Report on the second quarter of 2007

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Contents

BASIS OF PRESENTATION

Eni's accounts at June 30, 2007, unaudited, have been prepared in accordance with the criteria defined by the Commissione Nazionale per le Società e la Borsa (CONSOB) in its regulation for companies listed on the Italian Stock Exchange.
Financial information relating to the profit and loss account is presented for the second quarter of 2007 and for the first half of 2006. Financial information relating to balance sheet data is presented at June 30, 2007, March 31, 2007 and December 31, 2006. Tables are comparable with those of 2006 financial statements and the first half report.
Eni's accounts at June 30, 2007 have been prepared in accordance with the evaluation and measurement criteria contained in the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure set forth in Article 6 of the European Regulation (CE) No. 1606/2002 of the European Parliament and European Council of July 19, 2002.
Non-GAAP financial measures disclosed throughout this report are accompanied by explanatory notes and tables to help investors to gain a full understanding of said measures in line with guidance provided for by recommendation CESR/05-178b.

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

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

STATISTIC RECAP

Summary financial data

Second quarter 2006	Second quarter 2007	Change	% Change	(€ million)	First half 2006	First half 2007	Change	% Change
20,739	19,754	(985)	(4.7)	Net sales from operations	44,323	41,667	(2,656)	(6.0)
4,947	4,218	(729)	(14.7)	Operating profit	10,542	9,323	(1,219)	(11.6)
5,054	4,196	(858)	(17.0)	Adjusted operating profit [a]	10,587	9,449	(1,138)	(10.7)
2,301	**2,267**	**(34)**	**(1.5)**	**Net profit [b]**	**5,275**	**4,855**	**(420)**	**(8.0)**
0.62	0.62			- per ordinary share (€) [c]	1.42	1.32	(0.10)	(7.0)
1.56	1.67	0.11	7.1	- per ADR ($) [c] [d]	3.49	3.51	0.02	0.6
2,483	**2,220**	**(263)**	**(10.6)**	**Adjusted net profit [a] [b]**	**5,437**	**4,900**	**(537)**	**(9.9)**
0.67	0.60	(0.07)	(10.4)	- per ordinary share (€) [c]	1.46	1.33	(0.13)	(8.9)
1.68	1.62	(0.06)	(3.6)	- per ADR ($) [c] [d]	3.59	3.54	(0.05)	(1.4)
4,805	4,140	(665)	(13.8)	Net cash provided by operating activities	10,668	9,703	(965)	(9.0)
1,714	2,244	530	30.9	Capital expenditure	3,054	4,257	1,203	39.4

(a) For a detailed explanation of adjusted operating profit and adjusted net profit see page 37.
(b) Profit attributable to Eni shareholders.
(c) Fully diluted. Dollar amounts are converted on the basis of the average EUR/USD exchange rate quoted by the ECB for the periods presented.
(d) One ADR (American Depositary Receipt) is equal to two Eni ordinary shares.

Key market indicators

Second quarter 2006	Second quarter 2007	Change	% Change		First half 2006	First half 2007	Change	% Change
69.62	68.76	(0.86)	(1.2)	Average price of Brent dated crude oil [a]	65.69	63.26	(2.43)	(3.7)
1.256	1.348	0.092	7.3	Average EUR/USD exchange rate [b]	1.229	1.329	0.100	8.1
55.43	51.01	(4.42)	(8.0)	Average price in euro of Brent dated crude oil	53.45	47.60	(5.85)	(10.9)
5.77	6.90	1.13	19.6	Average European refining margin [c]	4.36	4.98	0.62	14.2
4.59	5.12	0.53	11.5	Average European refining margin in euro	3.55	3.75	0.20	5.6
2.9	4.1	1.2	41.4	Euribor - three month rate (%)	2.8	3.9	1.1	39.3
5.1	5.6	0.5	9.8	Libor - three month dollar rate (%)	4.9	5.5	0.6	12.2

(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.

Summary operating data

Second quarter 2006	Second quarter 2007	Change	% Change			First half 2006	First half 2007	Change	% Change
1,748	**1,736**	**(12)**	**(0.7)**	**Production of hydrocarbons [a]**	**(kboe/d)**	**1,787**	**1,735**	**(52)**	**(2.9)**
1,056	1,026	(30)	(2.8)	- Liquids	(kbbl/d)	1,099	1,028	(71)	(6.5)
3,974	4,082	108	2.7	- Natural gas [a]	(mmcf/d)	3,950	4,063	113	2.7
20.45	**20.43**	**(0.02)**	**(0.1)**	**Worldwide gas sales**	**(bcm)**	**51.65**	**48.57**	**(3.08)**	**(6.0)**
1.08	*0.87*	*(0.21)*	*(19.4)*	*of which: Upstream sales in Europe*		*2.20*	*1.94*	*(0.26)*	*(11.8)*
7.66	8.86	1.20	15.7	Electricity sold	(TWh)	15.39	16.24	0.85	5.5
3.15	3.18	0.03	1.0	Retail sales of refined products in Europe	(mmtonnes)	6.08	6.06	(0.02)	(0.3)
1,274	1,409	135	10.6	Petrochemical product sales	(ktonnes)	2,680	2,812	132	4.9

(a) Includes own consumption of natural gas (8.3 mmcm/d in the first half 2007, 8.1 mmcm/d in the first half 2006, 8.4 mmcm/d in the second quarter 2007 and 8.3 mmcm/d in the second quarter 2006).

Financial review

PROFIT AND LOSS ACCOUNT AND DIVISIONAL HIGHLIGHTS

Second quarter				(€ million)	First half			
2006	**2007**	**Change**	**% Change**		**2006**	**2007**	**Change**	**% Change**
20,739	19,754	(985)	(4.7)	Net sales from operations	44,323	41,667	(2,656)	(6.0)
163	175	12	7.4	Other income and revenues	372	456	84	22.6
(14,380)	(14,032)	348	2.4	Operating expenses	(31,119)	(29,494)	1,625	5.2
	(56)			*of which non-recurring items*		*(56)*		
(1,575)	(1,679)	(104)	(6.6)	Depreciation, amortization and impairments	(3,034)	(3,306)	(272)	(9.0)
4,947	**4,218**	**(729)**	**(14.7)**	**Operating profit**	**10,542**	**9,323**	**(1,219)**	**(11.6)**
109	158	49	45.0	Net financial income (expense)	151	25	(126)	(83.4)
227	289	62	27.3	Net income from investments	467	491	24	5.1
5,283	**4,665**	**(618)**	**(11.7)**	**Profit before income taxes**	**11,160**	**9,839**	**(1,321)**	**(11.8)**
(2,800)	(2,242)	558	19.9	Income taxes	(5,547)	(4,673)	874	15.8
53.0	*48.1*			*Tax rate (%)*	*49.7*	*47.5*		
2,483	2,423	(60)	(2.4)	Net profit	5,613	5,166	(447)	(8.0)
				pertaining to:				
2,301	**2,267**	**(34)**	**(1.5)**	**- Eni**	**5,275**	**4,855**	**(420)**	**(8.0)**
182	156	(26)	(14.3)	- minority interest	338	311	(27)	(8.0)

Second quarter

Eni's net profit for the second quarter of 2007 was €2,267 million, down €34 million from the second quarter of 2006, or 1.5%, due mainly to a lower operating performance down by €729 million, or 14.7%, as a result of a decline in the Exploration & Production and Gas & Power divisions. This reduction in operating profit was offset in part by a €558 million decrease in income taxes reflecting lower profit before taxes and an approximately 5 percentage point decline in the Group tax rate (from 53 to 48.1%) as a result of a lower share of profit generated by the Exploration & Production division.

Eni's adjusted net profit

Second quarter				(€ million)	First half			
2006	**2007**	**Change**	**% Change**		**2006**	**2007**	**Change**	**% Change**
2,301	2,267	(34)	(1.5)	Net profit pertaining to Eni	5,275	4,855	(420)	(8.0)
(151)	(207)			Exclusion of inventory holding (gain) loss	(210)	(110)		
333	160			Exclusion of special items:	372	155		
				of which:				
	81			*- non-recurring items*		*81*		
333	*79*			*- other special items*	*372*	*74*		
2,483	**2,220**	**(263)**	**(10.6)**	**Eni's adjusted net profit** (a)	**5,437**	**4,900**	**(537)**	**(9.9)**

(a) For a definition and reconciliation of reported operating profit and reported net profit to adjusted results, which exclude inventory holding gains/losses and special items, see "Reconciliation of reported operating profit and net profit to results on an adjusted basis" on page 37.

Eni's adjusted net profit amounted to €2,220 million, down 10.6% from the second quarter 2006. Adjusted net profit is arrived at by excluding an inventory holding gain of €207 million and special charges of €160 million net, resulting in an immaterial adjustment to net profit (down €47 million).

Special charges for the quarter concerned essentially environmental charges, impairment of mineral assets and employee redundancy incentives, as well as non-recurring charges related to: (i) risk provisions related to ongoing antitrust proceedings against the European antitrust authority; (ii) a gain deriving from the curtailment of the reserve for employee post-retirement benefits relating to Italian companies.

The following table sets forth adjusted net profit by division:

Second quarter				(€ million)	First half			
2006	2007	Change	% Change		2006	2007	Change	% Change
1,924	1,647	(277)	(14.4)	Exploration & Production	4,019	3,056	(963)	(24.0)
638	418	(220)	(34.5)	Gas & Power	1,517	1,577	60	4.0
171	137	(34)	(19.9)	Refining & Marketing	257	250	(7)	(2.7)
13	51	38	292.3	Petrochemicals	29	130	101	348.3
65	159	94	144.6	Engineering & Construction	152	304	152	100.0
(64)	(70)	(6)	(9.4)	Other activities	(122)	(120)	2	1.6
5	115	110	..	Corporate and financial companies	11	29	18	163.6
(87)	(81)	6	..	Impact of inter-segment profits elimination [a]	(88)	(15)	73	..
2,665	**2,376**	**(289)**	**(10.8)**		**5,775**	**5,211**	**(564)**	**(9.8)**
				of which:				
182	156	(26)	(14.3)	- net profit of minorities	338	311	(27)	(8.0)
2,483	**2,220**	**(263)**	**(10.6)**	**- Eni's adjusted net profit**	**5,437**	**4,900**	**(537)**	**(9.9)**

(a) This item concerned mainly intra-group sales of goods, services and capital assets recorded at period end in the equity of the purchasing business segment.

The decline in the Group adjusted net profit was owed to:

- The reduction of adjusted net profit reported by the **Exploration & Production** division (down €277 million, or 14.4%) due to a weaker operating performance (down €739 million, or 17.5%) which was adversely impacted by the appreciation of the euro over the dollar (7.3%), a decline in production sold (down 2.7 mmboe) and higher exploration expenses (down €187 million).
- The reduction of adjusted net profit registered in the **Gas & Power** division (down €220 million, or 34.5%) due to a weaker operating performance (down €272 million, or 34.4%) which was adversely impacted by lower natural gas selling margins affected by an unfavourable trading environment and the impact of mild weather on sales volumes, particularly in April. These negative factors were offset in part by positive developments in regulations in Italy due to recently enacted measures by the Italian Authority for Electricity and Gas regarding the indexation of tariffs in the residential segment. Divisional results were also negatively impacted by lower results recorded by equity-accounted entities.

These declines in the adjusted net profit were partly offset by a higher adjusted net profit reported in the divisions:

- **Engineering & Construction** (up €94 million, or 144.6%), reflecting an improved operating performance (up €70 million) against the backdrop of favourable demand trends in oilfield services.
- **Petrochemicals** (up €38 million, or 292.3%), due to an improved operating performance (up €62 million) reflecting a recovery in product selling margins and the circumstance that results for the second quarter 2006 were materially affected by an accident occurred at the Priolo refinery resulting in outages at several Eni's petrochemical plants.

The **trading environment** was affected by slightly lower oil prices with Brent crude prices averaging $68.76 per barrel, down 1.2% compared to the first quarter of 2006, and the appreciation of the euro over the dollar (up 7.3%), as well as lower natural gas selling margins related mainly to the negative trends in energy parameters used in determining purchase and selling prices of natural gas. These negatives were partially offset by an increase in refining margins on the Brent crude marker (up 19.6%). the narrowing of price differentials between light and heavy crude qualities while capping the upside on Eni's realized refining margins, helped upstream crude realizations which improved somewhat from 2006 as opposed to the trend registered in the Brent crude marker.

First half

Eni's net profit for the first half of 2007 was €4,855 million, down €420 million from the first half of 2006, or 8%, due primarily to a lower operating performance (down €1,219 million, or 11.6%) as a result of a decline in the Exploration & Production division, partially offset by a positive performance delivered by Eni's downstream and the Engineering & Construction businesses. This reduction in operating profit was offset in part by lower income taxes (down by €874 million) owing to lower profit before taxes and a 2.2 percentage point decline in the Group tax rate (from 49.7 to 47.5%).

Eni's adjusted net profit amounted to €4,900 million, down 9.9% from the first half of 2006. Adjusted net profit is arrived at by excluding an inventory holding loss of €110 million and special charges of €155 million net, resulting in an immaterial adjustment to net profit (up €45 million).

Return on Average Capital Employed (ROACE)[1] calculated on an adjusted basis for the twelve-month period ending June 30, 2007 was 21.4% (23.5% for the twelve-month period ending June 30, 2006). Assuming Gazprom exercises its call options to purchase a 20% interest in OAO Gazprom Neft and a 51% interest in ex-Yukos gas assets from Eni as of June 30, 2007, the Group ROACE would stand at 22.1%.

The decline in the Group adjusted net profit was owed to:
- The reduction of adjusted net profit recorded in the **Exploration & Production** division (down €963 million, or 24%), due to a weaker operating performance (down €1,858 million, or 21.9%) which was adversely impacted by the appreciation of the euro over the dollar (8.1%), a decline in production sold (down 12.2 mmboe), higher exploration expenses, and lower realizations in dollars (down 2.1%). Performance in this segment was negatively affected also by the two percentage point increase in the adjusted tax rate (from 52.8% to 54.5%) due to changes in the fiscal regime of the United Kingdom and Algeria enacted in the second half of 2006 and Algeria enacted in the second half of 2006.

These declines in the adjusted net profit were partly offset by a higher adjusted net profit reported in the divisions:
- **Engineering & Construction** (up €152 million, or 100%), reflecting an improved operating performance (up €168 million) against the backdrop of favourable demand trends in oilfield services.
- **Petrochemicals** (up €101 million, or 348.3%), due to an improved operating performance (up €161 million), reflecting a recovery in product selling margins and the impact of the accident occurred at the Priolo refinery on the results for the first half of 2006;
- **Gas & Power** (up €60 million, or 4%), due to a better operating performance (up €208 million, or 10.4%) reflecting essentially positive developments in the regulatory framework in Italy and the circumstance that certain purchase charges were incurred in the first quarter of 2006 owing a climatic emergency for the 2005-2006 winter. These positive factors were offset in part by the impact of unusually mild weather conditions affecting natural gas sales by consolidated subsidiaries (down 2.8 bcm, or 6.2%), offset in part by volume increases in target markets in Europe. Divisional results were also negatively impacted by lower results recorded by equity-accounted entities.

