project (Eni s interest 90%) and Italy as a result of the ramp-up of the Val d Agri phase-2 project (Eni s interest 60.77%).

Gas production (4,319 mmcf/d) increased by 29 mmcf/d from the second quarter of 2009 (up 0.8%). Organic growth in Nigeria, Congo and Italy was partially offset by lower uplifts in Libya and mature field declines.

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Eni reported oil and natural gas production for the **first half of 2010** of 1,800 kboe/d. Production grew by 1% in the first half of 2010 when excluding the effect of the updated gas conversion rate as disclosed above (see page 6). Performance was mainly driven by organic growth achieved in Nigeria, Congo and the USA, new field start-ups and production ramp-ups at fields which were started-up in 2009. These positives were partly offset by planned facility shutdowns and mature field declines. Also, production was negatively affected by a combined negative impact associated with lower entitlements in the Company s PSAs due to higher oil prices net of lower OPEC restrictions (down for a cumulative 15 kboe/d approximately). The share of oil and natural gas produced outside Italy was 90% (90% in the first half of 2009).

Liquids production (995 kbbl/d) decreased by 5 kbbl/d (down 0.5%). The impact of mature field declines, planned facility shutdowns in the North Sea and Kazakhstan as well as the combined negative impact associated with lower entitlements in the Company s PSAs net of lower OPEC restrictions, was partly offset by the organic growth in achieved in Nigeria, Congo and the USA.

Natural gas production (4,466 mmcf/d) increased by 122 mmcf/d from the first half of 2009 (up 2.4%). The main increases were registered in Nigeria, Congo and the USA due to organic growth. Main decreases were registered in the North Sea and Egypt.

In the second quarter of 2010 **liquids realizations** increased on average by 32.9% in dollar terms from the corresponding period a year ago (up 48.3% in the first half of 2010) driven by a favorable market environment (Brent increased by 33.2% and 49.7% in the second quarter and first half of 2010, respectively).
Eni s average liquid realizations decreased by 1.31 $/bbl in the second quarter of 2010 (1.22 $/bbl in the first half of 2010) due to the settlement of certain commodity derivatives relating to the sale of 7.1 mmbbl in the quarter (14.2 mmbbl in the first half). This was part of a derivative transaction the Company entered into to hedge exposure to variability in future cash flows expected from the sale of a portion of the Company s proved reserves for an original amount of approximately 125.7 mmbbl in the 2008-2011 period. As of June 30, 2010, the residual amount of that hedging transaction was 23.3 mmbbl.
Eni s average gas realizations showed a slower pace of increase (up 15.5% in the second quarter; down 4.8% in the first half) due to time lags in oil-linked pricing formulae and weak demand in areas where gas is sold on a spot basis.

Second Quarter 2009	First Quarter 2010	Second Quarter 2010			First Half 2009	First Half 2010
			LIQUIDS			
94.1	85.8	86.4	Volumes sold	(mmbbl)	187.0	172.2
10.5	7.1	7.1	Sales volumes hedged by derivatives (cash flow hedge)		21.0	14.2
54.30	72.06	73.64	Total price per barrel, excluding derivatives	($/bbl)	47.51	72.85
0.13	(1.13)	(1.31)	Realized gains (losses) on derivatives		0.79	(1.22)
54.43	70.93	72.33	Total average price per barrel		48.30	71.63

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Gas & Power

Second Quarter 2009	First Quarter 2010	Second Quarter 2010	% Ch. 2 Q. 10 vs 2 Q. 09			First Half 2009	First Half 2010	% Ch.
				RESULTS	(euro million)			
5,619	**8,708**	**5,960**	**6.1**	**Net sales from operations**		**17,468**	**14,668**	**(16.0)**
863	**1,316**	**592**	**(31.4)**	**Operating profit**		**2,116**	**1,908**	**(9.8)**
18	(81)	(25)		Exclusion of inventory holding (gains) losses		294	(106)	
(191)	32	62		Exclusion of special items:		(357)	94	
15	*5*	*(1)*		*- environmental charges*		*17*	*4*	
	10			*- asset impairments*			*10*	
(5)		*1*		*- gains on disposal of assets*		*(5)*	*1*	
5	*6*	*2*		*- provision for redundancy incentives*		*8*	*8*	
(206)	*11*	*60*		*- re-measurement gains/losses on commodity derivatives*		*(377)*	*71*	
690	**1,267**	**629**	**(8.8)**	**Adjusted operating profit**		**2,053**	**1,896**	**(7.6)**
213	*614*	*51*	*(76.1)*	*Marketing*		*987*	*665*	*(32.6)*
390	*533*	*481*	*23.3*	*Regulated businesses in Italy* [(a)]		*859*	*1,014*	*18.0*
87	*120*	*97*	*11.5*	*International transport*		*207*	*217*	*4.8*
(6)	(2)	9		Net finance income (expense) [(b)]		(12)	7	
62	100	95		Net income from investments [(b)]		162	195	
(249)	(410)	(212)		Income taxes [(b)]		(718)	(622)	
33.4	*30.0*	*28.9*		*Tax rate (%)*		*32.6*	*29.6*	
497	**955**	**521**	**4.8**	**Adjusted net profit**		**1,485**	**1,476**	**(0.6)**
361	**310**	**367**	**1.7**	**Capital expenditures**		**751**	**677**	**(9.9)**
				Natural gas sales	(bcm)			
17.33	**26.45**	**15.81**	**(8.8)**	**Sales of consolidated subsidiaries**		**45.69**	**42.26**	**(7.5)**
7.90	10.87	6.24	(21.0)	Italy (includes own consumption)		21.11	17.11	(18.9)
9.17	15.45	9.26	1.0	Rest of Europe		24.20	24.71	2.1
0.26	0.13	0.31	19.2	Outside Europe		0.38	0.44	15.8
1.67	**2.46**	**2.04**	**22.2**	**Eni s share of sales of natural gas of affiliates**		**4.17**	**4.50**	**7.9**
19.00	**28.91**	**17.85**	**(6.1)**	**Total sales and own consumption (G&P)**		**49.86**	**46.76**	**(6.2)**
1.46	1.60	1.34	(8.2)	E&P in Europe and in the Gulf of Mexico		2.95	2.94	(0.3)
20.46	**30.51**	**19.19**	**(6.2)**	**Worldwide gas sales**		**52.81**	**49.70**	**(5.9)**
17.83	**23.98**	**19.08**	**7.0**	**Gas volumes transported in Italy**	(bcm)	**38.11**	**43.06**	**13.0**
7.57	**9.00**	**9.61**	**26.9**	**Electricity sales**	(TWh)	**15.35**	**18.61**	**21.2**

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

(b) Excluding special items.

Results

In the **second quarter of 2010** the Gas & Power division reported adjusted operating profit of euro 629 million, a decrease of euro 61 million from the second quarter of 2009, down 8.8%, due to a lower performance delivered by the

Marketing business (down 76.1%), partly offset by a better performance of the Italian regulated business (up 23.3%). Results from the Marketing activity were affected by negative trends in pricing conditions associated with oil-linked formulae, and lowered volumes and margins, partly offset by the positive impact associated with supply contract renegotiation and optimization. Also reported results did not take into account certain gains recorded in previous quarters on the settlement of non-hedging commodity derivatives amounting to euro 61 million which could be associated with the sale of gas and electricity occurred in the quarter. As those derivatives did not meet all the formal criteria to be designated as hedges under IFRS, the Company was barred from applying hedge-accounting and thus bringing forward gains and losses associated with those derivatives to the reporting period when the associated sales occur. However, in assessing the underlying performance of the Marketing business, management calculates the EBITDA pro-forma adjusted which represents those derivatives as being hedges with associated gains and losses recognized in the reporting period when the relevant sales occur. Management believes that disclosing this internally used measure is helpful in assisting investors to understand these business trends (see page 20). The EBITDA pro-forma adjusted delivered by the Marketing business in the second quarter

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2010 showed a smaller decline than that of the operating profit compared to the second quarter of 2009, due to the inclusion of the above mentioned gains on those derivatives.

Special charges excluded from operating profit amounted to euro 62 million for the second quarter of 2010 and euro 94 million for the first half of 2010. These mainly related to the impact on fair value evaluation of certain non-hedging commodity derivatives in the Marketing business.

Adjusted net profit for the second quarter of 2010 was euro 521 million, increasing by euro 24 million from 2009 (up 4.8%) due to higher earnings and other financial gains reported by equity-accounted entities and lower adjusted tax rate (from 33.4% to 28.9%) which more than offset the lowered operating performance.

