

Presentation script

Ladies and gentlemen, welcome to our 2008 interim review.

In the first six months of the year we have made significant progress in implementing our long-term strategy.

In E&P, where our strategy is to deliver sustainable industry-leading growth, we have achieved a solid production increase of 2.8% in a climate of unprecedented oil price strength. Net of the PSA effect, our production growth would have been 8.1%, with robust growth of 2.3% excluding portfolio acquisitions. We have positioned ourselves well to deliver superior future growth through our successful exploration and by building a position in unconventional oil in Venezuela and Congo.

These excellent results testify the strength of our E&P division, which has prospered under the stewardship of Stefano Cao and of his right-hand man Claudio Descalzi, who today succeeds him as COO. In the last year and a half, when almost 100% of Stefano's time was absorbed by the Kashagan negotiations, Claudio has been running the rest of our E&P activities globally, and has been directly responsible for most of our major achievements. Claudio joined Eni in 1981 and has grown through the ranks of the E&P Division to become Stefano's natural successor. I am extremely pleased to introduce him to those of you who have not yet met him, and take this opportunity to thank Stefano for his 30-year contribution to the group.

In G&P, where our strategy is to consolidate and extend our European leadership, we have continued to grow our international sales rapidly, reporting a 20% increase in the first six months of the year.

We have also strengthened our strategic position through the acquisition of a 57% stake in Distrigas, the Belgian gas operator, which is nearing completion following yesterday's signing of the shareholders' agreement with Publigas, and through our investment in Hewett, potentially Europe's largest gas-storage project.

All this has been accomplished while maintaining a disciplined approach to investment and a strong financial structure. As you all know, one of the rating agencies has recently downgraded our debt. However, our gearing has remained stable at 38%, below our 40% ceiling. Our financial results will be presented by Marco Mangiagalli, accompanied by Alessandro Bernini who will tomorrow take the helm of our finance department. There is no need to say how much we have appreciated Marco's contribution over the years, and are pleased that his expertise will stay in the family.

I will now take you through these points and give you a little more detail.

Turning to E&P, our production growth will continue to be extremely resilient in the face of high oil prices both in the short term and in the long term.

Indeed, even assuming an average oil price of 112 \$/bl till year-end, our full year production would increase by 2%, one of the highest growth rates in the industry.

And even assuming average oil prices of 120\$/bbl from now until the end of 2011 – well above our and industry forecasts – we would still grow production by 3% per annum.

This is because only 16% of our reserves are governed by return-based PSA which are highly sensitive to oil prices.

Considering the evolution of oil-price and industry-cost expectations since our strategy presentation in February, we have revised our long-term price deck to 65\$ a barrel. This is the new threshold we use to stress-test the profitability of future projects.

Moving now to our long-term growth, we have secured our prospects through significant and successful exploration activity.

In the first half of 2008 we have added 450 million/boe to our resources from our exploration program, with a significant contribution coming from the leases we acquired from Dominion last year which have a particularly short time to market. This is also true for our discoveries in Egypt, Australia and Pakistan. Through Galp, we also have an exposure to the giant Tupi field.

Looking even further ahead, we have added 35 000 square km of new acreage to our exploration portfolio, which will sustain our resource replacement.

In the first half of 2008 Eni has taken a major position in the unconventional oil sector with the agreements in Venezuela and Congo.

We have been able to gain access to large resources at competitive development costs thanks to our long-standing relationships with these legacy countries - which means we can capture additional value through operational synergies, especially in Congo - and through our proprietary EST technology, which enables us to convert heavy oil into high-quality products.

Both projects will start to deliver oil within this plan period and are expected to be profitable at oil prices well below our long term scenario.

These 2 projects combined are expected to reach a total production of 500 kboe/d in the long term, with over 300 thousands boe in 2015.

Turning now to Kashagan, I am pleased to announce that in June we reached a full settlement of the dispute after a complex 10-month negotiation against a backdrop of rapidly rising oil prices. Satisfaction for the positive outcome has been recently reiterated by the Kazakh Prime Minister Karim Massimov.

This settlement will be finalised in a definitive agreement by October 2008.

Since the signing of this MoU, the Kashagan project has regained momentum with KMG approving over 200 contracts. We have also secured a green light on a further 200 awards.

The Experimental Program did not stop during the negotiation. 70% of the off-shore modules are ready to start production and all the wells needed to reach the planned output of Tranches 1 to 3 have been commissioned.