The **trading environment** was affected by lower oil prices with Brent crude prices averaging $63.26 per barrel, down 3.7% compared to the first half of 2006, and the appreciation of the euro over the dollar (up 8.1%). These negatives were partially offset by increased refining margins on the Brent crude marker (up 14.2%) and higher selling margins on petrochemical products. Overall, the first half trading environment had no material impact on natural gas selling margins.

ANALYSIS OF PROFIT AND LOSS ACCOUNT ITEMS

Net sales from operations

Second quarter				(€ million)	First half			
2006	**2007**	**Change**	**% Change**		**2006**	**2007**	**Change**	**% Change**
7,047	6,468	(579)	(8.2)	Exploration & Production	14,459	12,829	(1,630)	(11.3)
5,799	5,179	(620)	(10.7)	Gas & Power	14,933	13,722	(1,211)	(8.1)
10,166	8,937	(1,229)	(12.1)	Refining & Marketing	19,446	16,880	(2,566)	(13.2)
1,612	1,802	190	11.8	Petrochemicals	3,340	3,476	136	4.1
1,770	2,307	537	30.3	Engineering & Construction	3,080	4,269	1,189	38.6
251	46	(205)	(81.7)	Other activities	465	103	(362)	(77.8)
298	335	37	12.4	Corporate and financial companies	605	617	12	2.0
(6,204)	(5,320)	884	..	Consolidation adjustment	(12,005)	(10,229)	1,776	..
20,739	**19,754**	**(985)**	**(4.7)**		**44,323**	**41,667**	**(2,656)**	**(6.0)**

Second quarter

Eni's net sales from operations (revenues) for the second quarter of 2007 (€19,754 million) were down €985 million, a 4.7% decline from the second quarter of 2006, primarily reflecting the impact of the appreciation of the euro versus the dollar (up 7.3%) and the decline in natural gas prices, and in sold production of hydrocarbons (down 2.7 mmboe). These negative factors were offset in part by higher activity levels in the Engineering & Construction and Petrochemical segments and higher refined products dollar prices.

First half

Eni's net sales from operations (revenues) for the first half of 2007 (€41,667 million) were down €2,656 million, a 6% decline from the first half of 2006, primarily reflecting the impact of the appreciation of the euro versus the dollar (up 8.1%) and the decline in hydrocarbon prices, as well as lower sold production of hydrocarbons (down 12.2 mmboe) and lower sales of natural gas (down 2.8 bcm). These negative factors were offset in part by higher activity levels in the Engineering & Construction and Petrochemical segments.

Revenues generated by the Exploration & Production segment (€12,829 million) declined by €1,630 million, down 11.3%, essentially due to the impact of the appreciation of the euro versus the dollar, lower hydrocarbon production sold (down 12.2 mmboe, or 3.9%) and the decline in realizations in dollars (down 2.1%).

Revenues generated by the Gas & Power segment (€13,722 million) declined by €1,211 million, down 8.1%, mainly due to lower natural gas volumes sold by consolidated subsidiaries (down 2.8 bcm or 6.2%) and lower volumes transported and distributed as a consequence of an unusually mild winter weather, as well as the negative trends of energy parameters to which gas prices are contractually indexed.

Revenues generated by the Refining & Marketing segment (€16,880 million) declined by € 2,566 million, down 13.2%, mainly due to lower international prices for oil and the effect of the appreciation of the euro over the dollar.

Revenues generated by the Petrochemical segment (€3,476 million) increased by €136 million from the first half of 2006, up 4.1%, reflecting mainly the fact that performance in the first half of 2006 had been impacted by an accident occurred at the Priolo refinery resulting in a nearly total standstill of a number of Eni's petrochemicals plants.

Net sales from operations generated by the Engineering and Construction segment (€4,269 million) increased by €1,189 million, up 38.6%, due to increased activity levels in the Offshore and Onshore construction businesses.

Revenues by geographic area

Second quarter				(€ million)	First half			
2006	**2007**	**Change**	**% Change**		**2006**	**2007**	**Change**	**% Change**
8,797	**7,832**	**(965)**	**(11.0)**	**Italy**	**19,915**	**17,543**	**(2,372)**	**(11.9)**
5,964	4,795	(1,169)	(19.6)	Rest of European Union	11,492	9,941	(1,551)	(13.5)
1,544	1,710	166	10.8	Rest of Europe	3,662	3,518	(144)	(3.9)
991	1,460	469	47.3	Americas	2,470	2,786	316	12.8
1,538	1,911	373	24.3	Asia	2,877	3,589	712	24.7
1,727	1,803	76	4.4	Africa	3,495	3,851	356	10.2
178	243	65	36.5	Other areas	412	439	27	6.6
11,942	**11,922**	**(20)**	**(0.2)**	**Total outside Italy**	**24,408**	**24,124**	**(284)**	**(1.2)**
20,739	**19,754**	**(985)**	**(4.7)**		**44,323**	**41,667**	**(2,656)**	**(6.0)**

Operating expenses

Second quarter				(€ million)	First half			
2006	2007	Change	% Change		2006	2007	Change	% Change
13,471	13,133	(338)	(2.5)	Purchases, services and other	29,383	27,717	(1,666)	(5.7)
				of which:				
	130			*- non-recurring items*		*130*		
202	*154*			*- other special items*	*207*	*171*		
909	899	(10)	(1.1)	Payroll and related costs	1,736	1,777	41	2.4
				of which:				
	(74)			*- non-recurring items*		*(74)*		
18	*9*			*- provision for redundancy incentives*	*42*	*19*		
14,380	**14,032**	**(348)**	**(2.4)**		**31,119**	**29,494**	**(1,625)**	**(5.2)**

Operating expenses for the first half of 2007 (€29,494 million) declined by € 1,625 million from the first half of 2006, down 5.2%, essentially due to the appreciation of the euro versus the dollar. Other factors behind this reduction were: (i) lower purchase prices for natural gas and light oil-based refinery feedstocks; (ii) lower supplies of natural gas in line with lower sales and the fact that in the first quarter of 2006 certain gas supplies charges were recorded due to a climatic emergency for the 2005-2006 winter; (iii) lower costs for refinery maintenance activity.

Labour costs (€ 1,777 million) increased by €41 million, up 2.4%, due mainly to an increase in unit labour costs in Italy and outside Italy and an increase in the average number of employees outside Italy in the Engineering & Construction segment related to higher activity levels. These increases were offset in part by exchange rate differences and a €74 million non-recurring gain deriving from the curtailment of the reserve for post-retirement benefits existing at 2006 year-end related to obligations towards Italian employees. In fact, the Italian budget law for 2007 modified Italian regulation for post-retirement benefits resulting in a change from a defined benefit plan to a defined contribution one. Following this, the reserve was reassessed to take account of the exclusion of future salaries and relevant increases from actuarial calculations.

Employees

(units)	December 31, 2006	June 30, 2007	Change	% Change
Exploration & Production	8,336	8,670	334	4.0
Gas & Power	12,074	11,861	(213)	(1.8)
Refining & Marketing	9,437	9,372	(65)	(0.7)
Petrochemicals	6,025	6,845	820	13.6
Engineering & Construction	30,902	32,903	2,001	6.5
Other activities	2,219	1,409	(810)	(36.5)
Corporate and financial companies	4,579	4,781	202	4.4
	73,572	**75,841**	**2,269**	**3.1**

As of June 30, 2007, employees were 75,841, with an increase of 2,269 employees from December 31, 2006, up 3.1%.
Employees in Italy were 40,049. The 284 employee increase was related mainly to the positive balance of hiring and dismissals (257 employees) related to changes in consolidation.
In the first half of 2007 a total of 1,121 employees were hired, of these 799 on open-end contracts and 864 employees were dismissed (of these 503 employees on open-end contracts).
Outside Italy employees were 35,792, with a 1,985 employee increase mainly concerning fixed-term workers in the Engineering & Construction segment.

Depreciation and amortization and impairments

Second quarter 2006	2007	Change	% Change	(€ million)	First half 2006	2007	Change	% Change
1,025	1,276	251	24.5	Exploration & Production	2,120	2,516	396	18.7
158	167	9	5.7	Gas & Power	320	333	13	4.1
109	108	(1)	(0.9)	Refining & Marketing	219	216	(3)	(1.4)
30	25	(5)	(16.7)	Petrochemicals	61	56	(5)	(8.2)
49	56	7	14.3	Engineering & Construction	87	119	32	36.8
2	1	(1)	(50.0)	Other activities	4	2	(2)	(50.0)
18	15	(3)	(16.7)	Corporate and financial companies	37	31	(6)	(16.2)
(1)	(3)	(2)	..	Impact of inter-segment profits elimination	(2)	(4)	(2)	..
1,390	**1,645**	**255**	**18.3**	**Total depreciation and amortization**	**2,846**	**3,269**	**423**	**14.9**
185	34	(151)	(81.6)	Impairments	188	37	(151)	(80.3)
1,575	**1,679**	**104**	**6.6**		**3,034**	**3,306**	**272**	**9.0**

Depreciation and amortization charges (€3,269 million) increased by €423 million, up 14.9%, mainly in the Exploration & Production segment (up €396 million) related to higher exploration expenses (up €426 million on a constant exchange rate basis) and the impact on amortization charges of an estimate update of asset retirement obligations for certain Italian fields carried out in the preparation of 2006 financial statements, offset in part by exchange rate differences.
Impairment charges for the period at €37 million regarded mainly upstream assets.

Operating profit

Second quarter 2006	2007	Change	% Change	(€ million)	First half 2006	2007	Change	% Change
4,947	**4,218**	**(729)**	**(14.7)**	**Operating profit**	**10,542**	**9,323**	**(1,219)**	**(11.6)**
(241)	(262)			Exclusion of inventory holding (gains) losses	(335)	(107)		
348	240			Exclusion of special items:	380	233		
				of which:				
	56			*- non-recurring items*		*56*		
348	*184*			*- other special items*	*380*	*177*		
5,054	**4,196**	**(858)**	**(17.0)**	**Adjusted operating profit**	**10,587**	**9,449**	**(1,138)**	**(10.7)**
				break down by division:				
4,222	3,483	(739)	(17.5)	Exploration & Production	8,473	6,615	(1,858)	(21.9)
791	519	(272)	(34.4)	Gas & Power	1,994	2,202	208	10.4
190	185	(5)	(2.6)	Refining & Marketing	279	305	26	9.3
5	67	62	..	Petrochemicals	28	189	161	..
133	203	70	52.6	Engineering & Construction	211	379	168	79.6
(65)	(66)	(1)	(1.5)	Other activities	(128)	(116)	12	9.4
(84)	(66)	18	21.4	Corporate and financial companies	(130)	(101)	29	22.3
(138)	(129)	9	..	Impact of inter-segment profits elimination	(140)	(24)	116	..
5,054	**4,196**	**(858)**	**(17.0)**		**10,587**	**9,449**	**(1,138)**	**(10.7)**

Second quarter

Adjusted operating profit for the quarter was €4,196 million, down 17% from the second quarter of 2007. Adjusted operating profit is arrived at by excluding an inventory holding gain of €262 million and special charges of €240 million net. The Group operating profit was dragged down by a weaker operating performance recorded in the Exploration & Production division, due primarily to the euro's appreciation against the dollar (7.3%), lower sold production volumes and higher exploratory expenses, and the Gas & Power division affected by declining selling margins and the impact of mild weather on sales volumes, particularly in April.

First Half

Adjusted operating profit for the first half was €9,449 million, down 10.7% from a year ago. Adjusted operating profit is arrived at by excluding an inventory holding gain of €107 million and special charges of €233 million net. The main factor affecting this decline was a weaker operating performance reported by the Exploration & Production division (down €1,858 million from the first half 2006, or 21.9%), due primarily to a 8.1% appreciation of the euro versus the dollar, lower production sold (down 12.2 mmboe), higher expenses incurred in connection with exploratory activity and lower realizations in dollars (down 2.1%).

This decline was partly offset by an increase in adjusted operating profit reported by the following segments:
- **Gas & Power** (up €208 million or 10.4%), mainly owing to a favorable evolution of the regulatory framework in Italy and the fact that in the first quarter of 2006 certain supply charges were recorded due to a climatic emergency related to the winter time 2005-2006. These positives were partly offset by a decline in marketed volumes of natural gas (down 2.80 bcm, or 6.2%) due to lower European gas demand affected by unusually mild winter weather conditions, partly offset by a sale growth in target markets in the rest of Europe;
- **Engineering & Construction** (up €168 million or 79.6%) due to a positive trend in the market for oilfield services;
- **Petrochemicals** (up €161 million or 575%) reflecting a recovery in product selling margins and the circumstance that results for the second quarter 2006 were materially affected by an accident occurred at the Priolo refinery resulting in outages at several Eni's petrochemical plants.

Net financial income

In the first half of 2007 net financial income (€25 million) decreased by €126 million from the first half of 2006. This decrease was due mainly to the circumstance that fair value gains were recognized on certain financial derivatives instruments in the first half of 2006 as compared to a fair value loss recorded for these instruments in the first half of 2007. Fair value changes on these financial instruments are recorded in the profit and loss account instead of being recognized in connection with related assets, liabilities and commitments because these instruments do not meet the formal criteria to be assessed as hedges under IFRS, including the time value component (for a loss of €47 million) of certain cash flow hedges Eni entered into to hedge commodity risk in connection with the acquisitions of proved and unproved upstream properties executed in the first half of 2007 (for more details on this issues see the Balance sheet discussion – under the paragraph net working capital). This negative was partly offset by: (i) a €62 million net gain upon fair value valuation through profit and loss account of both the 20% interest in OAO Gazprom Neft and the related call option guaranteed by Eni to Gazprom related to this interest. This net gain is equal to the remuneration of the capital employed according to the contractual arrangements between the two partners (for more details on this issues see the Balance sheet discussion – under the paragraph net working capital); (ii) a reduction in net finance expenses as a result of a reduction in average net borrowings, the impact of which was partly offset by higher interest rates on euro (Euribor up 1.1 percentage points) and dollar loans (Libor up 0.6 percentage points)

Net income from investments

The comparison with the first half of 2006 data is shown in the table below:

(€ million)

First half 2007	E&P	G&P	R&M	E&C	Group
Effect of the application of the equity method of accounting	(21)	216	110	38	344
Dividends	112	2	17		131
Net gains on disposal	8				8
Other income (losses) from investments	1				8
	100	**218**	**127**	**38**	**491**

Net income from investments in the first half of 2007 amounted to €491 million and concerned essentially: (i) Eni's share of income of affiliates accounted for with the equity method of accounting (€344 million), in particular in the Gas & Power, Refining & Marketing and Engineering & Construction divisions; (ii) dividends received by affiliates accounted for at cost (€ 131 million).