In the **first half of 2010** the Gas & Power division reported adjusted operating profit of euro 1,896 million, a decrease of euro 157 million from the first half of 2009, down 7.6%, due to a lower performance delivered by the Marketing business (down 32.6%), partly offset by a better performance of the Italian regulated businesses (up 18%). Results from the Marketing activity were negatively affected by the same business trends as in the second quarter and did not take into account certain gains recorded in previous quarters on the settlement of non-hedging commodity derivatives amounting to euro 82 million which could be associated with the sale of gas and electricity occurred in the first half of 2010. In the first half of 2009, those gains amounted to euro 160 million which were not recognized in the operating profit of that period. Those gains were reflected in calculating the EBITDA pro-forma adjusted which represented those derivatives as being hedges with associated gains recognized in each of the reporting periods where the associated sales occurred (see page 20).
Net adjusted profit for the period amounted to euro 1,476 million, unchanged from a year ago due to the same business trends as in the quarter.

Operating review

Marketing

In the **second quarter of 2010**, the marketing business reported adjusted operating profit of euro 51 million representing a decrease of euro 162 million from the second quarter of 2009 (down 76%). Considering the impact associated with the above mentioned non-hedging commodity derivatives, the following factors had a negative effect on Marketing results:
(i) unfavorable trends in energy parameters provided in contractual oil-linked pricing formulae;
(ii) sharply lower sales volumes in Italy (down 1.66 bcm, or 21%) and declining margins as competitive pressures mounted.
These negatives were partly offset by the renegotiation of a number of long-term supply contracts and supply optimization measures.

In the **first half of 2010** adjusted operating profit was euro 665 million, a decrease of euro 322 million from the first half of 2009 due to the same business trends as in the quarterly review.

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NATURAL GAS SALES BY MARKET

(bcm)

Second Quarter 2009	First Quarter 2010	Second Quarter 2010	% Ch. 2 Q. 10 vs 2 Q. 09		First Half 2009	First Half 2010	% Ch.
7.90	**10.87**	**6.27**	**(20.6)**	**ITALY**	**21.11**	**17.14**	**(18.8)**
0.94	1.93	0.65	(30.9)	- Wholesalers	3.75	2.58	(31.2)
0.24	0.40	0.14	(41.7)	- Gas release	0.65	0.54	(16.9)
0.29	1.04	0.71	..	- Italian exchange for gas and spot markets	0.39	1.75	..
1.97	1.58	1.51	(23.4)	- Industries	4.09	3.09	(24.4)
0.12	0.52	0.14	16.7	- Medium-sized enterprises and services	0.60	0.66	10.0
2.35	0.75	0.83	(64.7)	- Power generation	5.00	1.58	(68.4)
0.74	3.11	0.76	2.7	- Residential	3.87	3.87	..
1.25	1.54	1.53	22.4	- Own consumption	2.76	3.07	11.2
12.56	**19.64**	**12.92**	**2.9**	**INTERNATIONAL SALES**	**31.70**	**32.56**	**2.7**
10.65	**17.61**	**10.87**	**2.1**	**Rest of Europe**	**27.83**	**28.48**	**2.3**
2.36	3.22	2.13	(9.7)	- Importers in Italy	5.77	5.35	(7.3)
8.29	14.39	8.74	5.4	- European markets	22.06	23.13	4.9
1.70	*1.63*	*1.70*	..	*Iberian Peninsula*	*3.25*	*3.33*	*2.5*
0.95	*1.82*	*1.25*	*31.6*	*Germany-Austria*	*2.68*	*3.07*	*14.6*
2.16	*5.22*	*2.64*	*22.2*	*Belgium*	*7.26*	*7.86*	*8.3*
0.17	*1.09*	*0.26*	*52.9*	*Hungary*	*1.46*	*1.35*	*(7.5)*
1.01	*1.41*	*0.88*	*(12.9)*	*Northern Europe*	*1.98*	*2.29*	*15.7*
1.02	*0.98*	*0.47*	*(53.9)*	*Turkey*	*2.32*	*1.45*	*(37.5)*
1.02	*1.77*	*1.24*	*21.6*	*France*	*2.36*	*3.01*	*27.5*
0.26	*0.47*	*0.30*	*15.4*	*Other*	*0.75*	*0.77*	*2.7*
0.45	**0.43**	**0.71**	**57.8**	**Extra European markets**	**0.92**	**1.14**	**23.9**
1.46	**1.60**	**1.34**	**(8.2)**	**E&P in Europe and in the Gulf of Mexico**	**2.95**	**2.94**	**(0.3)**
20.46	**30.51**	**19.19**	**(6.2)**	**WORLDWIDE GAS SALES**	**52.81**	**49.70**	**(5.9)**

Sales of natural gas for the **second quarter of 2010** were 19.19 bcm, a decrease of 1.27 bcm from the second quarter of 2009, down 6.2%. This was a result of lower volumes sold on the Italian market reflecting rising competitive pressures, partly offset by steady trends in sales on the European markets. Sales included own consumption, Eni s share of sales made by equity-accounted entities and upstream sales in Europe and in the Gulf of Mexico.
Sales volumes on the Italian market declined by 1.63 bcm, or 20.6%, to 6.27 bcm due to strong competitive pressures, which were exacerbated by oversupply conditions on the marketplace. Eni experienced lower sales in almost all of its segments, including the power generation business (down 1.52 bcm), and in a lesser extent, industrial customers (down 0.46 bcm) and wholesalers (down 0.29 bcm). Sales to the residential sector were nearly unchanged.

International sales were up 0.36 bcm, or 2.9%, to 12.92 bcm, benefiting from organic growth achieved on target markets in the Rest of Europe (up 0.45 bcm, or 5.4%), particularly in Belgium (up 0.48 bcm), Germany/Austria (up 0.30 bcm) and France (up 0.22 bcm). Sales declined in Turkey (down 0.55 bcm) and in Northern Europe (down 0.13 bcm).

In the **first half of 2010**, sales of natural gas were 49.70 bcm, down 3.11 bcm, or 5.9%, mainly due to unfavorable trends on the Italian market, partly offset by increasing volumes on European markets.
Sales volumes on the Italian market declined by 3.97 bcm, or 18.8%, to 17.14 bcm, due to increasing competitive

pressures. Lower sales were recorded in the power generation business (down 3.42 bcm), to wholesalers (down 1.17 bcm) and industrial customers (down 1 bcm). Sales volumes to the residential sector (3.87 bcm) were nearly unchanged, while sales to medium-sized enterprises and services posted a small increase (up 0.06 bcm).

International sales were up 0.86 bcm, or 2.7%, to 32.56 bcm, due to the organic growth achieved in France (up 0.65 bcm), Belgium (up 0.60 bcm), Germany/Austria (up 0.39 bcm) and Northern Europe (up 0.31 bcm). Sales declined in Turkey and Hungary.

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Electricity sales for the second quarter of 2010 increased by 26.9% (by 21.2% in the first half of 2010) to 9.61 TWh in the quarter (18.61 TWh in the first half), driven by a slight recovery in electricity demand and mainly related to higher volumes traded on the Italian power exchange (up 1.04 TWh and up 2.06 TWh in the second quarter and the first half of 2010, respectively). Sales on open markets and to industrial plants benefited from a greater availability of power generated by Eni s plants and higher volumes traded.

Regulated Businesses in Italy

In the **second quarter of 2010** these businesses reported an adjusted operating profit of euro 481 million, up euro 91 million from the same period a year-ago, or 23.3%, due to improved business trends and synergies achieved by integrating the businesses following the reorganization that took place in 2009. The Transport business increased operating performance by euro 63 million, or 24.3% mainly due to: (i) lower operating costs related to in-kind remuneration of gas used in transport activity; (ii) lower amortization charges, related to the revision of the useful lives of gas pipelines (from 40 to 50 years); and (iii) increased volumes transported on behalf of third parties, due to a slight recovery in domestic demand.

Also the Distribution Business reported improved results (up euro 26 million) driven by a positive impact associated with a new tariff regime set by the Authority for Electricity and Gas intended to cover amortization charges.

The Storage business reported an adjusted operating profit of euro 44 million, a slight increase from the second quarter of 2009 (euro 42 million).

In the **first half of 2010**, these businesses reported an adjusted operating profit of euro 1,014 million, up euro 155 million, or 18% mainly due to the improved results achieved by the Transport (euro 121 million) and Distribution (up euro 26 million) due to the same factors described above.

Adjusted operating profit of the Storage business was euro 134 million for the first half of 2010 (euro 126 million for the first half of 2009).

Volumes of gas transported in Italy (19.08 bcm in the first quarter of 2010 and 43.06 bcm in the first half of 2010) increased by 1.25 bcm from the first quarter or 7% (up 4.95 bcm from the first half of 2009, or 13%) reflecting a recovery in domestic gas demand.