We have also started working on Tranche 3 of the Experimental Phase.

Finally we have agreed with KMG the new governance to manage the development and production operations on Kashagan and its satellites.

Turning to G&P, let me give you some more details on the two significant transactions we have carried out in the first half of the year to consolidate our leadership in the European gas market.

With Distrigas, we have acquired a strong position in Belgium, a key country in the European gas market due to its high level of interconnectivity with the Centre-North European transit gas networks.

The integrated management of Distrigas within Eni's gas portfolio will give us the opportunity to extract valuable synergies by optimising gas sourcing, infrastructure and sales.

Eni with Distrigas will have 21% of the European gas market.

With the shareholders' agreement we signed yesterday with Publigas we laid the basis for an effective management of the company and a profitable development of our gas operations in the area.

We now expect to close the acquisition of the Majority stake by year-end, as soon as authorization from the European Commission is granted.

Storage capacity will provide an increasingly important competitive advantage in the European gas market as domestic production declines and we become more and more reliant on pipeline and LNG imports.

In the first half of 2008 we kicked off potentially Europe's largest gas-storage project with a £210 mln acquisition of depleting fields which are strategically located to serve both the UK, Belgium and Northern Europe, where there is a lack of storage capacity.

We are in the process of assessing how much of the 9 bcm of total potential capacity will be converted to storage, following which we will update you on our expected capex.

The new storage capacity will enable us to take advantage of seasonal gas-price differentials and general price volatility, leading to enhanced margins. It will also support our strategy of pursuing higher-margin clients while further reducing the risks of entering take or pay territory.

The Hewett project leverages on our E&P and G&P competences, and is another example of how Eni's integrated approach can create value for shareholders.

Moving on to our R&M division, I am pleased to report that we have taken the final investment decision on the construction of a full-sized EST plant in Sannazzaro which will be up and running by 2012.

This project – which will cost around 1bn€- will increase our conversion index, giving us double digit returns, as well as demonstrating the potential of this technology, which is a key pillar in our heavy oil strategy.

As for marketing, we have increased our market share in Italy by 1 percentage point to 30% thanks to our drive to improve quality and service, and our successful loyalty programme.

Our achievements in the second quarter of 2008, not least our industry-leading production growth, have enabled us to produce solid financial results, particularly in terms of operating profit.

On the basis of these strong results and our confidence in the Group's outlook, we will propose the distribution of an interim dividend of €0.65 per share, an increase of over 8% versus 2007.

Thank you Paolo and good afternoon to everybody.

I will now comment on our results focusing on the second quarter and starting with a quick overview on the trading environment.

In the second quarter of 2008 the Brent price averaged 121 \$ per barrel, increasing by approximately 77% compared to the second quarter of 2007.

The European refining margin averaged 8\$/bbl, increasing by 17% versus the corresponding period of 2007.

Finally, the euro showed an appreciation of 16% versus the US dollar compared to the same period of last year.

As usual, I would like to remind you that Eni's results are affected by several issues, including the seasonal factor affecting the demand for natural gas and petroleum products used for residential heating, the demand for which is highest in the first quarter of the year and lowest in the third quarter. Therefore, Eni's operating profit and change in net debt in the first six months cannot be extrapolated for the full year.

Going to the results, adjusted net profit in the second quarter amounted to 2.3 billion euro, an increase of around 4% compared with the second quarter of 2007.

This was largely due to a 34% increase in the adjusted operating profit (+1.4 billion euro) partly offset by the higher income taxes due to:

- the higher contribution to the pre-tax profit from the Exploration and Production division;

and

- the impact of 5.5% supplemental corporate tax rate on the Italian subsidiaries operating in the energy sector. This supplemental tax rate is effective from the 1st of January 2008 and we cannot rule out possible changes in the final version of the relevant decree; any change will be accounted for in the third quarter.

Adjusted operating profit in the second quarter totalled 5.6 billion euro. This result mainly reflects the strong performance of the Exploration & Production division on which I will comment shortly.

Hydrocarbon production in the second quarter increased by 2.1% compared to the same period of 2007, averaging one million seven hundred and seventy two thousand boe per day (1,772 kboe/d).

The increase is backed by:

- the contribution from the assets acquired in the Gulf of Mexico, in Congo, and Turkmenistan (+88 kboe/d);
- The start up, build up and better performance in Egypt, Angola, Pakistan and Venezuela (+53 kboe/d).