Second quarter			(€ million)	First half		
2006	2007	Change		2006	2007	Change
193	159	(34)	Effect of the application of the equity method of accounting	380	344	(36)
30	112	82	Dividends	57	131	74
7	8	1	Net gains on disposal	25	8	(17)
(3)	10	13	Other income (losses) from investments	5	8	3
227	**289**	**62**		**467**	**491**	**24**

Income taxes

Second quarter			(€ million)	First half		
2006	2007	Change		2006	2007	Change
			Profit before income taxes			
1,410	1,341	(69)	Italy	3,313	3,348	35
3,873	3,324	(549)	Outside Italy	7,847	6,491	(1,356)
5,283	**4,665**	**(618)**		**11,160**	**9,839**	**(1,321)**
			Income taxes			
610	448	(162)	Italy	1,339	1,240	(99)
2,190	1,794	(396)	Outside Italy	4,208	3,433	(775)
2,800	**2,242**	**(558)**		**5,547**	**4,673**	**(874)**
			Tax rate (%)			
43.3	33.4	(9.9)	Italy	40.4	37.0	(3.4)
56.5	54.0	(2.5)	Outside Italy	53.6	52.9	(0.7)
53.0	**48.1**	**(4.9)**		**49.7**	**47.5**	**(2.2)**

Income taxes were €4,673 million, down €874 million, or 15.8%, due primarily to lower income before taxes (down €1,321 million). The 47.5% Group tax rate declined by 2.2 percentage points from the first half of 2006 reflecting: (i) a lower share of profit before taxes generated by the Exploration & Production division; (ii) the recognition of deferred tax assets related to an increase in assets and liabilities carrying amounts for tax purposes on part of certain Italian subsidiaries upon renewal of the Group option for the Italian consolidated statement for tax purposes.

Adjusted tax rate was down one percentage point to 47.4% (48.4% in the first half 2006), which is calculated as ratio of net profit before taxes to income taxes on an adjusted basis.

Minority interest

Minority interest's share of profit was €311 million and was related to Snam Rete Gas (€139 million) and Saipem (€164 million).

SUMMARIZED GROUP BALANCE SHEET

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

Summarized Group Balance Sheet [(a)]

	December 31, 2006	March 31, 2007	June 30, 2007	Change vs December 31, 2006	Change vs March 31, 2007
Fixed assets					
Property, plant and equipment, net	44,312	44,435	45,999	1,687	1,564
Other tangible assets	629	622	614	(15)	(8)
Inventories - compulsory stock	1,827	1,711	1,899	72	188
Intangible assets, net	3,753	3,885	3,962	209	77
Investments, net	4,246	4,373	5,285	1,039	912
Accounts receivable financing and securities related to operations	557	515	366	(191)	(149)
Net accounts payable in relation to capital expenditure	(1,090)	(897)	(1,178)	(88)	(281)
	54,234	**54,644**	**56,947**	**2,713**	**2,303**
Net working capital					
Inventories	4,752	4,888	4,828	76	(60)
Trade accounts receivable	15,230	15,006	13,607	(1,623)	(1,399)
Trade accounts payable	(10,528)	(9,692)	(9,928)	600	236
Taxes payable and reserve for net deferred income tax liabilities	(5,396)	(7,306)	(6,851)	(1,455)	455
Reserve for contingencies	(8,614)	(8,335)	(8,205)	409	130
Other operating assets and liabilities:					
Equity instruments			2,581	2,581	2,581
Other operating assets and liabilities [(b)]	(641)	(1,230)	(677)	(36)	553
	(5,197)	**(6,669)**	**(4,645)**	**552**	**2,024**
Employee termination indemnities and other benefits	**(1,071)**	**(1,032)**	**(936)**	**135**	**96**
Net assets held for sale including related net borrowings			**52**	**52**	**52**
CAPITAL EMPLOYED, NET	**47,966**	**46,943**	**51,418**	**3,452**	**4,475**
Shareholders' equity including minority interest	41,199	43,091	42,296	1,097	(795)
Net borrowings	6,767	3,852	9,122	2,355	5,270
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**47,966**	**46,943**	**51,418**	**3,452**	**4,475**

(a) For a reconciliation with the corresponding statutory tables see Eni's 2006 Annual Report, "Reconciliation of Summarized Group Balance Sheet to statutory schemes", pages 77-78.
(b) Include operating financing receivables and securities related to operations for €302 million (€220 million and €249 million at March31, 2007 and December 31, 2006 respectively) and securities covering technical reserves of Eni's insurance activities for €515 million (€451 million and €417 million at March 31, 2007 and December 31, 2006 respectively).

The appreciation of the euro over other currencies, in particular the dollar (at June 30, 2007 the EUR/USD exchange rate was 1.351 as compared to 1.317 at December 31, 2006, up 2.6%) determined an estimated decrease in the book value of net capital employed of approximately €500 million, in net equity of approximately €400 million and in net borrowings of approximately €100 million as a result of currency translations at June 30, 2007.

At June 30, 2007, **net capital employed** totalled €51,418 million, representing an increase of €3,452 million from December 31, 2006.

Fixed assets

Fixed assets totalled €56,947 million, representing an increase of €2,713 million from December 31, 2006 (€54,234 million) due to capital expenditures (€4,257 million) and acquisition of assets and investments (€2 billion, of which €958 million related to gas assets ex-Yukos and approximately €1 billion for the purchase of Maurel & Prom assets onshore Congo; the 20% interest in OAO Gazprom Neft was accounted in the net working capital - see below), partly offset by provisions for depreciation, amortization and impairments (€3,306 million) and the effect of the appreciation of the euro over the dollar in the translation of financial statements of subsidiaries operating with currencies other than the euro.

Other assets include, for a book value of $829 million (corresponding to €614 million at the June 30, 2007 EUR/USD exchange rate), the assets related to the service contract for oil activities in the Dación area of the Venezuelan branch of Eni's subsidiary Eni Dación BV. With effective date April 1, 2006, the Venezuelan State oil company Petróleos de Venezuela SA (PDVSA) unilaterally terminated the Operating Service Agreement (OSA) governing activities at the Dación oil field where Eni acted as a contractor, holding a 100% working interest. As a consequence, starting at the same date, operations at the Dación oil field are conducted by PDVSA. Eni proposed to PDVSA to agree in terms in order to recover the fair value of its Dación assets. On November 2006, based on the bilateral investments treaty in place between the Netherlands and Venezuela (the "Treaty), Eni commenced a proceeding before the International Centre for Settlement of Investment Disputes (ICSID) Tribunal (i.e., a tribunal acting under the auspices of the ICSID Convention and being competent pursuant to the Treaty) to claim its rights. Despite this action, Eni is still ready to negotiate a solution with PDVSA to obtain a fair compensation for its assets. Based on the opinion of its legal consultants, Eni believes to be entitled to a compensation for such expropriation in an amount equal to the market value of the OSA before the expropriation took place. The market value of the OSA depends upon its expected profits. In accordance with established international practice, Eni has calculated the OSA's market value using the discounted cash flow method, based on Eni's interest in the expected future hydrocarbon production and associated capital expenditures and operating costs, and applying to the projected cash flow a discount rate reflecting Eni's cost of capital as well as the specific risk of concerned activities. Independent evaluations carried out by a primary petroleum consulting firm fully support Eni's internal evaluation. The estimated net present value of Eni's interest in the Dación field, as calculated by Eni, is higher than the net book value of the Dación assets which consequently have not been impaired. In accordance with the ICSID Convention, a judgement by the ICSID Tribunal awarding compensation to Eni would be binding upon the parties and immediately enforceable as if it were a final judgement of a court of each of the States that have ratified the ICSID Convention. The ICSID Convention was ratified in 143 States. Accordingly, if Venezuela fails to comply with the award and to pay the compensation, Eni could take steps to enforce the award against commercial assets of the Venezuelan Government almost anywhere those may be located (subject to national law provisions on sovereign immunity).

In the item **Investments** is included a 60% interest in Eni Russia BV which owns 100% interest in three Russian companies acquired on April 4, 2007 in partnership with Enel, following award of a bid for Lot 2 in the Yukos liquidation procedure. These three companies-OAO Artic Gas, OAO Urengoil and OAO Neftegaztechnologia - are engaged in exploration and development of gas reserves. Eni and Enel granted to Gazprom a call option to acquire a 51% interest in these acquired companies to be exercisable by Gazprom within 24 months starting from the acquisition date. Eni evaluates his investment in Eni Russia BV under the equity method accounting as it jointly controls the three entities based on ongoing contractual arrangements, therefore exercising significant influence in the financial and operating policy decisions of the investees. This proportion allocated of 60% is the present ownership interest of Eni in the acquired companies determined by not taking into account the eventual exercise of the call option by Gazprom.

Net working capital

At June 30, 2007, net working capital totalled (€4,645 million), representing an increase of €552 million from December 31, 2006 mainly due to: (i) the acquisition of a 20% interest in the Russian company OAO Gazprom Neft (see below); (ii) a receivable upon a dividend approved by OAO Gazprom Neft on June 22, 2007; this dividend has not yet been distributed. These factors were partly offset by decreases in connection with the following items: (i) higher taxes payable and an increase in the net reserve for deferred taxation related to taxes due for the period and the fact that excise taxes on oil products marketed in Italy in the first 15 days of December are settled within the end of this month, instead of being paid in the following month as in the rest of the year. These factors were partly offset by the payment of the balance of income taxes by Italian companies for 2006; (ii) a €892 million loss recognized on the fair value evaluation of certain cash flow hedges, which the Group entered into in order to hedge cash flows expected in the 2008-2011 period from the sale of approximately 2% of Eni's proved hydrocarbon reserves as of 2006 year-end in connection with its purchase of certain oil producing assets and proved and unproved property onshore in Congo (from the French company Maurel & Prom) and in the Gulf of Mexico (from the US company Dominion) finalized in May and early in July 2007, respectively. In light of this, Eni put in place certain forward sale contracts at a fixed price and call and put options with the same date of exercise. These options can be exercised in presence of crude oil market prices higher or lower compared with contractual prices. This treatment does not apply to the time value component (a €47 million loss) arising from market price fluctuations within the range provided by these call and put options which is recognized in the profit and loss account under the item net financial expenses because the hedging relationship is ineffective. This loss was partly offset by gains recorded on the fair value evaluation of certain derivative financial instruments, which do not meet the formal criteria to be recognized as hedges under IFRS, reflecting the depreciation of the US dollar.

In the item **"Equity instruments"** is included the carrying amount of a 20% interest in OAO Gazprom Neft acquired on April 4, 2007 following finalization of a bid within the Yukos liquidation procedure. This entity is currently listed at the London Stock Exchange. This accounting classification reflects the circumstance that Eni granted to Gazprom a call option on the entire 20% interest to be exercisable by Gazprom within 24 months starting from the acquisition date, at a price of $3.7 billion equalling the bid price, as modified by subtracting dividends received and adding possible share capital increases, a contractual remuneration on the capital employed and financing collateral expenses.
In accordance with the fair value option provided for by IAS 39, Eni evaluated its 20% interest in OAO Gazprom Neft at fair value with changes in fair value recognized through the profit or loss account instead of net equity. Eni elected this way in order to eliminate a recognition inconsistency that would otherwise arise from measuring both the equity instrument and the related call option on different bases. In fact, the call option granted to Gazprom is measured at fair value through profit or loss being a derivative instrument. Consequently, the carrying amount of this equity instrument is determined based on its fair value as expressed by current quoted market prices, as reduced by the fair value amount of the relevant call option, thus equalling the option strike price as of June 30, 2007.

The share of the Exploration & Production, Gas & Power and Refining & Marketing divisions on net capital employed was 89% (90% at December 31, 2006).

Return On Average Capital Employed (ROACE)

Return on Average Capital Employed for the Group, on an adjusted basis is the return on the Group average capital invested, calculated as ratio between net adjusted profit before minority interest, plus net finance charges on net borrowings net of the related tax effect, and net average capital employed. The tax rate applied on finance charges is the Italian statutory tax rate of 33%. 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 business segment is determined as ratio between adjusted net profit and net average capital invested pertaining to each business segment, adjusting net capital invested as of period-end by net inventory gains or losses (net of the related tax effect based on each business segment specific tax rate).

Return On Average Capital Employed (ROACE)

(€ million)

Calculated on a 12-month period ending on June 30, 2007	E&P	G&P	R&M	Group
Adjusted net profit	**6,316**	**2,922**	**622**	**10,454**
Exclusion of after-tax finance expenses/interest income	-	-	-	4
Adjusted net profit unlevered	**6,316**	**2,922**	**622**	**10,458**
Capital employed, net				
- at the beginning of period	19,166	16,706	5,626	46,257
- at the end of period	21,717	18,451	5,909	51,551
Average capital employed, net	**20,442**	**17,579**	**5,768**	**48,904**
ROACE adjusted (%)	**30.9**	**16.6**	**10.8**	**21.4**

Assuming Gazprom exercises its call options to purchase a 20% interest in OAO Gazprom Neft and a 51% interest in the three ex-Yukos gas companies from Eni as of June 30, 2007, the ROACE of the Group and of the Exploration & Production division would stand respectively at 22.1% and 33.6%.

(€ million)

Calculated on a 12-month period ending on June 30, 2006	E&P	G&P	R&M	Group
Adjusted net profit	**7,526**	**2,537**	**815**	**10,843**
Exclusion of after-tax finance expenses/interest income	-	-	-	29
Adjusted net profit unlevered	**7,526**	**2,537**	**815**	**10,872**
Capital employed, net				
- at the beginning of period	19,998	17,479	4,919	47,122
- at the end of period	19,166	16,594	4,512	45,599
Average capital employed, net	**19,582**	**17,037**	**4,716**	**46,361**
ROACE adjusted (%)	**38.4**	**14.9**	**17.3**	**23.5**

(€ million)

Calculated on a 12-month period ending on December 31, 2006	E&P	G&P	R&M	Group
Adjusted net profit	**7,279**	**2,862**	**629**	**11,018**
Exclusion of after-tax finance expenses/interest income	-	-	-	46
Adjusted net profit unlevered	**7,279**	**2,862**	**629**	**11,064**
Capital employed, net				
- at the beginning of period	20,206	18,978	5,993	49,692
- at the end of period	18,590	18,864	5,766	47,999
Average capital employed, net	**19,398**	**18,921**	**5,880**	**48,846**
ROACE adjusted (%)	**37.5**	**15.1**	**10.7**	**22.7**

Net borrowings and leverage

Leverage is a measure of a company's level of indebtedness, calculated as the ratio between net borrowings which is calculated by excluding cash and cash equivalents and certain very liquid assets from financial debt and shareholders' equity, including minority interests. Management makes use of leverage in order to assess the soundness and efficiency of the Group balance sheet in terms of optimal mix between net borrowings and net equity, and to carry out benchmark analysis with industry standards. In the medium term, management plans to maintain a strong financial structure targeting a level of leverage up to 0.40.