In the first half of 2010, 3.81 bcm of gas were inputted to Company's storage deposits (down 0.49 bcm from the first half of 2009) while 4.84 bcm were supplied, a decrease of 1.21 bcm compared to the same period of 2009. Storage capacity amounted to 14.2 bcm, of which 5 were destined to strategic storage.

International Transport

This business reported an adjusted operating profit of euro 97 million for the **second quarter of 2010** (euro 217 million for the first half) representing an increase of euro 10 million from the second quarter of 2009, or 11.5%, (up euro 10 million, or 4.8%, from the first half of 2009).

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Other performance indicators

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

(euro million)

Second Quarter 2009	First Quarter 2010	Second Quarter 2010	% Ch. 2 Q. 10 vs 2 Q. 09		First Half 2009	First Half 2010	% Ch.
821	**1,432**	**825**	**0.5**	**Pro-forma adjusted EBITDA**	**2,541**	**2,257**	**(11.2)**
374	856	299	(20.1)	Marketing	1,558	1,155	(25.9)
(15)	*21*	*61*		*of which: +/(-) adjustment on commodity derivatives*	*160*	*82*	
301	379	350	16.3	Regulated businesses in Italy	644	729	13.2
146	197	176	20.5	International transport	339	373	10.0

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization charges) on an adjusted basis is calculated by adding amortization and depreciation charges to adjusted operating profit which is also modified to take into account the impact associated with certain derivatives instruments as discussed below. This performance indicator includes the adjusted EBITDA of Eni s wholly owned subsidiaries and Eni s share of adjusted EBITDA generated by certain associates which are accounted for under the equity method for IFRS purposes. Snam Rete Gas EBITDA is included according to Eni s share of equity (55.57% as of June 30, 2010, which takes into account the amount of own shares held in treasury by the subsidiary itself) although this Company is fully consolidated when preparing consolidated financial statements in accordance with IFRS, due to its listed company status. Italgas SpA and Stoccaggi Gas Italia SpA results are also included according to the same share of equity as Snam Rete Gas, due to the closing of the restructuring deal which involved Eni s regulated business in the Italian gas sector. The parent company Eni SpA divested the entire share capital of the two subsidiaries to Snam Rete Gas. In order to calculate the EBITDA pro-forma adjusted, the adjusted operating profit of the Marketing business has been modified to take into account the impact of the settlement of certain commodity and exchange rate derivatives that do not meet the formal criteria to be classified as hedges under the IFRS. These are entered into by the Company in view of certain amounts of gas and electricity that the Company expects to supply at fixed prices during future periods. The impact of those derivatives has been allocated to the EBITDA pro-forma adjusted relating to the reporting periods during which those supplies at fixed prices are recognized. Management believes that the EBITDA pro-forma adjusted is an important alternative measure to assess the performance of Eni s Gas & Power division, taking into account evidence that this division is comparable to European utilities in the gas and power generation sector. This measure is provided in order to assist investors and financial analysts in assessing the Eni Gas & Power divisional performance as compared to its European peers, as EBITDA is widely used as the main performance indicator for utilities. The EBITDA pro-forma adjusted is a non-GAAP measure under IFRS.

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Refining & Marketing

Second Quarter 2009	First Quarter 2010	Second Quarter 2010	% Ch. 2 Q. 10 vs 2 Q. 09			First Half 2009	First Half 2010	% Ch.
				RESULTS	(euro million)			
7,735	**9,346**	**10,909**	**41.0**	**Net sales from operations**		**14,121**	**20,255**	**43.4**
47	**105**	**255**	**..**	**Operating profit** [(a)]		**287**	**360**	**25.4**
(258)	(232)	(305)		Exclusion of inventory holding (gains) losses		(467)	(537)	
105	33	(2)		*Exclusion of special items:*		129	31	
15	*17*	*17*		*- environmental charges*		*22*	*34*	
46	*22*	*11*		*- asset impairments*		*52*	*33*	
2	*(10)*			*- gains on disposal of assets*		*1*	*(10)*	
15				*- risk provisions*		*15*		
3	*2*	*4*		*- provision for redundancy incentives*		*8*	*6*	
24	*2*	*(34)*		*- re-measurement gains/losses on commodity derivatives*		*31*	*(32)*	
(106)	**(94)**	**(52)**	**50.9**	**Adjusted operating profit**		**(51)**	**(146)**	**..**
4	45	21		Net income from investments [(b)]		39	66	
3	19	12		Income taxes [(b)]		(19)	31	
..	..	..		*Tax rate*	(%)	..	..	
(99)	**(30)**	**(19)**	**80.8**	**Adjusted net profit**		**(31)**	**(49)**	**(58.1)**
132	**118**	**149**	**12.9**	**Capital expenditures**		**217**	**267**	**23.0**
				Global indicator refining margin				
3.61	2.40	3.39	(6.1)	Brent	($/bbl)	4.47	2.90	(35.1)
2.65	1.74	2.66	0.4	Brent	(euro/bbl)	3.36	2.18	(35.1)
3.90	3.20	4.48	14.9	Brent/Ural	($/bbl)	5.09	3.84	(24.6)
				REFINING THROUGHPUTS AND SALES	(mmtonnes)			
5.90	**5.86**	**6.54**	**10.8**	**Refining throughputs of wholly-owned refineries**		**11.62**	**12.40**	**6.7**
7.11	6.88	7.42	4.4	Refining throughputs on own account Italy		14.16	14.30	1.0
1.21	1.26	1.31	8.3	Refining throughputs on own account Rest of Europe		2.49	2.57	3.2
8.32	**8.14**	**8.73**	**4.9**	**Refining throughputs on own account**		**16.65**	**16.87**	**1.3**
2.31	2.01	2.17	(6.1)	Retail sales Italy		4.41	4.18	(5.2)
0.76	0.67	0.77	1.3	Retail sales Rest of Europe		1.45	1.44	(0.7)
3.07	**2.68**	**2.94**	**(4.2)**	**Total retail sales in Europe**		**5.86**	**5.62**	**(4.1)**
2.25	2.04	2.33	3.6	Wholesale Italy		4.66	4.37	(6.2)
0.85	0.86	0.97	14.1	Wholesale Rest of Europe		1.76	1.83	4.0
3.10	**2.90**	**3.30**	**6.5**	**Total wholesale in Europe**		**6.42**	**6.20**	**(3.4)**
0.12	0.09	0.11	(8.3)	Wholesale other		0.21	0.20	(4.8)
4.87	5.20	5.42	11.3	Other sales		9.64	10.62	10.2
11.16	**10.87**	**11.77**	**5.5**	**TOTAL SALES**		**22.13**	**22.64**	**2.3**
				Refined product sales by region				
6.72	6.17	6.82	1.5	Italy		12.90	12.99	0.7
1.61	1.53	1.74	8.1	Rest of Europe		3.21	3.27	1.9

2.83	3.17	3.21	13.4	Rest of World	6.02	6.38	6.0

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

Results

In the **second quarter of 2010** the Refining & Marketing reported a remarkable improvement, with operating losses being almost halved from a year ago. The Division operating loss was reduced by euro 54 million (from a loss of euro 106 million to euro 52 million) compared to the second quarter of 2009, up 50.9%, driven by improved refining margins on complex throughputs. The main trend behind this was the re-opening of light-heavy crude differentials in the Mediterranean area. Also results were helped by the positive impact of the appreciation of the dollar over the euro. On the negative side, profitability of simple throughputs was influenced by lowered relative prices of products to

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oil feedstock costs due to weak industry fundamentals. Quarterly results were also affected by a lower operating performance delivered by Marketing activities in Italy, due to lower volumes sold driven by weak domestic demand for automotive fuels.

Special charges excluded from adjusted operating loss mainly related to environmental provisions, impairment of capital expenditures on assets impaired in previous reporting periods, the re-measurement impacts recorded on fair value evaluation of certain non-hedging commodity derivatives.

Adjusted net loss for the second quarter of 2010 amounted to euro 19 million, a decrease of euro 80 million, due to an improved operating performance and increased earnings reported by equity-accounted entities.

In the **first half of 2010**, the division reported an adjusted operating loss amounting to euro 146 million, increasing by euro 95 million from a year ago. This trend reflected lower refining margins due to weak industry fundamentals, mainly in the first quarter of the year.

In the first half of 2010, special charges excluded from adjusted operating loss (euro 31 million) mainly related to environmental provisions, impairment of capital expenditures on assets impaired in previous reporting periods and the re-measurement impacts recorded on fair value evaluation of certain non-hedging commodity derivatives.

In the first half of 2010, adjusted net loss was euro 49 million (down euro 18 million from the first half of 2009) mainly due to a lower operating performance partly offset by higher earnings reported by equity-accounted entities.