These improvements were partially offset by the impact of PSA that accounted for approximately 100 thousands barrels per day. Net of this effect growth would have been of 8.1%.

Second quarter adjusted operating profit amounted to 5 billion euro, up 43% compared to the second quarter of 2007, mainly as a consequence of higher production sold [1] and the higher

realization prices denominated in US dollars [Oil (+63%) & Gas (+54%) [2]]. It must be said that liquids realizations were reduced by approximately 7 dollars per barrel on average as a result of the commodity hedging contracts we have entered into [3].

Furthermore, the result was negatively impacted by:

- the appreciation of the euro versus the US dollar [4];
- higher operating costs and DD&A[5];

as well as

- increased exploration capex[6].

In dollar terms second quarter adjusted operating profit increased by 66% versus the corresponding period of 2007.

[1] It accounted for +850 mln euro

[2] It accounted for +2600 mln euro

[3] It accounted for -430 million euro

[4] It accounted for -820 mln euro

[5] It accounted for -330 mln euro (opex €10 mln; DD&A €20)

[6] It accounted for -160 million euro.

As for the Gas & Power division, overall gas volumes sold increased by 7.7% in the second quarter of 2008, totalling around 22 bcm (21 bcm in Q2 07) driven by the growth in international sales. The Gas & Power adjusted operating profit amounted to 587 million euro, up 13% over the same period of 2007 (519 million euro).

G&P adjusted proforma Ebitda for the second quarter of 2008 amounted to 799 million euro. This compares to 758 million euro in the second quarter of 2007.

Marketing segment result decreased by 7%. This reduction was primarily due to a lower operating result of power generation activities due to the provision relating to certain electricity revenues recorded in 2005 and 2006 that, according to the Authority for Electricity and Gas, were not entitled to be subsidized[1].

Marketing activities accounted for a stable result. The favourable scenario, mainly related to the euro appreciation vs the US dollar, and the higher sales in the target markets were offset by the stronger competitive pressure in Italy.

The Regulated business generated 275 million euro up 26% versus the second quarter of 2007. The increase is due to the higher volume transported and distributed due to the colder weather condition as well as to efficiency gains and the incentives provided on the new investments in the transportation network.

Finally international transportation showed a substantially flat trend versus the second quarter of 2007.

[1] il mancato riconoscimento delle tariffe CIP 6 It accounted for -25 million euro.

Turning now to the R&M, adjusted operating profit of this division decreased by around 19%, as a result of the higher maintenance activities [1] and the appreciation of the euro vs the US dollar [2]. These reductions were partially offset by higher refining margins in dollar terms.

In marketing the weaker performance of the wholesale segment [3], was partially offset by the stronger contribution from retail marketing in Italy [4]

- [1] It accounted for -53 million euro;
- [2] It accounted for- 66 million euro;
- [3] It accounted for -31 million euro;
- [4] It accounted for +19 million euro.

In the second quarter of 2008 the Petrochemical business (Polimeri Europa) posted an adjusted operating loss of 157 million euro, compared to a 67 million euro profit in 2007; this loss is due to the negative base chemical margins resulting from higher feedstock costs.

In the Oil Field Services & Engineering sector, second quarter adjusted operating profit amounted to 253 million euro, versus 203 million euro in 2007; the increase is attributable to higher results across all business lines.

The Other Activities segment reported an operating loss of 56 million euro substantially flat year on year.

And finally,

Corporate Activities posted an adjusted operating loss of 37 million euro.

In the first half of 2008 operating activities generated a cash flow of around 10 billion euro. On top of this, disposals and others [1] contributed for around 1.6 billion euro, bringing the overall cash generated to 11.6 billion euro.

The cash flow generated supported the significant investments, that amounted to around 8.7 billion euro. On top of this, dividends and buy backs absorbed 3.2 billion euro, bringing the overall cash used to 11.9 billion euro.

Net financial debt, as at the end of June, slightly increased to 16.6 billion euro and our debt to equity ratio remained stable at 0.38.

[1] OTHERS: mainly exchange rate effect which accounted for around 600;

Coming to the end of my presentation, let me focus on the cash returned to shareholders.

In 2008 we will pay out at least 5.4 billion euro as follows:

1. 0.70 euro per share representing the 2007 final dividend;
2. proposed 0.65 euro per share representing the 2008 interim dividend;
3. And at least 0.4 billion of share buyback completed year to date.

The overall cash distribution allows us to generate competitive returns to shareholders

Thank you for listening and now we are pleased to answer to any question you may have.