(€ million)

	December 31, 2006	March 31, 2007	Jume 30, 2007	Change vs December 31, 2006	Change vs March 31, 2007
Total debt	11,699	16,470	16,141	4,442	(329)
Short-term debt	*4,290*	*9,670*	*9,061*	*4,771*	*(609)*
Long-term debt	*7,409*	*6,800*	*7,080*	*(329)*	*280*
Cash and cash equivalents	(3,985)	(6,723)	(6,368)	(2,383)	355
Securities not related to operations	(552)	(270)	(214)	338	56
Non-operating financing receivables	(395)	(5,625)	(437)	(42)	5,188
Net borrowings	**6,767**	**3,852**	**9,122**	**2,355**	**5,270**
Shareholders' equity including minority interest	**41,199**	**43,091**	**42,296**	**1,097**	**(795)**
Leverage	**0.16**	**0.09**	**0.22**	**0.06**	**0.13**

Net borrowings at June 30, 2007 were €9,122 million, representing an increase of €2,355 million from December 31, 2006. The high level of cash inflow generated by operating activities (€9,703 million) affected by seasonality in demand for natural gas and certain refined products, cash from divestments and currency translation effects, were offset by the cash outflows related to: (i) the acquisition of investments and assets (€4.8 billion) mainly relating to the 20% interest in OAO Gazprom Neft and an interest in three Russian companies engaged in developing natural gas following finalization of a bid procedure for ex-Yukos assets (€3,729 million) and the purchase of oil producing assets onshore Congo (approximately €1 billion);
(ii) capital expenditures totalling €4,257 million;
(iii) dividend payments (€2,611 million, of which €2,384 million concerning the balance of the 2006 dividend by the parent company Eni SpA and €149 and €71 million were paid by Snam Rete Gas SpA and Saipem SpA, respectively); (iv) the repurchase of own shares by Eni SpA for €339 million, and by Snam Rete Gas SpA for €336 million.

From January 1 to June 30, 2007, a total of 13.83 million own shares were purchased by the company for a total amount of €339 million (representing an average cost of €24.504 per share). Since the inception of the share buy-back programme (September 1, 2000), Eni has repurchased 349 million shares, equal to 8.71% of outstanding capital stock, at a total cost of €5,851 million (representing an average cost of €16.774 per share).

Total debt amounted to €16,141 million, of which 9,061 million were short-term (including the portion of long-term debt due within 12 months for €930 million) and €7,080 million were long-term.

At June 30, 2007, leverage – ratio between net borrowings and shareholders' equity – was 0.22 compared with 0.16 at December 31, 2006. Assuming Gazprom exercises its call options to purchase a 20% interest in OAO Gazprom Neft and a 51% interest in ex-Yukos gas assets from Eni as of June 30, 2007, leverage would stand at 0.14.

Net borrowings increased of €5,270 million from March 31, 2007, due to: (i) the acquisition of a 20% interest in OAO Gazprom Neft and an interest in the three Russian companies engaged in developing natural gas following finalization of a bid procedure for ex-Yukos assets (€3,729 million); (ii) the purchase of oil producing assets onshore Congo (approximately €1 billion); (iii) capital expenditures totalling €2.244 million; (iv) dividend payments (€2,611 million) and the repurchase of own shares by Eni SpA for €138 million, and by Snam Rete Gas SpA for €242 million.
These outflows were partially offset by cash inflow generated by operating activities in the quarter (€4,140 million).

Changes in shareholders' equity

(€ million)		
Shareholders' equity at December 31, 2006		**41,199**
Net profit	5,166	
Reserve for cash flow hedges	(528)	
Dividends paid by Eni to shareholders	(2,384)	
Dividends paid by consolidated subsidiaries to shareholders	(227)	
Shares repurchased	(339)	
Effect on equity of the shares repurchased by consolidated subsidiaries (Snam Rete Gas)	(196)	
Exchange differences from translation of financial statements denominated in currencies other than euro	(339)	
Other changes	(56)	
Total changes		**1,097**
Shareholders' equity at June 30, 2007		**42,296**

Shareholders' equity at June 30, 2007 (€42,296 million) increased by €1,097 million from December 31, 2006, due essentially to net profit for the period (€5,166 million), whose effects were offset in part by the payment of dividends (particularly the balance of 2006 dividend by the parent company Eni SpA), losses in cash flow hedges taken to reserve (€528 million net to the related tax effect for €317 million)[1] , the purchase of own shares and currency translation effects.

(1) See comment to net capital employed

SUMMARIZED CASH FLOW STATEMENT AND CHANGE IN NET BORROWINGS

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

Summarized Group Cash Flow Statement [(a)]

Second quarter			(€ million)	First half		
2006	2007	Change		2006	2007	Change
2,483	**2,423**	**(60)**	**Net profit**	**5,613**	**5,166**	**(447)**
			Adjustments to reconcile to cash generated from operating profit before changes in working capital:			
1,254	1,620	366	- amortization and depreciation and other non monetary items	2,575	2,871	296
3	(12)	(15)	- net gains on disposal ot assets	(60)	(26)	34
2,740	1,973	(767)	- dividends, interest, taxes and other changes	5,583	4,370	(1,213)
6,480	**6,004**	**(476)**	**Net cash generated from operating profit before changes in working capital**	**13,711**	**12,381**	**(1,330)**
873	597	(276)	Changes in working capital related to operations	1,004	1,042	38
(2,548)	(2,461)	87	Dividends received, taxes paid, interest (paid) received	(4,047)	(3,720)	327
4,805	**4,140**	**(665)**	**Net cash provided by operating activities**	**10,668**	**9,703**	**(965)**
(1,714)	(2,244)	(530)	Capital expenditure	(3,054)	(4,257)	(1,203)
(38)	(4,925)	(4,887)	Investments and businesses	(57)	(4,935)	(4,878)
19	164	145	Disposals	104	176	72
188	358	170	Other cash flow related to capital expenditure, investments and disposals	80	206	126
3,260	***(2,507)***	***(5,767)***	***Free cash flow***	***7,741***	***893***	***(6,848)***
86	5,265	5,179	Borrowings (repayment) of debt related to financing activities	466	230	(236)
708	(253)	(961)	Changes in short and long-term financial debt	(1,143)	4,634	5,777
(3,422)	(2,841)	581	Dividends paid and changes in minority interests and reserves	(3,778)	(3,286)	492
(111)	(19)	92	Effect of changes in consolidation and exchange differences	(141)	(88)	53
521	**(355)**	**(876)**	**NET CASH FLOW FOR THE PERIOD**	**3,145**	**2,383**	**(762)**

Change in net borrowings

Second quarter			(€ million)	First half		
2006	2007	Change		2006	2007	Change
3,260	***(2,507)***	***(5,767)***	***Free cash flow***	***7,741***	***893***	***(6,848)***
			Net borrowings of acquired companies			
(45)	(24)	21	Nei borrowings of divested companies	1	(24)	(25)
104	102	(2)	Exchange differences on net borrowings and other changes	117	62	(55)
(3,422)	(2,841)	581	Dividends paid and changes in minority interests and reserves	(3,778)	(3,286)	492
(103)	**(5,270)**	**(5,167)**	**CHANGE IN NET BORROWINGS**	**4,081**	**(2,355)**	**(6,436)**

(a) For a reconciliation with the corresponding statutory tables see Eni's 2006 Annual Report, "Reconciliation of Cash Flows to statutory schemes" pages 79-80.

CAPITAL EXPENDITURES

Second quarter				(€ million)	First half			
2006	2007	Change	% Change		2006	2007	Change	% Change
1,153	1,471	318	27.6	Exploration & Production	2,114	2,837	723	34.2
259	305	46	17.8	Gas & Power	410	526	116	28.3
137	185	48	35.0	Refining & Marketing	232	319	87	37.5
24	42	18	75.0	Petrochemicals	34	56	22	64.7
127	262	135	106.3	Engineering & Construction	224	510	286	127.7
11	21	10	90.9	Other activities	14	35	21	150.0
3	12	9	300.0	Corporate and financial companies	26	28	2	7.7
	(54)	(54)	..	Impact of unrealized profit in inventory		(54)	(54)	..
1,714	**2,244**	**530**	**30.9**		**3,054**	**4,257**	**1,203**	**39.4**

In the first half of 2007 capital expenditures amounted to €4,257 million, of which 86.5% related to the Exploration & Production, Gas & Power and Refining & Marketing divisions.

Exploration & Production

Second quarter				(€ million)	First half			
2006	2007	Change	% Change		2006	2007	Change	% Change
4	**23**	**19**	**..**	**Acquisitions of proved and unproved property**	**4**	**96**	**92**	**..**
				Italy				
	6	6		North Africa		11	11	
				West Africa				
4	17	13		Rest of world	4	85	81	
205	**375**	**170**	**82.9**	**Exploration**	**378**	**748**	**370**	**97.9**
34	28	(6)	(17.6)	Italy	57	62	5	8.8
59	86	27	45.8	North Africa	107	169	62	57.9
47	69	22	46.8	West Africa	94	137	43	45.7
28	49	21	75.0	North Sea	43	124	81	188.4
37	143	106	286.5	Rest of world	77	256	179	232.5
934	**1,056**	**122**	**13.1**	**Development**	**1,711**	**1,965**	**254**	**14.8**
89	147	58	65.2	Italy	174	254	80	46.0
163	207	44	27.0	North Africa	303	395	92	30.4
235	256	21	8.9	West Africa	373	522	149	39.9
93	114	21	22.6	North Sea	187	203	16	8.6
354	332	(22)	(6.2)	Rest of world	674	591	(83)	(12.3)
10	**17**	**7**	**70.0**	**Other**	**21**	**28**	**7**	**33.3**
1,153	**1,471**	**318**	**27.6**		**2,114**	**2,837**	**723**	**34.2**

Capital expenditures of the Exploration & Production segment (€2,837 million) concerned essentially development of oil and gas reserves directed mainly outside Italy, in particular Kazakhstan, Egypt, Angola and Congo. Development expenditures in Italy concerned in particular the well drilling programme and other activities in Val d'Agri and sidetrack and infilling work in mature areas.
About 92% of exploration expenditures were directed outside Italy in particular Egypt, the Gulf of Mexico, Norway, Nigeria and Indonesia. In Italy, exploration activities were directed mainly to the offshore of Sicily.
Acquisition of proved and unproved property concerned mainly a 70% interest in the Nikaitchuq oilfield in Alaska, in which Eni reached a 100% ownership.
As compared to the first half of 2006, capital expenditures increased by €723 million, up 34.2%, due in particular to the increase in exploration expenditures in the Gulf of Mexico, Norway, Indonesia, and Egypt and higher development expenditures in Congo, Egypt and Angola.
In the second quarter of 2007 the Exploration & Production segment acquired assets (for approximately €4.8 billion) concerning mainly the 20% stake in OAO Gazprom Neft and a stake in three Russian companies in the upstream gas sector following the bid for the purchase of ex-Yukos assets (€3.7 billion) and the acquisition of oil assets onshore Congo (approximately € 1 billion).

Gas & Power

Second quarter				(€ million)	First half			
2006	**2007**	**Change**	**% Change**		**2006**	**2007**	**Change**	**% Change**
208	263	55	26.4	Italy	348	417	69	19.8
51	42	(9)	(17.6)	Outside Italy	62	109	47	75.8
259	**305**	**46**	**17.8**		**410**	**526**	**116**	**28.3**
6	**11**	**5**	**83.3**	**Market**	**13**	**16**	**3**	**23.1**
6	11	5	83.3	Outside Italy	13	16	3	23.1
40	**31**	**(9)**	**(22.5)**	**Distribution**	**67**	**56**	**(11)**	**(16.4)**
161	**222**	**61**	**37.9**	**Transport**	**252**	**366**	**114**	**45.2**
116	191	75	64.7	Italy	203	273	70	34.5
45	31	(14)	(31.1)	Outside Italy	49	93	44	89.8
52	**41**	**(11)**	**(21.2)**	**Power generation**	**78**	**88**	**10**	**12.8**
259	**305**	**46**	**17.8**		**410**	**526**	**116**	**28.3**

Capital expenditures in the Gas & Power segment totalled €526 million and related essentially to: (i) development and upgrading of Eni's primary transport network in Italy (€273 million); (ii) the upgrade of international gas pipelines (€93 million); (iii) the ongoing construction of combined cycle power plants (€88 million), particularly the Ferrara plant; (iv) development and upgrading of Eni's natural gas distribution network in Italy (€56 million).
The €116 million increase from the first half of 2006 (up 28.3%) was due essentially to the upgrading and development of both Italian and international gas transport pipelines.

Refining & Marketing

Second quarter				(€ million)	First half			
2006	2007	Change	% Change		2006	2007	Change	% Change
118	160	42	35.6	Italy	197	283	86	43.7
19	25	6	31.6	Outside Italy	35	36	1	2.9
137	**185**	**48**	**35.0**		**232**	**319**	**87**	**37.5**
95	**110**	**15**	**15.8**	**Refining and Supply and Logistics**	**162**	**214**	**52**	**32.1**
95	110	15	15.8	Italy	162	214	52	32.1
42	**55**	**13**	**31.0**	**Marketing**	**67**	**85**	**18**	**26.9**
23	30	7	30.4	Italy	32	49	17	53.1
19	25	6	31.6	Outside Italy	35	36	1	2.9
	20	**20**	**..**	**Other activities**	**3**	**20**	**17**	**..**
137	**185**	**48**	**35.0**		**232**	**319**	**87**	**37.5**

Capital expenditures in the Refining & Marketing segment amounted to €319 million and concerned: (i) refining, supply and logistics in Italy (€214 million), in particular actions for improving flexibility and yields of refineries, among which the construction of a new hydrocracking unit at the Sannazzaro refinery; (ii) the upgrading of the retail network in Italy (€49 million) and (iii) the upgrading of the retail network and the purchase of service stations in the rest of Europe (€36 million).
The 37.5% increase from the first half of 2006 was due mainly to the start-up of the refinery upgrade programme.

Engineering & Construction

Capital expenditure in the Engineering & Construction segment amounted to €510 million and concerned: (i) the construction start-up of the new semisubmersible platform Scarabeo 8 and a new pipelayer and a new deepwater drilling ship Saipem 12000; and (ii) conversion of two tanker ships into FPSO vessels that will operate in Brazil on the Golfinho 2 field and in Angola.