Operating review

Eni s refining throughputs for the second quarter of 2010 were 8.73 mmtonnes (16.87 mmtonnes in the first half of 2010), up 4.9% from the second quarter of 2009 (up 1.3% from the first half of 2009). Higher volumes were processed in Italy reflecting increased volumes processed at Eni s plants in Livorno and Gela mainly due to re-scheduling of maintenance activities to capture upsides relating to a more favorable scenario in the second quarter.
Volumes processed outside Italy increased by 8.3% in the second quarter (up 3.2% from the first half of 2009) mainly at Eni s plants in the Czech Republic in response to the recovery of market demand.

Retail sales in Italy (2.17 mmtonnes in the second quarter and 4.18 mmtonnes in the first half of 2010) decreased by approximately 140 ktonnes, down 6.1% from the second quarter of 2009 (approximately 230 ktonnes, down 5.2% from the first half of 2009). These reductions were mainly due to lower domestic demand for gasoline.
Eni s retail market share for the quarter was 30.2%, down 1.4 percentage point (30.3% for the first half, down 1.3 percentage point) from the corresponding period of 2009 (31.6%).
Wholesale sales in Italy (2.33 mmtonnes) increased by 80 ktonnes, or 3.6% from the second quarter of 2009 despite lower demand reflecting challenging economic conditions. In the first half of 2010, wholesale sales in Italy slightly decreased by 290 ktonnes from the first half of 2009, down 6.2%, mainly relating to fuel oil sales.

Retail sales in the rest of Europe were 770 ktonnes in the second quarter of 2010 (1.44 mmtonnes in the first half of 2010), almost in line with the same periods in 2009.
Wholesale sales in the Rest of Europe were 970 ktonnes (1.83 mmtonnes in the first half of 2010) and reported a slight increase.

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Summarized Group profit and loss account

(euro million)

Second Quarter 2009	First Quarter 2010	Second Quarter 2010	% Ch. 2 Q. 10 vs 2 Q. 09		First Half 2009	First Half 2010	% Ch.
18,267	24,804	22,902	25.4	Net sales from operations	42,008	47,706	13.6
141	285	252	78.7	Other income and revenues	501	537	7.2
(13,624)	(18,096)	(16,569)	(21.6)	Operating expenses	(31,597)	(34,665)	(9.7)
31	38	(5)	..	Other operating income (expense)	48	33	(31.3)
(2,410)	(2,184)	(2,275)	5.6	Depreciation, depletion, amortization and impairments	(4,588)	(4,459)	2.8
2,405	**4,847**	**4,305**	**79.0**	**Operating profit**	**6,372**	**9,152**	**43.6**
(189)	(245)	(356)	(88.4)	Finance expense	(219)	(601)	..
214	225	447	..	Net income from investments	358	672	87.7
2,430	**4,827**	**4,396**	**80.9**	**Profit before income taxes**	**6,511**	**9,223**	**41.7**
(1,390)	(2,408)	(2,457)	(76.8)	Income taxes	(3,361)	(4,865)	(44.7)
57.2	*49.9*	*55.9*		*Tax rate (%)*	*51.6*	*52.7*	
1,040	2,419	1,939	86.4	Net profit	3,150	4,358	38.3
832	**2,222**	**1,824**	**119.2**	**- Net profit attributable to Eni s shareholders**	**2,736**	**4,046**	**47.9**
208	197	115	(44.7)	- Net profit attributable to non-controlling interest	414	312	(24.6)
832	**2,222**	**1,824**	**119.2**	**Net profit attributable to Eni s shareholders**	**2,736**	**4,046**	**47.9**
(143)	(280)	(250)		Exclusion of inventory holding (gains) losses	(52)	(530)	
213	(120)	51		Exclusion of special items	(23)	(69)	
902	**1,822**	**1,625**	**80.2**	**Adjusted net profit attributable to Eni s shareholders** (a)	**2,661**	**3,447**	**29.5**

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

NON-GAAP measures

Reconciliation of reported operating profit and reported net profit to results on an adjusted basis

Management evaluates Group and business performance on the basis of adjusted operating profit and adjusted net profit, which are arrived at by excluding inventory holding gains or losses and special items. Furthermore, finance charges on finance debt, interest income, gains or losses deriving from the evaluation of certain derivative financial instruments at fair value through profit or loss (as they do not meet the formal criteria to be assessed as hedges under IFRS, excluding commodity derivatives), and exchange rate differences are all excluded when determining adjusted net profit of each business segment. The taxation effect of the items excluded from adjusted operating or net profit is determined based on the specific rate of taxes applicable to each of them. The Italian statutory tax rate is applied to finance charges and income (34% is applied to charges recorded by companies in the energy sector, whilst a tax rate of 27.5% is applied to all other companies). Adjusted operating profit and adjusted net profit are non-GAAP financial measures under either IFRS, or U.S. GAAP. Management includes them in order to facilitate a comparison of base business performance across periods and allow financial analysts to evaluate Eni s trading performance on the basis of their forecasting models. In addition, management uses segmental adjusted net profit when calculating return on average capital employed (ROACE) by each business segment.

The following is a description of items that are excluded from the calculation of adjusted results.

Inventory holding gain or loss is the difference between the cost of sales of the volumes sold in the period based on the cost of supplies of the same period and the cost of sales of the volumes sold calculated using the weighted average cost method of inventory accounting.

Special items include certain significant income or charges pertaining to either: (i) infrequent or unusual events and transactions, being identified as non-recurring items under such circumstances; or (ii) certain events or transactions which are not considered to be representative of the ordinary course of business, as in the case of environmental provisions, restructuring charges, asset impairments or write ups and gains or losses on divestments even though they occurred in past periods or are likely to occur in future ones. As provided for in Decision No. 15519 of July 27, 2006 of the Italian market regulator (CONSOB), non recurring material income or charges are to be clearly reported in the management s discussion and financial tables. Also, special items include gains and losses on re-measurement at fair value of certain non-hedging commodity derivatives, including the ineffective portion of cash flow hedges.

Finance charges or income related to net borrowings excluded from the adjusted net profit of business segments are comprised of interest charges on finance debt and interest income earned on cash and cash equivalents not related to operations. In addition gains or losses on the fair value evaluation of the aforementioned derivative financial instruments, excluding commodity derivatives, and exchange rate differences are excluded from the adjusted net profit of business segments. Therefore, the adjusted net profit of business segments includes finance charges or income deriving from certain segment-operated assets, i.e., interest income on certain receivable financing and securities related to operations and finance charge pertaining to the accretion of certain provisions recorded on a discounted basis (as in the case of the asset retirement obligations in the Exploration & Production division). Finance charges or interest income and related taxation effects excluded from the adjusted net profit of the business segments are allocated on the aggregate Corporate and financial companies.

For a reconciliation of adjusted operating profit and adjusted net profit to reported operating profit and reported net profit see tables below.

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(euro million)

First Half 2010	**E&P**	**G&P**	**R&M**	**Petrochemicals**	**Engineering & Construction**	**Other activities**	**Corporate and financial companies**	**Impact of unrealized intragroup profit elimination**	**Group**
Reported operating profit	**6,698**	**1,908**	**360**	**53**	**625**	**(153)**	**(174)**	**(165)**	**9,152**
Exclusion of inventory holding (gains) losses		(106)	(537)	(134)					(777)
Exclusion of special items:									
environmental charges		4	34			31	22		91
asset impairments	29	10	33	9		8			89
gains on disposal of assets	(167)	1	(10)						(176)
risk provisions						6			6
provision for redundancy incentives	8	8	6	2	7	1	12		44
re-measurement gains/losses on commodity derivatives	(8)	71	(32)						31
other						(1)			(1)
Special items of operating profit	**(138)**	**94**	**31**	**11**	**7**	**45**	**34**		**84**
Adjusted operating profit	**6,560**	**1,896**	**(146)**	**(70)**	**632**	**(108)**	**(140)**	**(165)**	**8,459**
Net finance (expense) income [(a)]	(106)	7			47	(10)	(492)		(554)
Net income from investments [(a)]	266	195	66	2	(3)	(4)	(1)		521
Income taxes [(a)]	(4,036)	(622)	31	2	(206)		102	62	(4,667)
Tax rate (%)	*60.1*	*29.6*	..		*30.5*				*55.4*
Adjusted net profit	**2,684**	**1,476**	**(49)**	**(66)**	**470**	**(122)**	**(531)**	**(103)**	**3,759**
of which:									
- Adjusted net profit of non-controlling interest									312
- Adjusted net profit attributable to Eni s shareholders									**3,447**
Reported net profit attributable to Eni s shareholders									**4,046**
Exclusion of inventory holding (gains) losses									(530)
Exclusion of special items									(69)
Adjusted net profit attributable to Eni s shareholders									**3,447**

(a) Excluding special items.