OUTLOOK FOR 2007

The outlook for Eni in 2007 remains positive, with key business trends for the year as follows:

- **Production of liquids and natural gas** is forecast to remain at the same level as 2006 (actual oil and gas production averaged 1.77 mmboe/d in 2006) under the assumption of full-year Brent crude oil prices at $55 per barrel. Production decreases due to escalating social unrest in Nigeria and the loss of the Dación oilfield in Venezuela and mature field production declines are expected to be offset by the contribution from acquired properties in the Gulf of Mexico and Congo and ongoing build-up in gas production in Libya.
- **Sales volumes of natural gas worldwide** are expected to increase by a small amount from the previous year (actual sales volumes in 2006 were 97.48 bcm). Growth is expected to be achieved in European target markets in terms of both market share and volumes gains, mainly in Spain, France and Germany/Austria markets. Sales volumes in Italy are expected flat as a result of a planned recovery in the second half of 2007, with the main increases expected in the residential segment in connection with ongoing marketing actions.
- **Sales volumes of electricity** are expected to increase approximately 4% from 2006 (actual volumes in 2006 were 31.03 TWh), due to an expected increase in traded volumes.
- **Refining throughputs on Eni's account** are forecast to remain practically unchanged from 2006 (actual throughputs in 2006 were 38.04 mmtonnes), reflecting higher volume performance expected at the Livorno, Gela and Sannazzaro refineries; on the negative side, a processing contract expired late in 2006 at the Priolo refinery owned by a third party affecting throughputs for the full 2007.
- **Retail sales of refined products** are expected to slightly increase from 2006 (actual volumes sold in 2006 were 12.48 mmtonnes), driven by sale expansion in Europe as a result of a greater number of service stations, also following acquisitions in target markets. Sales on the Italian market are expected to remain unchanged despite a decline in domestic consumption boasted by undertaken marketing initiatives.

In 2007 management expects Eni's **capital expenditures** on exploration and capital projects to amount to approximately €10.6 billion, including expenditures for developing acquired upstream assets, representing a 35% increase over 2006. Approximately 86% of this capital expenditure programme is expected to be deployed in the Exploration & Production, Gas & Power and Refining & Marketing divisions. Furthermore, acquisitions of assets and interests amounting to €9.4 billion are forecast for 2007, of which €4.8 billion related to deals finalized in the first half of the year (namely the acquisition of ex-Yukos assets and proved and unproved oil properties onshore Congo), with the residual € 4.6 billion amount related to transactions which will be accounted in investing cash flows for the second half of the year (namely the purchase of upstream assets in the Gulf of Mexico, and refining and marketing assets in the Central-Eastern Europe). Assuming Gazprom exercises its call options to purchase a 20% interest in OAO Gazprom Neft and a 51% interest in ex-Yukos gas assets from Eni, net cash outflows used in investing activities will decrease to €16.5 billion. On the basis of the expected cash outflows for planned capital expenditures and acquisitions, and shareholders remuneration, also assuming a $55/barrel scenario for the Brent crude oil, Eni foresees its leverage to settle in the low or high end of a 0.3/0.4 range by the end of the year, depending on the exercise of the above mentioned call options by Gazprom.

Financial and Operating review by division

Exploration & Production

Second quarter					(€ million)	First half			
2006	2007	Change	% Change			2006	2007	Change	% Change
				Results					
7,047	**6,468**	**(579)**	**(8.2)**	**Net sales from operations**		**14,459**	**12,829**	**(1,630)**	**(11.3)**
4,090	**3,418**	**(672)**	**(16.4)**	**Operating profit**		**8,398**	**6,550**	**(1,848)**	**(22.0)**
132	65			Exclusion of special items:		75	65		
				of which:					
	(12)			Non-recurring items			(12)		
132	77			Other special items		75	77		
132	*76*			*- asset impairments*		*132*	*76*		
				- gains on disposal of assets		*(57)*			
	1			*- provision for redundancy incentives*			*1*		
4,222	**3,483**	**(739)**	**(17.5)**	**Adjusted operating profit**		**8,473**	**6,615**	**(1,858)**	**(21.9)**
(9)	31	40		Net financial incomes (expenses) [a]		(26)	(4)	22	
56	90	34		Net income (expenses) from investments [a]		66	100	34	
(2,345)	(1,957)	388		Income taxes [a]		(4,494)	(3,655)	839	
54.9	*54.3*			*Tax rate (%)*		*52.8*	*54.5*		
1,924	**1,647**	**(277)**	**(14.4)**	**Adjusted net profit**		**4,019**	**3,056**	**(963)**	**(24.0)**
				Results also include:					
1,157	1,307	150	13.0	amortizations and depreciations		2,252	2,547	295	13.1
				of which:					
161	*302*	*141*	*87.6*	*- amortizations of exploration drilling expenditure and other*		*316*	*615*	*299*	*94.6*
54	*100*	*46*	*85.2*	*- amortizations of geological and geophysical exploration expenses*		*85*	*162*	*77*	*90.6*
1,153	**1,471**	**318**	**27.6**	**Capital expenditure**		**2,114**	**2,837**	**723**	**34.2**
				Production [b]					
1,056	1,026	(30)	(2.8)	Liquids [c]	(kbbl/d)	1,099	1,028	(71)	(6.5)
3,974	4,082	108	2.7	Natural gas	(mmcf/d)	3,950	4,063	113	2.7
1,748	**1,736**	**(12)**	**(0.7)**	**Total hydrocarbons**	**(kboe/d)**	**1,787**	**1,735**	**(52)**	**(2.9)**
				Average realizations					
64.33	64.58	0.25	0.4	Liquids [c]	($/bbl)	60.25	59.47	(0.78)	(1.3)
5.15	5.06	(0.09)	(1.8)	Natural gas	($/mmcf)	5.19	5.18	(0.01)	(0.2)
51.24	**50.82**	**(0.42)**	**(0.8)**	**Total hydrocarbons**	**($/boe)**	**48.97**	**47.96**	**(1.01)**	**(2.1)**
				Average oil market prices					
69.62	68.76	(0.86)	(1.2)	Brent dated	($/bbl)	65.69	63.26	(2.43)	(3.7)
55.43	51.01	(4.42)	(8.0)	Brent dated	(€/bbl)	53.45	47.60	(5.85)	(10.9)
70.40	64.89	(5.51)	(7.8)	West Texas Intermediate	($/bbl)	67.44	61.44	(6.00)	(8.9)
230.96	265.92	34.96	15.1	Gas Henry Hub	($/kmc)	251.44	266.28	14.84	5.9

(a) Excluding special items.
(b) Includes Eni's share of production of equity-accounted entities.
(c) Includes condensates.

Results

Second quarter

Adjusted operating profit for the second quarter 2007 was €3,483 million, a decrease of €739 million from the second quarter 2006, or 17.5%, due primarily to: (i) an adverse impact of the appreciation of the euro versus the dollar; (ii) lower production sold, which was down 2.7 mmboe; (iii) higher expenses incurred in connection with exploration activity (€187 million; €213 million on a constant exchange rate basis); (iv) higher production costs and amortization/depreciation charges also reflecting the impact of sector specific inflation.

Oil and gas realizations in dollars were substantially stable due to higher liquid realizations which benefited from narrowing differentials between heavy and light crude recorded in the quarter, partly offset by lower gas realizations.
The adjusted net profit was €1,647 million, down €277 million, down 14.4% from the second quarter of 2006, due essentially to a weaker operating performance.
Special charges excluded by the adjusted operating profit of €65 million concerned mainly impairment of assets.

First Half

Adjusted operating profit recorded for the first half of 2007 amounted to €6,615 million, down €1,858 million or 21.9% from the first half of 2006, due mainly to: (i) the adverse impact of the appreciation of the euro over the dollar (approximately €580 million); (ii) a decline in production sold (down 12.2 mmboe); (iii) higher exploration expenses (€376 million, €426 million at constant exchange rates); (iv) lower product realizations in dollars (down 2.1%); and (v) higher production costs and amortization charges.
Adjusted net profit of €3,056 million declined by €963 million, down 24% from the first half of 2006 due to a weaker operating performance and a two percentage point increase in the adjusted tax rate (from 52.8% to 54.5%) due to changes in the fiscal regime of the United Kingdom and Algeria enacted in the second half of 2006.
Special charges excluded by the adjusted operating profit of €65 million concerned mainly impairment of assets.

Production

Daily production of hydrocarbons by region

Second quarter						First half			
2006	2007	Change	% Change			2006	2007	Change	% Change
1,748	**1,736**	**(12)**	**(0.7)**	**Daily production of oil and natural gas** [(a)]	(kboe/d)	**1,787**	**1,735**	**(52)**	**(2.9)**
237	215	(22)	(9.3)	Italy		242	219	(23)	(9.5)
555	599	44	7.9	North Africa		548	583	35	6.4
368	333	(35)	(9.5)	West Africa		375	335	(40)	(10.7)
284	264	(20)	(7.0)	North Sea		291	275	(16)	(5.5)
304	325	21	6.9	Rest of world		331	323	(8)	(2.4)
154.1	**152.2**	**(1.9)**	**(1.2)**	**Oil and natural gas production sold** [(a)]	(mmboe)	**313.6**	**302.3**	**(11.3)**	**(3.6)**

Daily production of liquids by region

Second quarter						First half			
2006	2007	Change	% Change			2006	2007	Change	% Change
1,056	**1,026**	**(30)**	**(2.8)**	**Daily production of liquids** [(a)]	(kbbl/d)	**1,099**	**1,028**	**(71)**	**(6.5)**
76	76			Italy		79	76	(3)	(3.8)
327	333	6	1.8	North Africa		326	331	5	1.5
322	285	(37)	(11.5)	West Africa		330	286	(44)	(13.3)
178	155	(23)	(12.9)	North Sea		183	163	(20)	(10.9)
153	177	24	15.7	Rest of world		181	172	(9)	(5.0)

Daily production of natural gas by region

Second quarter						First half			
2006	2007	Change	% Change			2006	2007	Change	% Change
3,974	**4,082**	**108**	**2.7**	**Daily production of natural gas** [(a)]	(mmcf/d)	**3,950**	**4,063**	**113**	**2.7**
920	801	(119)	(12.9)	Italy		933	820	(113)	(12.1)
1,306	1,524	218	16.7	North Africa		1,275	1,446	171	13.4
266	278	12	4.4	West Africa		256	279	23	9.0
611	626	14	4	North Sea		621	647	26	4.3
871	854	(17)	(1.9)	Rest of world		866	871	5	0.6

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

Second quarter

Oil and natural gas production in the second quarter of 2007 averaged 1,736 kboe/d, a decrease of 12 kboe/d compared to the same period last year (down 0.7%). This reduction was due primarily to the negative impact of disruptions resulting from continuing social unrest in Nigeria. Factoring in this effect, oil and natural gas production level was in line with the first quarter 2006. Production increases were achieved mainly in Libya, Kazakhstan and the Gulf of Mexico, in addition to the effect of recently acquired oil assets in Congo, which offset mature field declines in Italy and the United Kingdom and the effect of facilities shutdowns in Norway. Production achieved outside Italy amounted to 88% of total production (86% in the second quarter of 2006).

Daily production of oil and condensates (1,026 kbbl) decreased by 30 kbbl, or 2.8% from the second quarter 2006. Production decreases were reported mainly in: (i) Nigeria due to the above mentioned causes; (ii) the United Kingdom due to mature field decline in the Liverpool Bay area and at the McCulloch field (Eni's interest 40%); (iii) facility outages at the Ekofisk field (Eni's interest 12.39%) in Norway. Main increases were registered in: (i) Kazakhstan due to a better facility performance and also to the fact that maintenance activities were performed in 2006 at the Karachaganak field (co-operated by Eni with a 32.5% interest); (ii) the United States due to the resumption of full activity at plants damaged by hurricanes in the second half of 2005; and (iii) Libya due to the build up of the Bahr Essalam field (Eni's interest 50%).

Daily production of natural gas for the second quarter (4.082 mmcf/d) increased by 108 mmcf, or 2.7% mainly as a result of the build-up of the Western Libyan Gas Project in Libya, a better performance of Norway's Aasgard (Eni's interest 14.81%) and Kristin (Eni's interest 8.25%) fields. Gas production in Italy decreased due to mature field declines.

First half

Oil and natural gas production for the first half of 2007 averaged 1,735 kboe/d, a decrease of 52 kboe/d compared to the same period last year (down 2.9%). In addition to Nigerian events, production performance for the period was impacted by the loss of production at the Venezuelan Dación oilfield (down 31 kbbl/d) as a consequence of the unilateral cancellation of the service agreement for the field exploitation by the Venezuelan State Oil Company PDVSA effective April 1, 2006. When factoring in these two events, production was barely flat from the first half of 2006. Production increases were achieved mainly in Libya, Kazakhstan and the Gulf of Mexico offsetting mature field declines in Italy and the United Kingdom and facility shutdowns in Norway. Oil and natural gas production share outside Italy was 87% (86% in the first half of 2006).

Daily production of oil and condensates (1,028 kbbl) decreased by 71 kbbl, or 6.5% from the first half 2006. Production decreases were reported mainly in Venezuela, Nigeria and the North Sea due to the above mentioned causes. Main increases were registered in: (i) Kazakhstan due to better performance of the Karachaganak field and also to the fact that maintenance activities were performed in 2006; (ii) the United States due to the resumption of full activity at plants damaged by hurricanes in the second half of 2005.

Daily production of natural gas for the first half of 2006 (4.063 mmcf/d) increased by 113 mmcf, or 2.7% mainly in Libya as a result of the build-up of the Bahr Essalam field, in Norway due to increased production of the Aasgard and Kristin fields and Nigeria, due to increased supplies to the Bonny LNG plant. Gas production in Italy decreased due to mature field declines.

Gas & Power

Second quarter 2006	2007	Change	% Change	(€ million)	First half 2006	2007	Change	% Change
				Results				
5,799	**5,179**	**(620)**	**(10.7)**	**Net sales from operations**	**14,933**	**13,722**	**(1,211)**	**(8.1)**
708	**465**	**(243)**	**(34.3)**	**Operating profit**	**1,907**	**2,106**	**199**	**10.4**
10	68			Exclusion of inventory holding (gains) losses	(20)	108		
73	(14)			Exclusion of special items:	107	(12)		
				of which:				
	(18)			Non-recurring items		(18)		
73	4			Other special items	107	6		
51				*- asset impairments*	*51*			
19	*1*			*- environmental provisions*	*39*	*1*		
3	*3*			*- provisions for redundancy incentives*	*17*	*5*		
791	**519**	**(272)**	**(34.4)**	**Adjusted operating profit**	**1,994**	**2,202**	**208**	**10.4**
339	*68*	*(271)*	*(79.9)*	*Market and Distribution*	*1,044*	*1,245*	*201*	*19.3*
266	*268*	*2*	*0.8*	*Transport in Italy*	*571*	*554*	*(17)*	*(3.0)*
141	*124*	*(17)*	*(12.1)*	*Transport outside Italy*	*295*	*287*	*(8)*	*(2.7)*
45	*59*	*14*	*31.1*	*Power generation* [(a)]	*84*	*116*	*32*	*38.1*
5	1	(4)		Net financial incomes (expenses) [(b)]	11	4	(7)	
155	103	(52)		Net income (expenses) from investments [(b)]	292	218	(74)	
(313)	(205)	108		Income taxes [(b)]	(780)	(847)	(67)	
32.9	*32.9*			*Tax rate (%)*	*34.0*	*34.9*		
638	**418**	**(220)**	**(34.5)**	**Adjusted net profit**	**1,517**	**1,577**	**60**	**4.0**
259	**305**	**46**	**17.8**	**Capital expenditure**	**410**	**526**	**116**	**28.3**
				Natural gas sales (bcm)				
9.99	10.19	0.20	2.0	Italy to third parties [(*)]	27.46	25.60	(1.86)	(6.8)
1.61	1.48	(0.13)	(8.1)	Own consumption [(*)]	3.08	2.87	(0.21)	(6.8)
5.91	5.86	(0.05)	(0.8)	Rest of Europe [(*)]	14.48	13.76	(0.72)	(5.0)
0.21	0.26	0.05	23.8	Outside Europe	0.37	0.36	(0.01)	(2.7)
17.72	**17.79**	**0.07**	**0.4**	**Sales to third parties and own consumption of consolidated companies**	**45.39**	**42.59**	**(2.80)**	**(6.2)**
1.65	**1.77**	**0.12**	**7.3**	**Sales of natural gas of Eni's affiliates (net to Eni)**	**4.06**	**4.04**	**(0.02)**	**(0.5)**
	0.02	0.02	..	Italy [(*)]	0.01	0.03	0.02	..
1.38	1.33	(0.05)	(3.6)	Rest of Europe [(*)]	3.71	3.43	(0.28)	(7.5)
0.27	0.42	0.15	55.6	Outside Europe	0.34	0.58	0.24	70.6
19.37	**19.56**	**0.19**	**1.0**	**Total sales and own consumption G&P**	**49.45**	**46.63**	**(2.82)**	**(5.7)**
1.08	0.87	(0.21)	(19.4)	Upstream in Europe [(*)]	2.20	1.94	(0.26)	(11.8)
20.45	**20.43**	**(0.02)**	**(0.1)**	**Worldwide gas sales**	**51.65**	**48.57**	**(3.08)**	**(6.0)**
19.97	**19.75**	**(0.22)**	**(1.1)**	**Total gas sales in Europe**	**50.94**	**47.63**	**(3.31)**	**(6.5)**
21.63	**18.38**	**(3.25)**	**(15.0)**	**Gas volumes transported in Italy** (bcm)	**46.52**	**41.89**	**(4.63)**	**(10.0)**
13.91	11.16	(2.75)	(19.8)	Eni	30.03	26.71	(3.32)	(11.1)
7.72	7.22	(0.50)	(6.5)	On behalf of third parties	16.49	15.18	(1.31)	(7.9)
7.66	**8.86**	**1.20**	**15.7**	**Electricity sold** (TWh)	**15.39**	**16.24**	**0.85**	**5.5**

(a) Starting on January 1, 2007, results from marketing of electricity have been included in results from market and distribution activities following an internal reorganization. As a consequence of this, electricity generation activity conducted by EniPower subsidiary comprises only results from production of electricity. Prior quarter results have not been restated.
(b) Excluding special items.
(*) Market segments with asterisk merge into "Total sales in Europe"

Results

Second quarter

Adjusted operating profit for the second quarter of 2007 was €519 million, representing a decline of €272 million, or 34.4%. This was due mainly to a decline in gas selling margins due to an unfavourable trading environment and the impact of mild weather on gas sales, particularly in April.

This negative factor was partly offset by the positive impact of a favourable evolution of the regulatory framework in Italy. This reflected enactment of Resolution No. 79/2007 by the Authority for Electricity and Gas implementing a more favourable indexation mechanism of the raw material cost component in supplies to residential and commercial users as compared to

the one in force in the first half of 2006 as established by Resolution No. 248/2004.
Adjusted net profit of the second quarter of 2007 decreased by €220 million to €418 million, down 34.5%, due to lower adjusted operating profit and a lower performance recorded by certain affiliates accounted for under the equity method of accounting.

First half
Adjusted operating profit for the first half of 2007 increased by €208 million to €2,202, up 10.4%, notwithstanding the occurrence of unusually mild winter weather conditions resulting in lower volumes sold of natural gas by consolidated subsidiaries (down 2.8 bcm, or 6.2%). Despite this negative, divisional results were driven by: (i) the impact of a favourable evolution of the regulatory framework in Italy. This reflected enactment of Resolution No. 79/2007 by the Authority for Electricity and Gas as discussed above; (ii) supply charges incurred in the same period last year caused by a climatic emergency for the winter time 2005-2006.

The favourable trends recorded in the first quarter reversed in the second quarter relating to trading environment determining gas selling margins, resulting in an immaterial impact for the first half.

Adjusted net profit for the first half 2007 was €1,577 million, representing an increase of €60 million over the first half of 2006, up 4%. This reflected higher adjusted operating profit, offset in part by a lower performance recorded by certain affiliates accounted for under the equity method of accounting.

Other performance indicators

Second quarter				(€ million)	First half			
2006	2007	Change	% Change		2006	2007	Change	% Change
1,021	**786**	**(235)**	**(23.0)**	**EBITDA adjusted**	**2,482**	**2,688**	**206**	**8.3**
450	188	(262)	(58.2)	Supply & Market	1,115	1,338	223	20.0
223	236	13	5.8	Regulated business	702	648	(54)	(7.7)
270	267	(3)	(1.1)	International transport	516	519	3	0.6
78	95	17	21.8	Power generation	149	183	34	22.8

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization charges) on an adjusted basis is calculated by adding to adjusted operating profit amortization and depreciation charges on a pro forma basis. This performance indicator, which is not a GAAP measure under either IFRSs or U.S. GAAP, includes:
- Adjusted EBITDA of Eni's wholly-owned subsidiaries;
- Eni's share of adjusted EBITDA of Snam Rete Gas (55%), which is fully-consolidated when preparing consolidated financial statements in accordance with IFRSs;
- Eni's share of adjusted EBITDA generated by certain affiliates which are accounted for under the equity-method for IFRSs purposes.

Management evaluates performance in Eni's Gas & Power division also on the basis of this measure taking account of the evidence that this division is comparable to European utilities in the gas and power generation sector. This measure is provided with the intent to assist investors and financial analysts in assessing the Eni Gas & Power divisional performance as compared to its European peers, as EBITDA is widely used as the main performance indicator for utilities.

Sales

Second quarter				(€ million)	First half			
2006	**2007**	**Change**	**% Change**		**2006**	**2007**	**Change**	**% Change**
9.99	**10.21**	**0.22**	**2.2**	**Italy to third parties**	**27.47**	**25.63**	**(1.84)**	**(6.7)**
1.67	2.27	0.60	35.9	Wholesalers (distribution companies)	6.73	6.89	0.16	2.4
0.54	0.46	(0.08)	(14.8)	Gas release	1.13	0.95	(0.18)	(15.9)
3.29	3.00	(0.29)	(8.8)	Industries	7.09	6.33	(0.76)	(10.7)
3.63	3.88	0.25	6.9	Power generation	7.90	7.81	(0.09)	(1.1)
0.86	0.60	(0.26)	(30.2)	Residential	4.62	3.65	(0.97)	(21.0)
1.61	**1.48**	**(0.13)**	**(8.1)**	**Own consumption**	**3.08**	**2.87**	**(0.21)**	**(6.8)**
7.29	**7.19**	**(0.10)**	**(1.4)**	**Rest of Europe**	**18.19**	**17.19**	**(1.00)**	**(5.5)**
3.44	2.26	(1.18)	(34.3)	Importers in Italy	7.51	5.71	(1.80)	(24.0)
3.85	4.93	1.08	28.1	Target markets	10.68	11.48	0.80	7.5
1.23	*1.46*	*0.23*	*18.7*	*Iberian Peninsula*	*2.47*	*2.92*	*0.45*	*18.2*
0.73	*0.91*	*0.18*	*24.7*	*Germany - Austria*	*2.51*	*2.28*	*(0.23)*	*(9.2)*
0.43	*0.32*	*(0.11)*	*(25.6)*	*Hungary*	*1.97*	*1.37*	*(0.60)*	*(30.5)*
0.54	*0.81*	*0.27*	*50.0*	*Northern Europe*	*1.27*	*1.57*	*0.30*	*23.6*
0.69	*1.08*	*0.39*	*56.5*	*Turkey*	*1.73*	*2.46*	*0.73*	*42.2*
0.19	*0.34*	*0.15*	*78.9*	*France*	*0.57*	*0.77*	*0.20*	*35.1*
0.04	*0.01*	*(0.03)*	*(75.0)*	*Other*	*0.16*	*0.11*	*(0.05)*	*(31.3)*
0.48	**0.68**	**0.20**	**41.7**	**Outside Europe**	**0.71**	**0.94**	**0.23**	**32.4**
1.08	*0.87*	*(0.21)*	*(19.4)*	*Upstream in Europe*	*2.20*	*1.94*	*(0.26)*	*(11.8)*
20.45	**20.43**	**(0.02)**	**(0.1)**	**Worldwide gas sales**	**51.65**	**48.57**	**(3.08)**	**(6.0)**

Second quarter
In the second quarter of 2007, natural gas sales of 20.43 bcm, including own consumption and sales by affiliates and upstream sales in Europe were marginally lower compared with the same period a year ago due to the impact of mild weather, particularly in April. The main decrease was recorded in supplies to Italian importers (down 1.18 bcm) due to lower take-or-pay contract off-takes reflecting outages at certain power generation plants. Also volumes produced in the North Sea declined by 0.21 bcm.

In an increasingly competitive market, sales in the Italian market were 10.21 bcm with an increase of 0.22 bcm, or 2.2%. This increase reflects higher sales to: (i) wholesalers (up 0.6 bcm), reflecting increasing availability of production volumes from Eni's fields in Libya, and (ii) to power generation (up 0.25 bcm). These positives were offset in part by lower sales to industrial users (down 0.29 bcm) and to residential clients (down 0.26 bcm). Sales under the gas release[3] program (0.46 bcm) declined by 0.08 bcm.

Own consumption[4] (1.48 bcm) declined by 0.13 bcm, or 8.1%, due to lower supplies to EniPower.

Gas sales in target markets of the Rest of Europe were 4.93 bcm with an increase of 1.08 bcm, or 28.1%, due to growth registered in: (i) Turkey (up 0.39 bcm); (ii) the Iberian Peninsula (up 0.23 bcm); (iii) Germany/Austria (up 0.18 bmc); (iv) France (up 0.15 bcm).
In particular, natural gas sales of Eni's affiliates in the rest of Europe (net to Eni and net of Eni's supplies) amounted to 1.33 bcm, a 0.05 bcm decline related in particular to: (i) GVS (Eni's interest 50%) with 0.46 bcm; (ii) Unión Fenosa Gas (Eni's interest 50%) with 0.28 bcm.

Sales outside Europe (0.68 bcm) increased by 0.2 bcm from the second quarter of 2006 or 41.7% due to higher supplies to the Argentinean market and international sales of Union Fenósa Gas (Eni's interest 50%) up 0.3 bcm.

Eni transported 18.38 bcm of natural gas in Italy, a decrease of 3.25 bcm from the second quarter of 2006, down 15%, due to a decline in domestic demand. Volumes transported on behalf of third parties declined by 0.5 bcm, those transported on behalf of Eni declined by 2.75 bcm.

Sales of electricity (8.86 tWh) increased by 1,2 tWh, up 15.7%.

(3) In June 2004 Eni agreed with the Antitrust Authority to sell a total volume of 9.2 billion cubic meters of natural gas (2.3 billion cubic meters/year) in the four thermal years from October 1, 2004 to September 30, 2008 at the Tarvisio entry point into the Italian network.
(4) In accordance with Article 19, paragraph 4 of Legislative Decree No. 164/2000, the volumes of natural gas consumed in operations by a company or its subsidiaries are excluded from the calculation of ceilings for sales to end customers and from volumes input into the Italian network to be sold in Italy

First half
In the first half of 2007, natural gas sales of 48.57 bcm, including own consumption and sales by affiliates and upstream sales in Europe, declined by 3.08 bcm from the first half of 2006, or 6%, due to declining demand in Europe resulting from unusually mild winter weather conditions.

In an increasingly competitive market, sales in the Italian market were 25.63 bcm with a decline of 1.84 bcm, or 6.7%, due in particular to lower sales to residential and commercial users (down 0.97 bcm), to industrial users (down 0.76 bcm) and to power generation (down 0.09 bcm), offset in part by higher sales to wholesalers (up 0.16 bcm). Sales under the gas release program (0.95 bcm) declined by 0.18 bcm.

Own consumption (2.87 bcm) declined by 0.21 bcm, or 6.8%, due to lower supplies to EniPower.

Sales to importers into Italy declined by 1.8 bcm due to lower offtakes related to weather conditions and standstills of power plants.

Gas sales in target markets of the Rest of Europe were 11.48 bcm with an increase of 0.8 bcm, or 7.5%, due to growth registered in: (i) Turkey (up 0.73 bcm); (ii) the Iberian Peninsula (up 0.45 bcm); (iii) France (up 0.2 bcm). In particular, natural gas sales of Eni's affiliates in the rest of Europe (net to Eni and net of Eni's supplies) amounted to 3.43 bcm, a 0.28 bcm decline related in particular to: (i) GVS (Eni's interest 50%) with 1.39 bcm; (ii) Unión Fenosa Gas (Eni's interest 50%) with 0.85 bcm.

Sales outside Europe (0.94 bcm) increased by 0.23 bcm and concerned in particular Union Fenósa Gas (Eni's interest 50%) up 0.43 bcm.

Eni transported 41.89 bcm of natural gas in Italy, a decrease of 4.63 bcm from the first half of 2006, down 10%, due to a decline in domestic demand. Volumes transported on behalf of third parties declined by 1.31 bcm, those transported on behalf of Eni declined by 3.32 bcm.

Sales of electricity (16.24 tWh) increased by 0.85 tWh, up 5.5%.