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(euro million)

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

(a) Excluding special items.

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(euro million)

Second Quarter 2010	E&P	G&P	R&M	Petrochemicals	Engineering & Construction	Other activities	Corporate and financial companies	Impact of unrealized intragroup profit elimination	Group
Reported operating profit	**3,401**	**592**	**255**	**17**	**334**	**(93)**	**(104)**	**(97)**	**4,305**
Exclusion of inventory holding (gains) losses		(25)	(305)	(38)					(368)
Exclusion of special items:									
environmental charges		(1)	17			31	22		69
asset impairments	29		11	9		8			57
gains on disposal of assets	(7)	1							(6)
risk provisions						6			6
provision for redundancy incentives	6	2	4	1	7		7		27
re-measurement gains/losses on commodity derivatives	13	60	(34)		2				41
other						(3)			(3)
Special items of operating profit	**41**	**62**	**(2)**	**10**	**9**	**42**	**29**		**191**
Adjusted operating profit	**3,442**	**629**	**(52)**	**(11)**	**343**	**(51)**	**(75)**	**(97)**	**4,128**
Net finance (expense) income [(a)]	(57)	9			47	(10)	(298)		(309)
Net income from investments [(a)]	199	95	21	2	(5)		(1)		311
Income taxes [(a)]	(2,145)	(212)	12	(14)	(112)		45	36	(2,390)
Tax rate (%)	*59.8*	*28.9*	..		*29.1*				*57.9*
Adjusted net profit	**1,439**	**521**	**(19)**	**(23)**	**273**	**(61)**	**(329)**	**(61)**	**1,740**
of which:									
- Adjusted net profit of non-controlling interest									115
- Adjusted net profit attributable to Eni s shareholders									**1,625**
Reported net profit attributable to Eni s shareholders									**1,824**
Exclusion of inventory holding (gains) losses									(250)
Exclusion of special items									51
Adjusted net profit attributable to Eni s shareholders									**1,625**

(a) Excluding special items.

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(euro million)

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

(a) Excluding special items.

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(euro million)

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

(a) Excluding special items.

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Breakdown of special items

(euro million)

Second Quarter 2009	First Quarter 2010	Second Quarter 2010		First Half 2009	First Half 2010
			Special charges (income)		
358	32	57	Asset impairments	365	89
75	22	69	Environmental charges	84	91
(9)	(170)	(6)	Gains on disposal of assets	(174)	(176)
11		6	Risk provisions	11	6
22	17	27	Provisions for redundancy incentives	38	44
(127)	(10)	41	Re-measurement gains/losses on commodity derivatives	(332)	31
4	2	(3)	Other	4	(1)
334	**(107)**	**191**		**(4)**	**84**
		47	**Finance (income) expense**		**47**
2		**(118)**	**Net income from investments**	**(8)**	**(118)**
			of which:		
		(140)	*- gains on disposal of interests*		*(140)*
		20	*- impairments*		*20*
(123)	**(13)**	**(69)**	**Income taxes**	**(11)**	**(82)**
			of which:		
(27)			*Effects of Legislative Decree No. 112/2008*	*(27)*	
(96)	*(13)*	*(69)*	*Tax impact on special items of operating profit*	*16*	*(82)*
213	**(120)**	**51**	**Total special items of net profit**	**(23)**	**(69)**

Adjusted operating profit

(euro million)

Second Quarter 2009	First Quarter 2010	Second Quarter 2010	% Ch. 2 Q. 10 vs 2 Q. 09		First Half 2009	First Half 2010	% Ch.
2,064	3,118	3,442	66.8	Exploration & Production	4,237	6,560	54.8
690	1,267	629	(8.8)	Gas & Power	2,053	1,896	(7.6)
(106)	(94)	(52)	50.9	Refining & Marketing	(51)	(146)	..
(146)	(59)	(11)	92.5	Petrochemicals	(257)	(70)	72.8
297	289	343	15.5	Engineering & Construction	569	632	11.1
(73)	(57)	(51)	30.1	Other activities	(128)	(108)	15.6
(117)	(65)	(75)	35.9	Corporate and financial companies	(175)	(140)	20.0
(60)	(68)	(97)		Impact of unrealized intragroup profit elimination	55	(165)	
2,549	**4,331**	**4,128**	**61.9**		**6,303**	**8,459**	**34.2**

Net sales from operations

(euro million)

Second Quarter 2009	First Quarter 2010	Second Quarter 2010	% Ch. 2 Q. 10 vs 2 Q. 09		First Half 2009	First Half 2010	% Ch.
5,683	7,385	7,184	26.4	Exploration & Production	11,828	14,569	23.2
5,619	8,708	5,960	6.1	Gas & Power	17,468	14,668	(16.0)
7,735	9,346	10,909	41.0	Refining & Marketing	14,121	20,255	43.4
1,027	1,476	1,698	65.3	Petrochemicals	1,905	3,174	66.6
2,466	2,512	2,496	1.2	Engineering & Construction	4,881	5,008	2.6
21	25	27	28.6	Other activities	47	52	10.6
302	302	332	9.9	Corporate and financial companies	611	634	3.8
(5)	64	(171)		Impact of unrealized intragroup profit elimination	(19)	(107)	
(4,581)	(5,014)	(5,533)		Consolidation adjustment	(8,834)	(10,547)	
18,267	**24,804**	**22,902**	**25.4**		**42,008**	**47,706**	**13.6**

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Operating expenses

(euro million)

Second Quarter 2009	First Quarter 2010	Second Quarter 2010	% Ch. 2 Q. 10 vs 2 Q. 09		First Half 2009	First Half 2010	% Ch.
12,537	17,051	15,415	23.0	Purchases, services and other	29,520	32,466	10.0
101	*37*	*60*		*of which other special items*	*110*	*97*	
1,087	1,045	1,154	6.2	Payroll and related costs	2,077	2,199	5.9
22	*17*	*27*		*of which provision for redundancy incentives*	*38*	*44*	
13,624	**18,096**	**16,569**	**21.6**		**31,597**	**34,665**	**9.7**

Gains and losses on non-hedging commodity derivate instruments

(euro million)

Second Quarter 2009	First Quarter 2010	Second Quarter 2010		First Half 2009	First Half 2010
(66)	21	(14)	Exploration & Production	(22)	7
1		*(1)*	*- settled transactions*	*5*	*(1)*
(67)	*21*	*(13)*	*- re-measurement gains/losses*	*(27)*	*8*
149	19	(30)	Gas & Power	113	(11)
(57)	*30*	*30*	*- settled transactions*	*(264)*	*60*
206	*(11)*	*(60)*	*- re-measurement gains/losses*	*377*	*(71)*
(66)	(5)	45	Refining & Marketing	(63)	40
(42)	*(3)*	*11*	*- settled transactions*	*(32)*	*8*
(24)	*(2)*	*34*	*- re-measurement gains/losses*	*(31)*	*32*
1	1		Petrochemicals	10	1
1	*1*		*- settled transactions*	*7*	*1*
			- re-measurement gains/losses	*3*	
16	2	(6)	Engineering & Construction	13	(4)
4		*(4)*	*- settled transactions*	*3*	*(4)*
12	*2*	*(2)*	*- re-measurement gains/losses*	*10*	
(3)			Corporate and financial companies	(3)	
(3)			*- settled transactions*	*(3)*	
			- re-measurement gains/losses		
31	**38**	**(5)**	**Total**	**48**	**33**
(96)	***28***	***36***	***- settled transactions***	***(284)***	***64***
127	***10***	***(41)***	***- re-measurement gains/losses***	***332***	***(31)***

Depreciation, depletion, amortization and impairments

(euro million)

Second Quarter 2009	First Quarter 2010	Second Quarter 2010	% Ch. 2 Q. 10 vs 2 Q. 09		First Half 2009	First Half 2010	% Ch.
1,576	1,680	1,749	11.0	Exploration & Production	3,262	3,429	5.1
237	244	226	(4.6)	Gas & Power	477	470	(1.5)
98	80	87	(11.2)	Refining & Marketing	197	167	(15.2)
24	19	20	(16.7)	Petrochemicals	48	39	(18.8)
109	114	122	11.9	Engineering & Construction	216	236	9.3
1	1		..	Other activities	1	1	
21	18	19	(9.5)	Corporate and financial companies	40	37	(7.5)
(3)	(4)	(5)		Impact of unrealized intragroup profit elimination	(7)	(9)	
2,063	**2,152**	**2,218**	**7.5**	**Total depreciation, depletion and amortization**	**4,234**	**4,370**	**3.2**
347	**32**	**57**		**Impairments**	**354**	**89**	
2,410	**2,184**	**2,275**	**(5.6)**		**4,588**	**4,459**	**(2.8)**