Refining & Marketing

Second quarter				(€ million)	First half			
2006	2007	Change	% Change		2006	2007	Change	% Change
				Results				
10,166	**8,937**	**(1,229)**	**(12.1)**	**Net sales from operations**	**19,446**	**16,880**	**(2,566)**	**(13.2)**
366	**430**	**64**	**17.5**	**Operating profit**	**455**	**420**	**(35)**	**(7.7)**
(207)	(299)			Exclusion of inventory holding (gains) losses	(254)	(187)		
31	54			Exclusion of special items:	78	72		
				of which:				
	37			Non-recurring items		37		
31	17			Other special items	78	35		
1	*1*			*- asset impairments*	*1*	*1*		
17	*15*			*- environmental provisions*	*61*	*32*		
6	*2*			*- provisions for redundancy incentives*	*11*	*3*		
2				*- provision to the reserve for contingencies*	*3*			
5	*(1)*			*- other*	*2*	*(1)*		
190	**185**	**(5)**	**(2.6)**	**Adjusted operating profit**	**279**	**305**	**26**	**9.3**
64	33	(31)		Net income (expenses) from investments [a]	111	84	(27)	
(83)	(81)	2		Income taxes [a]	(133)	(139)	(6)	
32.7	*37.2*			*Tax rate (%)*	*34.1*	*35.7*		
171	**137**	**(34)**	**(19.9)**	**Adjusted net profit**	**257**	**250**	**(7)**	**(2.7)**
137	**185**	**48**	**35.0**	**Capital expenditure**	**232**	**319**	**87**	**37.5**
				Global indicator refining margin				
5.77	6.90	1.13	19.6	Brent ($/bbl)	4.36	4.98	0.62	14.2
4.58	5.12	0.54	11.8	Brent (€/bbl)	3.55	3.75	0.20	5.6
8.46	8.43	(0.03)	(0.4)	Ural ($/bbl)	7.15	7.25	0.10	1.4

(a) Excluding special items.

Results

Second quarter

The Refining & Marketing division reported an adjusted operating profit of €185 million, substantially in line with the second quarter of 2006 (down €5 million). This reflected a better operating performance delivered by the refining business driven by: (i) lower refinery outages for maintenance activity; (ii) a favourable trading environment (the margin on Brent was up $1.13bbl, or 19.6%) mainly reflecting higher gasoline prices, whose effects were offset in part by the appreciation of the euro over the dollar.

Marketing activities in Italy reported a lower operating profit due mainly to lower retail margins resulting from rapidly increasing international product prices not fully transferred onto to retail prices and a decline in wholesale margins for diesel fuels owing to intense competitive pressure.

Adjusted net profit for the quarter was €137 million, down €34 million, or 19.9%, from a year ago.

Special charges excluded from the adjusted operating profit concerned mainly environmental provisions and a risk provision related to an ongoing antitrust proceeding against European authorities (for a total charge of €54 million).

First half

Adjusted operating profit for the first half of 2007 amounted to €305 million, up €26 million from the first half of 2006, or 9.3%. This reflected a better operating performance delivered by the refining business on the back of a favourable trading environment, particularly in the second quarter, and higher volumes processed and higher yields also due to lower maintenance outages.

Marketing activities in Italy reported a lower operating profit due mainly to lower retail margins and a decline in

wholesale business results due to both lower margins and volumes marketed (down 9.8%), the latter also reflecting unusually mild winter weather.
The adjusted net profit for the first half of 2007 was €250 million, down €7 million.

Special charges excluded from the adjusted operating profit concerned mainly environmental provisions and a risk provision related to an ongoing antitrust proceeding against European authorities (for a total charge of €72 million).

Throughputs and sales

Second quarter					First half			
2006	2007	Change	% Change		2006	2007	Change	% Change
				Throughputs and sales (mmtonnes)				
8.25	8.24	(0.01)	(0.1)	Refing throughputs on own account Italy	15.74	16.10	0.36	2.3
1.15	1.08	(0.07)	(6.1)	Refing throughputs on own account Rest of Europe	2.27	2.22	(0.05)	(2.2)
6.77	7.09	0.32	4.7	Refing throughputs of wholly-owned refineries	12.63	13.76	1.13	8.9
100.0	100.0			Utilization rate of balanced capacity (%)	100.0	100.0		
2.20	2.19	(0.01)	(0.5)	Retail sales Italy	4.26	4.17	(0.09)	(2.1)
0.95	0.99	0.04	4.2	Retail sales Rest of Europe	1.82	1.89	0,07	3.8
3.15	**3.18**	**0.03**	**1.0**	**Sub-total retail sales**	**6.08**	**6.06**	**(0.02)**	**(0.3)**
2.90	2.66	(0.24)	(8.3)	Wholesale Italy	5.84	5.27	(0.57)	(9.8)
1.03	1.02	(0.01)	(1.0)	Wholesale Rest of Europe	2.06	2.07	0.01	0.5
0.12	0.14	0.02	16.7	Wholesale Rest of World	0.22	0.27	0.05	22.7
5.35	5.02	(0.33)	(6.2)	Other sales	10.67	10.69	0.02	0.2
12.55	**12.02**	**(0.53)**	**(4.2)**	**Sales**	**24.87**	**24.36**	**(0.51)**	**(2.1)**
				Refined product sales by region (mmtonnes)				
7.59	6.74	(0.85)	(11.2)	Italy	15.14	14.04	(1.10)	(7.3)
1.98	2.01	0.03	1.5	Rest of Europe	3.88	3.96	0.08	2.1
2.98	3.27	0.29	9.7	Rest of World	5.85	6.36	0.51	8.7

Second quarter
In the second quarter of 2007 refining throughputs on Eni's own account (9.32 mmtonnes) were stable as compared to the second quarter of 2006, taking into account expiration of a processing contract at the Priolo refinery owned by third parties occurred at the end of 2006 (down 165 ktonnes in the second quarter, down 660 ktonnes in the first half). Refining throughputs in Italy increased by 2% on a homogeneous basis as a result of better performance at the Sannazzaro refinery due to the circumstance that the catalytic cracking unit was shut down for maintenance in 2006. Outside Italy, own throughput declined by 6.1% due to the standstill of a refinery in Germany.

In the second quarter of 2007 sales of refined products decreased by 530 ktonnes to 12.02 mmtonnes, down 4.2%, due mainly to lower volumes marketed on wholesale markets in Italy.

Volumes of refined products marketed on the retail market in Italy were stable at 2.19 mmtonnes, despite the decline in domestic consumption, boasted by Eni's marketing initiatives. Gasoline sales declined, while diesel fuel sales increased driven by ongoing trends in vehicle substitution.
Retail market share in Italy declined slightly from 29.2% in the second quarter of 2006 to 29.1%. Average throughput (0.63 mmliters in the second quarter of 2007) is in line with the same period in 2006.
Volumes marketed on retail markets in the Rest of Europe increased by 40 ktonnes to 0.99 mmtonnes, or 4.2%, mainly in Spain, Switzerland and Germany. Market share in the rest of Europe grew slightly from 3% in the second quarter of 2006 to 3.1% in the second quarter of 2007. Average throughput (0.65 mmliters in the second quarter of 2007) increased by approximately 90 kliters from the same period in 2006.

Sales in the wholesale market in Italy decreased by 90 ktonnes from the second quarter of 2006, to 2.66 mmtonnes, down 8.3%, due to lower demand for heating oil particularly from the power generation sector.

First half

In the first half of 2007 refining throughputs on Eni's own account (18.32 mmtonnes) increased by 310 ktonnes, or 1.7%. Refining throughputs in Italy increased by 7.3% to 16.18 mmtonnes, on a homogeneous basis, as a result of higher volumes at the Livorno and Sannazzaro refineries reflecting lower downtime.

In the first half of 2007, sales of refined products decreased by 510 ktonnes from the first half of 2006, to 24.36 mmtonnes, down 2.1%, due to lower volumes marketed on wholesale markets in Italy, and lower volumes sold to the petrochemical sector reflecting expiration of a processing contract at the Priolo refinery, partly offset by higher volumes sold to oil companies and traders in Italy.
Sales of refined products on the retail market in Italy were 4.17 mmtonnes, a 90 ktonnes decline, or 2.1%, due to competitive pressure. Retail market share in Italy declined by 0.4 percentage points from 29.2% in the first half of 2006 to 28.8% in the first half of 2007. Average throughput (1.18 mmliters in the first half of 2007) declined by about 20 kliters.

Sales in the retail market in the Rest of Europe increased by 70 ktonnes to 1.89 mmtonnes, up 3.8%, mainly in Spain and Germany. Market share in the rest of Europe grew slightly from 3.1% in the first half of 2006 to 3.2% in the first half of 2007. Average throughput (1.23 mmliters in the first of 2007) increased by approximately 20 kliters from the same period in 2006.

Sales in the wholesale market in Italy decreased by 570 ktonnes to 5.27 mmtonnes, down 9.8%, due to lower demand for heating oil from the power generation sector and unusually mild winter weather conditions that impacted sales of heating products (diesel oil and LPG).
Sales on the wholesale market in the Rest of Europe increased by 10 ktonnes, to 2.07 mmtonnes, or 1%, essentially in the Czech Republic.

Petrochemicals

Second quarter				(€ million)	First half			
2006	2007	Change	% Change		2006	2007	Change	% Change
				Results				
1,612	**1,802**	**190**	**11.8**	**Net sales from operations**	**3,340**	**3,476**	**136**	**4.1**
30	**96**	**66**	**..**	**Operating profit**	**69**	**211**	**142**	**..**
(44)	(31)			Exclusion of inventory holding (gains) losses	(61)	(28)		
19	2			Exclusion of special items:	20	6		
				of which:				
	6			Non-recurring items		6		
19	(4)			Other special items	20			
1	*(4)*			*- provisions for redundancy incentives*	*1*			
18				*- provision to the reserve for contingencies*	*20*			
				- other	*(1)*			
5	**67**	**62**	**..**	**Adjusted operating profit**	**28**	**189**	**161**	**..**
1	2	1		Net income (expenses) from investments [(a)]	1	2	1	
7	(18)	(25)		Income taxes [(a)]		(61)	(61)	
13	**51**	**38**	**..**	**Adjusted net profit**	**29**	**130**	**101**	**..**
24	**42**	**18**	**75.0**	**Capital expenditure**	**34**	**56**	**22**	**64.7**

(a) Excluding special items.

Results

Second quarter

Adjusted operating profit in the second quarter of 2007 amounted to €67 million increasing by €62 million from the second quarter of 2006 due mainly to higher selling margins recorded particularly in: (i) the aromatics and polyethylene businesses, supported by a favourable trend in demand; (ii) the fact that production and sales of the second quarter of 2006 were hit by an accident occurred at the Priolo refinery in April 2006 provoking outages at several Eni's petrochemicals plants.

First half

Adjusted operating profit in the first of 2007 amounted to €189 million increasing by €161 million from the second quarter of 2006 due mainly to higher selling margins essentially the cracker margin and to a lower extent the aromatics business, to the positive effect of the sales mix and the fact that production and sales of the second quarter of 2006 were hit by an accident occurred at the Priolo refinery in April 2006.

Production and sales

Second quarter				(ktonnes)	First half			
2006	2007	Change	% Change		2006	2007	Change	% Change
1,639	**2,181**	**542**	**33.1**	**Production**	**3,554**	**4,411**	**857**	**24.1**
1,274	**1,409**	**135**	**10.6**	**Sales of petrochemical products**	**2,680**	**2,812**	**132**	**4.9**
667	*753*	*86*	*12.9*	*Basic petrochemicals*	*1,420*	*1,510*	*90*	*6.3*
255	*271*	*16*	*6.3*	*Styrene and elastomers*	*515*	*544*	*29*	*5.6*
352	*385*	*33*	*9.4*	*Polyethylene*	*745*	*758*	*13*	*1.7*

Second quarter

Sales of petrochemical products (1,409 ktonnes) increased by 135 ktonnes from the second quarter of 2006, up 10.6%, due essentially to the fact that the second quarter of 2006 were hit by an accident occurred at the Priolo refinery in April 2006. Main increases were registered in (i) olefins (up 18.7%) and aromatics (up15.6%) due to higher product availability;

(ii) polyethylene (up 9.4%) and styrene (up 9%) due to positive demand trends.
Petrochemical production (2,181 ktonnes) increased by 542 ktonnes from the second quarter of 2006, up 33.1% due to the consolidation of operations at Porto Torres (up 332 ktonnes) and the fact that production and sales of the second quarter of 2006 were by an accident occurred at the Priolo refinery in April 2006. Excluding these effects, production increased by 45 ktonnes (up 3%) due in particular to the growth registered at the Gela, Ravenna and Brindisi plants.

First half
Sales of petrochemical products (2,812 ktonnes) increased by 132 ktonnes from the first half of 2006, up 4.9%, essentially in olefins due to higher product availability as a consequence of the purchase of the Porto Torres plant from Syndial and to the fact that the second quarter of 2006 were hit by an accident occurred at the Priolo refinery in April 2006. Higher sales were registered in (i) styrenes (up 6.8%) and elastomers (up 3.6%) the latter including also sales of nitrilic rubber from Porto Torres.
Petrochemical production (4,411 ktonnes) increased by 857 ktonnes from the first half of 2006, up 24.1% due to the consolidation of operations at Porto Torres (up 615 ktonnes) and the fact that production and sales of the second quarter of 2006 were hit by an accident occurred at the Priolo refinery in April 2006.

Engineering & Construction

Second quarter				(€ million)	First half			
2006	2007	Change	% Change		2006	2007	Change	% Change
				Results				
1,770	**2,307**	**537**	**30.3**	**Net sales from operations**	**3,080**	**4,269**	**1,189**	**38.6**
133	**214**	**81**	**60.9**	**Operating profit**	**211**	**390**	**179**	**84.8**
	(11)			Exclusion of special items:		(11)		
				of which:				
	(11)			Non-recurring items		(11)		
133	**203**	**70**	**52.6**	**Adjusted operating profit**	**211**	**379**	**168**	**79.6**
(49)	12	61		Net income (expenses) from investments [a]	(8)	38	46	
(19)	(56)	(37)		Income taxes [a]	(51)	(113)	(62)	
65	**159**	**94**	**144.6**	**Adjusted net profit**	**152**	**304**	**152**	**100.0**
127	**262**	**135**	**106.3**	**Capital expenditure**	**224**	**510**	**286**	**127.7**

(a) Excluding special items.

Results

Second quarter

Adjusted operating profit for the second quarter of 2007 was €203 million, up €70 million from the second quarter of 2006 due to a better operating performance in all businesses, particularly the major increases were registered in: (i) the Offshore construction business due to higher activity levels in West Africa, the Far East and the Gulf of Mexico and improved margins; (ii) the Onshore construction business due to increased activity and higher margins; and (iii) the Offshore drilling business due to increased operations of the Perro Negro 4 jack up and the semisubmersible platform Scarabeo 5.

Adjusted net profit for the second quarter of 2007 was €159 million, up €94 million from the second quarter of 2006 due to a better operating performance also of affiliates.

First half

Adjusted operating profit for the first of 2007 was €379 million, up €168 million from the first half of 2006 due to a better operating performance in all business areas in particular the higher increases were registered in: the Offshore and Onshore construction areas due to higher activity levels and improved margins.

Adjusted net profit for the first of 2007 was €304 million, up €152 million from the first half of 2006 due to a better operating performance also of affiliates.

Orders acquired

(€ million)	First half			
	2006	2007	Change	% Change
Orders acquired [a]	**5,970**	**4,948**	**(1,022)**	**(17.1)**
Offshore construction	1,814	1,881	67	3.7
Onshore construction	3,157	2,774	(383)	(12.1)
Offshore drilling	923	144	(779)	(84.4)
Onshore drilling	76	149	73	96.1
of which:				
- Eni	1,343	556	(787)	(58.6)
- third parties	4,627	4,392	(235)	(5.1)
of which:				
- Eni	763	164	(599)	(78.5)
- third parties	5,207	4,784	(423)	(8.1)

(€ million)	First half			
	12.31.2006	06.30.2007	Change	% Change
Order backlog [a]	**13,191**	**13,308**	**117**	**0.9**
Offshore construction	*4,283*	*4,340*	*57*	*1.3*
Onshore construction	*6,285*	*6,400*	*115*	*1.8*
Offshore drilling	2,247	2,188	(59)	(2.6)
Onshore drilling	376	380	4	1.1
of which:				
- Eni	2,602	2,699	97	3.7
- third parties	10,589	10,609	20	0.2
of which:				
-Eni	1,280	897	(383)	(29.9)
- third parties	11,911	12,411	500	4.2

(a) Includes the Bonny project for € 1 million in orders acquired and € 6 million in order backlog.

Among the main orders acquired in the first half of 2007 were:
- An EPC for Sonatrach contract for the construction of three oil stabilization and treatment trains with a capacity of 100 kbbl/d and transport and storage facilities within the development of the Hassi Messaoud onshore field in Algeria;
- An EPC contract for Medgaz for the installation of an underwater pipeline system or the transport of natural gas from Algeria to Spain;
- An EPIC contract for Saudi Aramco for the construction of the nine sea water treatment modules for the expansion of the Qurayya plant within the development of the Khursaniyah field in Saudi Arabia;
- An EPC contract for Saudi Aramco for the construction of stations for pumping in fields the water from expansion of the Qurayya plant.

Orders acquired amounted to €4,948 million, of these projects to be carried out outside Italy represented 97%, while orders from Eni companies amounted to 11% of the total. Eni's order backlog was €13,308 million at June 30, 2007 (€13,191 million at December 31, 2006). Projects to be carried out outside Italy represented 93% of the total order backlog, while orders from Eni companies amounted to 20% of the total.

Other activities

Second quarter				(€ million)	First half			
2006	2007	Change	% Change		2006	2007	Change	% Change
				Results				
251	**46**	**(205)**	**(81.7)**	**Net sales from operations**	**465**	**103**	**(362)**	**(77.8)**
(151)	**(215)**	**(64)**	**(42.4)**	**Operating profit**	**(216)**	**(231)**	**(15)**	**(6.9)**
86	149			Exclusion of special items:	88	115		
				of which:				
	65			Non-recurring items		65		
86	84			Other special items	88	50		
52	*83*			*- environmental provisions*	*52*	*83*		
1	*3*			*- asset impairments*	*4*	*6*		
1	*1*			*- provisions for redundancy incentives*	*1*	*1*		
22	*9*			*- provision to the reserve for contingencies*	*22*	*9*		
10	*(12)*			*- other*	*9*	*(49)*		
(65)	**(66)**	**(1)**	**(1.5)**	**Adjusted operating profit**	**(128)**	**(116)**	**12**	**9.4**
	(4)	(4)		Net financial incomes (expenses) [(a)]		(4)	(4)	
1		(1)		Net income (expenses) from investments [(a)]	6		(6)	
(64)	**(70)**	**(6)**	**(9.4)**	**Adjusted net profit**	**(122)**	**(120)**	**2**	**1.6**
11	**21**	**10**	**90.9**	**Capital expenditure**	**14**	**35**	**21**	**150.0**

(a) Excluding special items.

Results

Second quarter

Adjusted net loss of €70 million increased by €6 million from the second quarter of 2006.

Special charges excluded from operating losses of €149 million related in particular environmental charges (€83 million) and provisions to the risk reserve related to anti-trust proceedings pending with European authorities, offset in part by the settlement reached by Syndial and Dow Chemical (€37 million) on some contractual issues pending between the two companies.

First half

Adjusted net loss of €120 million declines by €2 million from the first half of 2006.

Special charges excluded from operating losses of €115 million related in particular environmental charges (€83 million) and provisions to the risk reserve related to anti-trust proceedings pending with European authorities, offset in part by the settlement reached by Syndial and Dow Chemical (€37 million) on some contractual issues pending between the two companies.

Non-GAAP measures

RECONCILIATION OF REPORTED OPERATING PROFIT AND NET PROFIT TO RESULTS ON AN ADJUSTED BASIS

Management evaluates Group and business performance on the basis of adjusted operating profit and adjusted net profit, which are arrived at by excluding inventory holding gains or losses and special items. Further, finance charges on finance debt, interest income, gains or losses deriving from evaluation of certain derivative financial instruments at fair value through profit or loss as they do not meet the formal criteria to be assessed as hedges under IFRS, and exchange rate differences are excluded when determining adjusted net profit of each business segment.
The taxation effect of such items excluded from adjusted net profit is determined based on the specific rate of taxes applicable to each item, with the exception for finance charges or income, to which the Italian statutory tax rate of 33% is applied.
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 which 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 relevant 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.

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 above mentioned derivative financial instruments 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.

First half 2007

(€ million)

	E&P	G&P	R&M	Petrochemicals	E&C	Other activities	Corporate and financial companies	Impact of inter-segment profits elimination	Group
Reported operating profit	**6,550**	**2,106**	**420**	**211**	**390**	**(231)**	**(99)**	**(24)**	**9,323**
Exclusion of inventory holding (gains) losses		108	(187)	(28)					(107)
Exclusion of special items									
of which:									
Non-recurring (income) charges	**(12)**	**(18)**	**37**	**6**	**(11)**	**65**	**(11)**		**56**
Other special charges:	**77**	**6**	**35**			**50**	**9**		**177**
environmental charges		1	32			83			116
asset impairments	76		1			6			83
provisions to the reserve for contingencies						9			9
provision for redundancy incentives	1	5	3			1	9		19
other			(1)			(49)			(50)
Special items of operating profit	**65**	**(12)**	**72**	**6**	**(11)**	**115**	**(2)**		**233**
Adjusted operating profit	**6,615**	**2,202**	**305**	**189**	**379**	**(116)**	**(101)**	**(24)**	**9,449**
Net financial (expense) income (*)	(4)	4				(4)	29		25
Net income from investments (*)	100	218	84	2	38				442
Income taxes (*)	(3,655)	(847)	(139)	(61)	(113)		101	9	(4,705)
Tax rate (%)	*54.5*	*34.9*	*35.7*						*47.4*
Adjusted net profit	**3,056**	**1,577**	**250**	**130**	**304**	**(120)**	**29**	**(15)**	**5,211**
of which:									
- net profit of minorities									311
- Eni's adjusted net profit									**4,900**
Eni's reported net profit									**4,855**
Exclusion of inventory holding (gains) losses									(110)
Exclusion of special items									155
Non-recurring (income) charges									*81*
Other special charges									*74*
Eni's adjusted net profit									**4,900**

(*) Escludes special items

First half 2006

(€ million)

	E&P	G&P	R&M	Petrochemicals	E&C	Other activities	Corporate and financial companies	Impact of inter-segment profits elimination	Group
Reported operating profit	**8,398**	**1,907**	**455**	**69**	**211**	**(216)**	**(142)**	**(140)**	**10,542**
Exclusion of inventory holding (gains) losses		(20)	(254)	(61)					(335)
Exclusion of special items									
of which:									
Non-recurring (income) charges									
Other special charges:	**75**	**107**	**78**	**20**		**88**	**12**		**380**
environmental charges		39	61			52			152
asset impairments	132	51	1			4			188
gains on disposal of assets	(57)								(57)
provisions to the reserve for contingencies			3	20		22			45
provision for redundancy incentives		17	11	1		1	12		42
other			2	(1)		9			10
Special items of operating profit	**75**	**107**	**78**	**20**		**88**	**12**		**380**
Adjusted operating profit	**8,473**	**1,994**	**279**	**28**	**211**	**(128)**	**(130)**	**(140)**	**10,587**
Net financial (expense) income (*)	(26)	11					152		137
Net income from investments (*)	66	292	111	1	(8)	6	(1)		467
Income taxes (*)	(4,494)	(780)	(133)		(51)		(10)	52	(5,416)
Tax rate (%)	*52.8*	*34.0*	*34.1*						*48.4*
Adjusted net profit	**4,019**	**1,517**	**257**	**29**	**152**	**(122)**	**11**	**(88)**	**5,775**
of which:									
- net profit of minorities									338
- Eni's adjusted net profit									**5,437**
Eni's reported net profit									**5,275**
Exclusion of inventory holding (gains) losses									(210)
Exclusion of special items									372
Non-recurring (income) charges									
Other special charges									*372*
Eni's adjusted net profit									**5,437**

(*) Escludes special items

Second quarter 2007

(€ million)

	E&P	G&P	R&M	Petrochemicals	E&C	Other activities	Corporate and financial companies	Impact of inter-segment profits elimination	Group
Reported operating profit	**3,418**	**465**	**430**	**96**	**214**	**(215)**	**(61)**	**(129)**	**4,218**
Exclusion of inventory holding (gains) losses		68	(299)	(31)					(262)
Exclusion of special items									
of which:									
Non-recurring (income) charges	**(12)**	**(18)**	**37**	**6**	**(11)**	**65**	**(11)**		**56**
Other special charges:	**77**	**4**	**17**	**(4)**		**84**	**6**		**184**
environmental charges		1	15			83			99
asset impairments	76		1			3			80
provisions to the reserve for contingencies						9			9
provision for redundancy incentives	1	3	2	(4)		1	6		9
other			(1)			(12)			(13)
Special items of operating profit	**65**	**(14)**	**54**	**2**	**(11)**	**149**	**(5)**		**240**
Adjusted operating profit	**3,483**	**519**	**185**	**67**	**203**	**(66)**	**(66)**	**(129)**	**4,196**
Net financial (expense) income (*)	31	1				(4)	130		158
Net income from investments (*)	90	103	33	2	12				240
Income taxes (*)	(1,957)	(205)	(81)	(18)	(56)		51	48	(2,218)
Tax rate (%)	*54.3*	*32.9*	*37.2*						*48.3*
Adjusted net profit	**1,647**	**418**	**137**	**51**	**159**	**(70)**	**115**	**(81)**	**2,376**
of which:									
- net profit of minorities									156
- Eni's adjusted net profit									**2,220**
Eni's reported net profit									**2,267**
Exclusion of inventory holding (gains) losses									(207)
Exclusion of special items									160
Non-recurring (income) charges									*81*
Other special charges									*79*
Eni's adjusted net profit									**2,220**

(*) Escludes special items.

Second quarter 2006

(€ million)

	E&P	G&P	R&M	Petrochemicals	E&C	Other activities	Corporate and financial companies	Impact of inter-segment profits elimination	Group
Reported operating profit	**4,090**	**708**	**366**	**30**	**133**	**(151)**	**(91)**	**(138)**	**4,947**
Exclusion of inventory holding (gains) losses		10	(207)	(44)					(241)
Exclusion of special items									
of which:									
Non-recurring (income) charges									
Other special charges:	**132**	**73**	**31**	**19**		**86**	**7**		**348**
environmental charges		19	17			52			88
asset impairments	132	51	1			1			185
provisions to the reserve for contingencies			2	18		22			42
provision for redundancy incentives		3	6	1		1	7		18
other			5			10			15
Special items of operating profit	**132**	**73**	**31**	**19**		**86**	**7**		**348**
Adjusted operating profit	**4,222**	**791**	**190**	**5**	**133**	**(65)**	**(84)**	**(138)**	**5,054**
Net financial (expense) income (*)	(9)	5					99		95
Net income from investments (*)	56	155	64	1	(49)	1	(1)		227
Income taxes (*)	(2,345)	(313)	(83)	7	(19)		(9)	51	(2,711)
Tax rate (%)	*54.9*	*32.9*	*32.7*						*50.4*
Adjusted net profit	**1,924**	**638**	**171**	**13**	**65**	**(64)**	**5**	**(87)**	**2,665**
of which:									
- net profit of minorities									182
- Eni's adjusted net profit									**2,483**
Eni's reported net profit									**2,301**
Exclusion of inventory holding (gains) losses									(151)
Exclusion of special items									333
Non-recurring (income) charges									
Other special charges									333
Eni's adjusted net profit									**2,483**

(*) Escludes special items

Breakdown of special charges

Second quarter 2006	Second quarter 2007	(€ million)	First half 2006	First half 2007
	56	**Non-recurring (income) charges**		56
348	184	**Other special charges:**	380	177
88	99	environmental charges	152	116
185	80	asset impairments	188	83
		gains on disposal of assets	(57)	
42	9	provisions to the reserve for contingencies	45	9
18	9	provision for redundancy incentives	42	19
15	(13)	other	10	(50)
348	240	**Special items of operating profit**	380	233
(14)		Net financial (expense) income	(14)	
	(6)	Net income from investments		(6)
(1)	(74)	Income taxes	6	(72)
333	160	**Total special items of net profit**	372	155

CERTIFICATION RENDERED BY ENI'S CHIEF FINANCIAL OFFICER, IN HIS QUALITY AS MANAGER RESPONSIBLE FOR THE PREPARATION OF FINANCIAL REPORTS, PURSUANT TO ARTICLE 154-BIS PARAGRAPH 2 OF LEGISLATIVE DECREE NO. 58/1998.

I, Marco Mangiagalli, as Chief Financial Officer of Eni and manager responsible for the preparation of financial reports, certify that this quarterly report of Eni SpA prepared on a consolidated basis as of June 30, 2007 corresponds to the company's evidence and accounting books and entries.
This quarterly report, unaudited, was prepared in accordance with rules provided for by the Italian Commissione Nazionale per le Società e la Borsa in its Issuer Regulation and valuation and measurement criteria set forth by IFRSs issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure set forth in Article 6 of the European Regulation (CE) No. 1606/2002 of the European Parliament and European Council of July 19, 2002.

Date: July 25, 2007

/s/Marco Mangiagalli

Marco Mangiagalli
Title: Chief Financial Officer

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