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Net income from investments

(euro million) First Half 2010	Exploration & Production	Gas & Power	Refining & Marketing	Engineering & Construction	Other activities	Group
Share of gains (losses) from equity-accounted investments	66	187	46	(4)	(3)	**292**
Dividends	205	7	30			**242**
Net gains on disposal		140	2		1	**143**
Other income (expense), net	(5)			1	(1)	**(5)**
	266	**334**	**78**	**(3)**	**(3)**	**672**

Income taxes

(euro million)

Second Quarter 2009	First Quarter 2010	Second Quarter 2010		First Half 2009	First Half 2010	% Ch.
			Profit before income taxes			
467	1,151	690	Italy	2,062	1,841	(221)
1,963	3,676	3,706	Outside Italy	4,449	7,382	2,933
2,430	**4,827**	**4,396**		**6,511**	**9,223**	**2,712**
			Income taxes			
341	450	393	Italy	1,007	843	(164)
1,049	1,958	2,064	Outside Italy	2,354	4,022	1,668
1,390	**2,408**	**2,457**		**3,361**	**4,865**	**1,504**
			Tax rate (%)			
73.0	39.1	57.0	Italy	48.8	45.8	(3.0)
53.4	53.3	55.7	Outside Italy	52.9	54.5	1.6
57.2	**49.9**	**55.9**		**51.6**	**52.7**	**1.1**

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Leverage and net borrowings

Leverage is a measure used by management to assess the Company s level of indebtedness. It is calculated as ratio of net borrowings which is calculated by excluding cash and cash equivalents and certain very liquid assets from financial debt to shareholders equity, including minority interest. Management periodically reviews leverage in order to assess the soundness and efficiency of the Group balance sheet in terms of optimal mix between net borrowings and net equity, and to carry out benchmark analysis with industry standards.

(euro million)

	Dec. 31, 2009	Mar. 31, 2010	June 30, 2010	Change vs Dec. 31, 2009	Change vs Mar. 31, 2010
Total debt	24,800	23,723	25,151	351	1,428
Short-term debt	*6,736*	*7,708*	*6,749*	*13*	*(959)*
Long-term debt	*18,064*	*16,015*	*18,402*	*338*	*2,387*
Cash and cash equivalents	(1,608)	(2,445)	(1,675)	(67)	770
Securities held for non-operating purposes	(64)	(57)	(70)	(6)	(13)
Financing receivables for non-operating purposes	(73)	(169)	(64)	9	105
Net borrowings	**23,055**	**21,052**	**23,342**	**287**	**2,290**
Shareholders equity including non-controlling interest	**50,051**	**54,322**	**57,375**	**7,324**	**3,053**
Leverage	**0.46**	**0.39**	**0.41**	**(0.05)**	**0.02**

Bonds maturing in the 18-months period starting on June 30, 2010

(euro million)

Issuing entity	Amounts at June 30, 2010 (a)
Eni Coordination Center SA	399
	399

(a) Amounts include interest accrued and discount on issue.

Bonds issued in the first half of 2010

Issuing entity	Nominal amount (million)	Currency	Amounts at June 30, 2010 (a) (euro million)	Maturity	Rate	%
Eni SpA	1,000	euro	997	2020	fixed	4.00
			997			

(a) Amounts include interest accrued and discount on issue.

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ROACE (Return On Average Capital Employed)

Return on Average Capital Employed for the Group, on an adjusted basis is the return on the Group average capital invested, calculated as ratio between net adjusted profit before minority interest, plus net finance charges on net borrowings net of the related tax effect, and net average capital employed. The tax rate applied on finance charges is the Italian statutory tax rate of 34% effective from January 1, 2009 (33% in previous reporting periods). The capital invested as of period-end used for the calculation of net average capital invested is obtained by deducting inventory gains or losses as of in the period, net of the related tax effect. ROACE by division is determined as the ratio between adjusted net profit and net average capital invested pertaining to each division and rectifying the net capital invested as of period-end, from net inventory gains or losses (after applying the division specific tax rate).

(euro million)

Calculated on a twelve-month period ending on **June 30, 2010**	**Exploration & Production**	**Gas & Power**	**Refining & Marketing**	**Group**
Adjusted net profit	**4,646**	**2,907**	**(215)**	**6,841**
Exclusion of after-tax finance expenses/interest income	-	-	-	**341**
Adjusted net profit unlevered	**4,646**	**2,907**	**(215)**	**7,182**
Adjusted capital employed, net:				
- at the beginning of period	30,489	23,614	7,359	**68,564**
- at the end of period	38,847	25,539	7,932	**80,048**
Adjusted average capital employed, net	**34,668**	**24,577**	**7,646**	**74,306**
ROACE adjusted (%)	**13.4**	**11.8**	**(2.8)**	**9.7**

(euro million)

Calculated on a twelve-month period ending on **June 30, 2009**	**Exploration & Production**	**Gas & Power**	**Refining & Marketing**	**Group**
Adjusted net profit	**5,743**	**2,481**	**366**	**8,207**
Exclusion of after-tax finance expenses/interest income	-	-	-	**243**
Adjusted net profit unlevered	**5,743**	**2,481**	**366**	**8,450**
Adjusted capital employed, net:				
- at the beginning of period	22,763	21,017	9,466	**60,454**
- at the end of period	30,489	23,614	8,539	**70,018**
Adjusted average capital employed, net	**26,626**	**22,316**	**9,003**	**65,236**
ROACE adjusted (%)	**21.6**	**11.1**	**4.1**	**13.0**

(euro million)

Calculated on a twelve-month period ending on **December 31, 2009**	**Exploration & Production**	**Gas & Power**	**Refining & Marketing**	**Group**

Adjusted net profit	**3,878**	**2,916**	**(197)**	**6,157**
Exclusion of after-tax finance expenses/interest income	-	-	-	**283**
Adjusted net profit unlevered	**3,878**	**2,916**	**(197)**	**6,440**
Adjusted capital employed, net:				
- at the beginning of period	30,362	22,547	7,379	**66,886**
- at the end of period	32,455	25,024	7,560	**72,915**
Adjusted average capital employed, net	**31,409**	**23,786**	**7,470**	**69,901**
ROACE adjusted (%)	**12.3**	**12.3**	**(2.6)**	**9.2**

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GROUP BALANCE SHEET

(euro million)

	Dec. 31, 2009	Mar. 31, 2010	June 30, 2010
ASSETS			
Current assets			
Cash and cash equivalents	1,608	2,445	1,675
Other financial assets held for trading or available for sale	348	346	336
Trade and other receivables	20,348	23,660	22,285
Inventories	5,495	5,517	6,641
Current tax assets	753	371	174
Other current tax assets	1,270	937	941
Other current assets	1,307	1,362	1,338
	31,129	**34,638**	**33,390**
Non-current assets			
Property, plant and equipment	59,765	62,033	67,477
Inventory - compulsory stock	1,736	1,873	1,997
Intangible assets	11,469	11,446	11,479
Equity-accounted investments	5,828	5,592	5,930
Other investments	416	434	459
Other financial assets	1,148	1,077	1,664
Deferred tax assets	3,558	3,603	3,703
Other non-current receivables	1,938	2,004	2,144
	85,858	**88,062**	**94,853**
Assets held for sale	**542**	**1,253**	**570**
TOTAL ASSETS	**117,529**	**123,953**	**128,813**
LIABILITIES AND SHAREHOLDERS EQUITY			
Current liabilities			
Short-term debt	3,545	4,535	4,299
Current portion of long-term debt	3,191	3,173	2,450
Trade and other payables	19,174	20,383	21,103
Income taxes payable	1,291	1,619	1,508
Other taxes payable	1,431	2,162	2,001
Other current liabilities	1,856	1,925	1,794
	30,488	**33,797**	**33,155**
Non-current liabilities			
Long-term debt	18,064	16,015	18,402
Provisions for contingencies	10,319	10,644	10,854
Provisions for employee benefits	944	964	1,012
Deferred tax liabilities	4,907	5,106	5,455
Other non-current liabilities	2,480	2,749	2,321
	36,714	**35,478**	**38,044**
Liabilities directly associated with assets held for sale	**276**	**356**	**239**

TOTAL LIABILITIES	**67,478**	**69,631**	**71,438**
SHAREHOLDERS EQUITY			
Non-controlling interest	***3,978***	***4,223***	***3,996***
Eni shareholders equity			
Share capital	4,005	4,005	4,005
Reserves	46,269	50,629	52,085
Treasury shares	(6,757)	(6,757)	(6,757)
Interim dividend	(1,811)		
Net profit	4,367	2,222	4,046
Total Eni shareholders equity	**46,073**	**50,099**	**53,379**
TOTAL SHAREHOLDERS EQUITY	**50,051**	**54,322**	**57,375**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**117,529**	**123,953**	**128,813**

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Group profit and loss account

(euro million)

Second Quarter 2009	First Quarter 2010	Second Quarter 2010		First Half 2009	First Half 2010
			REVENUES		
18,267	24,804	22,902	Net sales from operations	42,008	47,706
141	285	252	Other income and revenues	501	537
18,408	**25,089**	**23,154**	**Total revenues**	**42,509**	**48,243**
			OPERATING EXPENSES		
12,537	17,051	15,415	Purchases, services and other	29,520	32,466
1,087	1,045	1,154	Payroll and related costs	2,077	2,199
31	**38**	**(5)**	**OTHER OPERATING INCOME (EXPENSE)**	**48**	**33**
2,410	**2,184**	**2,275**	**DEPRECIATION, DEPLETION, AMORTIZATION AND IMPAIRMENTS**	**4,588**	**4,459**
2,405	**4,847**	**4,305**	**OPERATING PROFIT**	**6,372**	**9,152**
			FINANCE INCOME (EXPENSE)		
1,608	1,363	2,297	Finance income	3,695	3,660
(1,867)	(1,422)	(2,508)	Finance expense	(3,962)	(3,930)
70	(186)	(145)	Derivative financial instruments	48	(331)
(189)	**(245)**	**(356)**		**(219)**	**(601)**
			INCOME (EXPENSE) FROM INVESTMENTS		
92	184	108	Share of profit (loss) of equity-accounted investments	205	292
122	41	339	Other gain (loss) from investments	153	380
214	**225**	**447**		**358**	**672**
2,430	**4,827**	**4,396**	**PROFIT BEFORE INCOME TAXES**	**6,511**	**9,223**
(1,390)	(2,408)	(2,457)	Income taxes	(3,361)	(4,865)
1,040	**2,419**	**1,939**	**Net profit**	**3,150**	**4,358**
832	2,222	1,824	Net profit attributable to Eni s shareholders	2,736	4,046
208	197	115	Net profit attributable to non-controlling interest	414	312
1,040	**2,419**	**1,939**		**3,150**	**4,358**
			Earnings per share attributable to Eni s shareholders (euro per share)		
0.23	0.61	0.51	Basic	0.76	1.12
0.23	0.61	0.51	Diluted	0.76	1.12

Comprehensive income

(euro million)

	First Half 2009	First Half 2010
Net profit	**3,150**	**4,358**
Other items of comprehensive income:		
- foreign currency translation differences	(443)	4,974
- change in the fair value of cash flow hedging derivatives	(465)	342
- share of "Other comprehensive income" on equity-accounted entities	2	(16)
- taxation	191	(134)
Other comprehensive income	**(715)**	**5,166**
Total comprehensive income	**2,435**	**9,524**
Attributable to:		
- Eni s shareholders equity	2,035	9,118
- non-controlling interest	400	406
	2,435	**9,524**

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Changes in shareholders' equity

(euro million)

Shareholders equity including non-controlling interest at December 31, 2009		**50,051**
Total comprehensive income	9,524	
Dividends paid to Eni shareholders	(1,811)	
Dividends paid by consolidated subsidiaries to non-controlling interest	(353)	
Effect of GreenStream deconsolidation	(37)	
Rights cancelled stock option - 2007 plan	(6)	
Current cost of assigned options	4	
Other changes	3	
Total changes		**7,324**
Shareholders equity including non-controlling interest at June 30, 2010		**57,375**
Attributable to:		
- Eni s shareholders equity		**53,379**
- non-controlling interest		3,996

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Group cash flow statement

(euro million)

Second Quarter 2009	First Quarter 2010	Second Quarter 2010		First Half 2009	First Half 2010
1,040	**2,419**	**1,939**	**Net profit**	**3,150**	**4,358**
			Adjustments to reconcile net profit to net cash provided by operating activities		
2,063	2,152	2,218	Depreciation, depletion and amortization	4,234	4,370
347	32	57	Impairments of tangible and intangible assets, net	354	89
(318)	(184)	(108)	Share of profit (loss) of equity-accounted investments	(205)	(292)
(8)	(169)	(75)	Gain on disposal of assets, net	(165)	(244)
(119)	(43)	(199)	Dividend income	(136)	(242)
(28)	(39)	(25)	Interest income	(268)	(64)
81	145	129	Interest expense	296	274
1,390	2,408	2,457	Income taxes	3,361	4,865
(135)	(95)	322	Other changes	(450)	227
			Changes in working capital:		
(1,149)	(120)	(1,070)	- inventories	192	(1,190)
3,670	(2,724)	2,810	- trade receivables	3,556	86
(873)	1,801	(854)	- trade payables	(2,053)	947
71	56	(2)	- provisions for contingencies	77	54
(965)	617	(401)	- other assets and liabilities	218	216
754	*(370)*	*483*	*Cash flow from changes in working capital*	*1,990*	*113*
25	(4)	13	Net change in the provisions for employee benefits	15	9
319	35	353	Dividends received	336	388
184	47	27	Interest received	259	74
(124)	(143)	(265)	Interest paid	(245)	(408)
(3,293)	(1,637)	(2,741)	Income taxes paid, net of tax receivables received	(4,905)	(4,378)
2,178	**4,554**	**4,585**	**Net cash provided by operating activities**	**7,621**	**9,139**
			Investing activities:		
(3,245)	(2,447)	(3,968)	- tangible assets	(5,926)	(6,415)
(452)	(332)	(360)	- intangible assets	(918)	(692)
(29)			- consolidated subsidiaries and businesses	(29)	
(92)	(39)	(76)	- investments	(140)	(115)
(6)	(4)	(9)	- securities	(7)	(13)
(95)	(366)	(270)	- financing receivables	(771)	(636)
(2,045)	(104)	64	- change in payables and receivables in relation to investments and capitalized depreciation	(251)	(40)
(5,964)	*(3,292)*	*(4,619)*	*Cash flow from investments*	*(8,042)*	*(7,911)*
			Disposals:		
15	203	10	- tangible assets	42	213
9		5	- intangible assets	154	5
		48	- consolidated subsidiaries and businesses		48
3,069	526	3	- investments	3,079	529
41	6	20	- securities	128	26
208	306	189	- financing receivables	819	495
7	(44)	12	- change in payables and receivables in relation to investments and capitalized depreciation	39	(32)

3,349	*997*	*287*	*Cash flow from disposals*	*4,261*	*1,284*
(2,615)	**(2,295)**	**(4,332)**	**Net cash used in investing activities** (*)	**(3,781)**	**(6,627)**

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Group cash flow statement (continued)

(euro million)

Second Quarter 2009	First Quarter 2010	Second Quarter 2010		First Half 2009	First Half 2010
1,365	22	346	Proceeds from long-term debt	3,232	368
231	(2,198)	1,051	Repayments of long-term debt	(2,487)	(1,147)
(539)	692	(279)	Increase (decrease) in short-term debt	(2,068)	413
1,057	**(1,484)**	**1,118**		**(1,323)**	**(366)**
1,544			Net capital contributions by non-controlling interest	1,542	
	13	3	Net acquisition of treasury shares different from Eni SpA		16
(54)			Acquisition of additional interests in consolidated subsidiaries	(2,045)	
(2,355)		(1,811)	Dividends paid to Eni s shareholders	(2,355)	(1,811)
(258)		(353)	Dividends paid by consolidated subsidiaries to non-controlling interest	(258)	(353)
(66)	**(1,471)**	**(1,043)**	**Net cash used in financing activities**	**(4,439)**	**(2,514)**
(2)	49	20	Effect of exchange rate changes on cash and cash equivalents and other changes		69
(505)	**837**	**(770)**	**Net cash flow for the period**	**(599)**	**67**
1,845	**1,608**	**2,445**	**Cash and cash equivalents - beginning of the period**	**1,939**	**1,608**
1,340	**2,445**	**1,675**	**Cash and cash equivalents - end of the period**	**1,340**	**1,675**

(*) Net cash used in investing activities included investments in certain financial assets to absorb temporary surpluses of cash or as a part of our ordinary management of financing activities. Due to their nature and the circumstance that they are very liquid, these financial assets are netted against finance debt in determining net borrowings. Cash flows of such investments were as follows:

Second Quarter 2009	First Quarter 2010	Second Quarter 2010		First Half 2009	First Half 2010
			Financing investments:		
(1)		(13)	- securities	(2)	(13)
172	(106)	104	- financing receivables	(11)	(2)
171	**(106)**	**91**		**(13)**	**(15)**
			Disposal of financing investments:		
9	6	2	- securities	81	8
188	12	1	- financing receivables	402	13
197	**18**	**3**		**483**	**21**
368	**(88)**	**94**	**Net cash flows from financing activities**	**470**	**6**

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Supplemental information

(euro million)

Second Quarter 2009	First Quarter 2010	Second Quarter 2010		First Half 2009	First Half 2010
			Effect of investment of companies included in consolidation and businesses		
3		72	Current assets	3	72
20		2	Non-current assets	20	2
8		11	Net borrowings	8	11
(1)		(63)	Current and non-current liabilities	(1)	(63)
30		**22**	**Net effect of investments**	**30**	**22**
(22)		(11)	Fair value of investments held before the acquisition of control		(11)
8		**11**	**Purchase price**	**30**	**11**
			less:		
(1)		*(11)*	*Cash and cash equivalents*	*(1)*	*(11)*
7			**Cash flow on investments**	**29**	
			Effect of disposal of consolidated subsidiaries and businesses		
		80	Current assets		80
		696	Non-current assets		696
		(282)	Net borrowings		(282)
		(136)	Current and non-current liabilities		(136)
		358	**Net effect of disposals**		**358**
		(149)	Fair value of non-controlling interests retained after disposals		(149)
		140	Gain on disposal		140
		(46)	Non-controlling interest		(46)
		303	**Selling price**		**303**
			less:		
		(255)	*Cash and cash equivalents*		*(255)*
		48	**Cash flow on disposals**		**48**

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Capital expenditures

(euro million)

Second Quarter 2009	First Quarter 2010	Second Quarter 2010	% Ch. 2 Q. 10 vs 2 Q. 09		First Half 2009	First Half 2010	% Ch.
2,759	1,964	3,186	15.5	Exploration & Production	4,907	5,150	5.0
361	310	367	1.7	Gas & Power	751	677	(9.9)
132	118	149	12.9	Refining & Marketing	217	267	23.0
36	26	45	25.0	Petrochemicals	45	71	57.8
393	412	380	(3.3)	Engineering & Construction	888	792	(10.8)
8	9	10	25.0	Other activities	14	19	35.7
12	17	33	..	Corporate and financial companies	22	50	..
(4)	(77)	158		Impact of unrealized intragroup profit elimination		81	
3,697	**2,779**	**4,328**	**17.1**		**6,844**	**7,107**	**3.8**

In the first half of 2010, capital expenditures amounting to euro 7,107 million (euro 4,328 million in the second quarter of 2010) related mainly to:

- development activities deployed mainly in Congo, Kazakhstan, the Unites States, Algeria, Angola, Egypt, Italy and Norway and exploratory activities of which 98% was spent outside Italy, primarily in the United States, Angola, Indonesia, Ghana and Pakistan;
- upgrading of the fleet used in the Engineering & Construction division (euro 792 million);
- development and upgrading of Eni s natural gas transport network in Italy (euro 342 million) and distribution network (euro 123 million), as well as development and increase of storage capacity (euro 96 million);
- projects aimed at improving the conversion capacity and flexibility of refineries (euro 201 million), as well as building and upgrading service stations in Italy and outside Italy (euro 57 million).

Follows a breakdown of the capital expenditures by division:

EXPLORATION & PRODUCTION

Second Quarter 2009	First Quarter 2010	Second Quarter 2010			First Half 2009	First Half 2010
201	152	175	Italy	(euro million)	398	327
200	177	254	Rest of Europe		362	431
636	445	1,247	North Africa		1,134	1,692
675	588	635	West Africa		1,142	1,223
281	223	284	Kazakhstan		521	507
136	116	136	Rest of Asia		346	252
452	247	385	Americas		699	632
178	16	70	Australia and Oceania		305	86
2,759	**1,964**	**3,186**			**4,907**	**5,150**

GAS & POWER

Second Quarter 2009	First Quarter 2010	Second Quarter 2010		(euro million)	First Half 2009	First Half 2010
31	42	68	Marketing and Power generation		55	110
319	268	293	Regulated businesses in Italy		676	561
163	*164*	*178*	*- Transport*		*400*	*342*
79	*58*	*65*	*- Distribution*		*144*	*123*
77	*46*	*50*	*- Storage*		*132*	*96*
11		6	International transport		20	6
361	**310**	**367**			**751**	**677**

REFINING & MARKETING

Second Quarter 2009	First Quarter 2010	Second Quarter 2010		(euro million)	First Half 2009	First Half 2010
87	95	106	Refining, Supply and Logistic		135	201
39	17	40	Marketing		65	57
6	6	3	Other activities		17	9
132	**118**	**149**			**217**	**267**

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Exploration & Production

PRODUCTION OF OIL AND NATURAL GAS BY REGION

Second Quarter 2009	First Quarter 2010	Second Quarter 2010			First Half 2009	First Half 2010
1,733	**1,842**	**1,758**	**Production of oil and natural gas** [(a) (b) (c)]	(kboe/d)	**1,756**	**1,800**
169	182	185	Italy		171	184
246	243	208	Rest of Europe		251	225
567	589	583	North Africa		581	586
343	402	388	West Africa		337	395
121	121	107	Kazakhstan		120	114
138	122	123	Rest of Asia		144	123
133	159	139	Americas		134	149
16	24	25	Australia and Oceania		18	24
1,733	**1,816**	**1,732**	**Production of oil and natural gas net of updating the natural gas conversion rate**		**1,756**	**1,774**
154.2	**158.6**	**154.1**	**Production sold** [(a)]	(mmboe)	**308.4**	**312.7**
154.2	**156.3**	**152.0**	**Production sold net of updating the natural gas conversion rate** [(a)]		**308.4**	**308.3**

PRODUCTION OF LIQUIDS BY REGION

Second Quarter 2009	First Quarter 2010	Second Quarter 2010			First Half 2009	First Half 2010
986	**1,011**	**980**	**Production of liquids** [(a)]	(kbbl/d)	**1,000**	**995**
56	58	63	Italy		55	61
130	132	113	Rest of Europe		135	122
289	287	306	North Africa		297	296
304	341	318	West Africa		299	329
75	72	63	Kazakhstan		73	68
60	36	39	Rest of Asia		66	37
64	77	69	Americas		65	73
8	8	9	Australia and Oceania		10	9

PRODUCTION OF NATURAL GAS BY REGION

Second Quarter 2009	First Quarter 2010	Second Quarter 2010			First Half 2009	First Half 2010
4,290	**4,615**	**4,319**	**Production of natural gas** [(a) (b)]	(mmcf/d)	**4,344**	**4,466**
648	687	676	Italy		666	682
665	618	530	Rest of Europe		669	573
1,593	1,679	1,539	North Africa		1,632	1,609
230	339	390	West Africa		220	364
262	272	241	Kazakhstan		269	256
450	479	471	Rest of Asia		448	475

397	453	386	Americas	396	420
45	88	86	Australia and Oceania	44	87

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

(b) Includes volumes of gas consumed in operations (307 and 295 mmcf/d in the second quarter 2010 and 2009, respectively, 312 and 299 mmcf/d in the first half 2010 and 2009, respectively and 316 mmcf/d in the first quarter 2010).

(c) From April 1, 2010, the conversion rate of natural gas from cubic feet to boe has been updated to 1 barrel of oil = 5,550 cubic feet of gas (it was 1 barrel of oil = 5,742 cubic feet of gas). The effect on production has been 26 kboe/d. For further information see page 6.

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Petrochemicals

Second Quarter 2009	First Quarter 2010	Second Quarter 2010			First Half 2009	First Half 2010
			Sales of petrochemical products	(euro million)		
475	673	810	Basic petrochemicals		816	1,483
510	758	838	Polymers		995	1,596
42	45	50	Other revenues		94	95
1,027	**1,476**	**1,698**			**1,905**	**3,174**
			Production	(ktonnes)		
1,156	1,241	1,295	Basic petrochemicals		2,175	2,536
559	607	605	Polymers		1,079	1,212
1,715	**1,848**	**1,900**			**3,254**	**3,748**

Engineering & Construction

(euro million)

Second Quarter 2009	First Quarter 2010	Second Quarter 2010		First Half 2009	First Half 2010
			Orders acquired		
1,303	1,105	818	Offshore construction	1,864	1,923
719	1,247	3,534	Onshore construction	2,340	4,781
15	140	9	Offshore drilling	331	149
513	186	20	Onshore drilling	533	206
2,550	**2,678**	**4,381**		**5,068**	**7,059**

(euro million)	Dec. 31, 2009	June 30, 2010
Order backlog	**18,730**	**20,404**