ENI SPA
Form 6-K
October 03, 2007
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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 6-K

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

For the months of August and September 2007

Eni S.p.A.
(Exact name of Registrant as specified in its charter)

Piazzale Enrico Mattei 1 - 00144 Rome, Italy
(Address of principal executive offices)

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

Form 20-F x Form 40-F o

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

Yes o No x

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

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorised.

Eni S.p.A.

Name: Fabrizio Cosco
Title: Company Secretary

Date: September 30, 2007

ENI INTERIM RESULTS 2007

Net profit confirmed at euro 4.85 billion (down 8%)
Approved an interim dividend for 2007 of euro 0.60 per share

San Donato Milanese, September 21, 2007 - Eni s Board of Directors yesterday approved the consolidated 2007 first half report subject to a limited review by Eni s independent auditors which is currently taking place. Operating profit is confirmed at euro 9,323 million (down 11.6%) and net profit at euro 4,855 million (down 8%) as announced on July 26, 2007[1].

Following the announcement at the second quarter results, Eni s Board of Directors resolved to pay an interim dividend for fiscal year 2007 amounting to euro 0.60 per share[2] (euro 0.60 for the interim dividend 2006) to shares on the register at the ex-dividend date (October 22, 2007), with payments starting on October 25, 2007. Holders of ADRs will receive euro 1.20 per ADR, payable on November 1, 2007 to ADR holders as of October 24, 2007 record date[3]. Eni s independent auditors provided their opinion on the distribution of the interim dividend as required by Article 2433-bis, paragraph 5 of the Italian Civil Code.

Eni s consolidated 2007 first half report and the accounts of the parent company Eni SpA as of June 30, 2007 have been submitted to the Board of Statutory Auditors and to Eni s independent auditors.
Eni s summarized profit and loss account, balance sheet and cash flow statement for the Group and the parent company, Eni SpA, are included as part of this press release.

Other information
On the same meeting, the Board also approved the merger into the parent company Eni SpA of Eni s wholly-owned subsidiary Praoil.

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(1) Eni s Report on the Second Quarter of 2007 is available on the Eni web site at www.eni.it.
(2) Following new Italian tax laws in force from January 1, 2004, dividends do not entitle to a tax credit and are either subject to a withholding tax, or partially cumulated to the receiver s taxable income, depending on the receiver fiscal status.
(3) On ADR payment date, JPMorgan Chase Bank, N.A. will pay the dividend less the entire amount of a withholding tax under Italian law (currently 27%) to all Depository Trust Company Participants, representing payment of Eni SpA s interim dividend.

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Data and information herewith set forth are extracted from Eni s report on the first half of 2007 which has been disseminated along with this press release. The report on the first half of 2007 includes the certification rendered by the company CEO and CFO the latter in his quality as manager responsible for the preparation of the company s financial reports pursuant to Article 154-bis, paragraph 5 of Legislative Decree No. 58/1998, in accordance with the format set by the Italian market regulatory body (CONSOB).

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Eni
Società per Azioni Roma, Piazzale Enrico Mattei, 1
Capital Stock: euro 4,005,358,876 fully paid
Registro Imprese di Roma, c. f. 00484960588
Tel.: +39-0659821 **- Fax:** +39-0659822141

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This press release and Eni s report on Group results for the first half of 2007 are also available on the Eni web site: www.eni.it.

About Eni
Eni is one of the leading integrated energy companies in the world operating in the oil and gas, power generation, petrochemicals, engineering and construction industries. Eni is present in 70 countries and is Italy s largest company by market capitalization.

Attachment

Summarized Group accounts[4]

Summarized profit and loss account

(million euro)

2006		First half 2006	First half 2007	Change	% Ch.
86,105	Net sales from operations	44,323	41,688	(2,635)	(5.9)
783	Other income and revenues	372	445	73	19.6
(61,140)	Operating expenses	(31,119)	(29,504)	1,615	5.2
(6,421)	Depreciation, amortization and impairments	(3,034)	(3,306)	(272)	(9.0)
19,327	**Operating profit**	**10,542**	**9,323**	**(1,219)**	**(11.6)**
161	Net financial income (expense)	151	25	(126)	(83.4)
903	Net income from investments	467	491	24	5.1
20,391	**Profit before income taxes**	**11,160**	**9,839**	**(1,321)**	**(11.8)**
(10,568)	Income taxes	(5,547)	(4,673)	874	15.8
9,823	Net profit	5,613	5,166	(447)	(8.0)
	of which:				
9,217	**- net profit pertaining to Eni**	**5,275**	**4,855**	**(420)**	**(8.0)**
606	- net profit of minorities	338	311	(27)	(8.0)

Consolidated balance sheet

(million euro)	Dec. 31, 2006	Jun. 30, 2007	Change
Fixed assets			
Property, plant and equipment, net	44,312	45,999	1,687
Other tangible assets	629	614	(15)
Inventory - compulsory stock	1,827	1,899	72
Intangible assets, net	3,753	3,962	209
Investments, net	4,246	5,209	963
Accounts receivable financing and securities related to operations	557	366	(191)
Net accounts payable in relation to capital expenditure	(1,090)	(1,178)	(88)
	54,234	**56,871**	**2,637**
Working capital, net			
Inventories	4,752	4,936	184
Trade accounts receivable	15,230	13,388	(1,842)
Trade accounts payable	(10,528)	(9,751)	777
Taxes payable and reserve for net deferred income tax liabilities	(5,396)	(6,880)	(1,484)
Reserve for contingencies	(8,614)	(8,208)	406

Other operating assets and liabilities:			
Equity instruments		*2,581*	*2,581*
Other operating assets and liabilities	*(641)*	*(711)*	*(70)*
	(5,197)	**(4,645)**	**552**
Employee termination indemnities and other benefits	**(1,071)**	**(936)**	**135**
Net assets held for sale including related net borrowings		**128**	**128**
Capital employed, net	**47,966**	**51,418**	**3,452**
Shareholders equity including minority interests	41,199	42,296	1,097
Net borrowings	6,767	9,122	2,355
Total liabilities and shareholders equity	**47,966**	**51,418**	**3,452**

(4) For a reconciliation of summarized Group profit and loss account, balance sheet and cash flow statement with the corresponding statutory tables see Eni s consolidated report on the first half of 2007, under the section Financial review . Summarized Group profit and loss account, balance sheet and cash flow statement are unaudited.

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Consolidated cash flow statement

(million euro)	First half		
	2006	**2007**	**Change**
Net profit	**5,613**	**5,166**	**(447)**
adjustments to reconcile to cash generated from operating profit before changes in working capital:			
- amortization and depreciation and other non monetary items	2,575	2,871	296
- net gains on disposal of assets	(60)	(26)	34
- dividends, interest, taxes and other changes	5,583	4,370	(1,213)
Cash generated from operating profit before changes in working capital	**13,711**	**12,381**	**(1,330)**
Changes in working capital related to operations	1,004	923	(81)
Dividends received, taxes paid, interest (paid) received	(4,047)	(3,621)	426
Net cash provided by operating activities	**10,668**	**9,683**	**(985)**
Capital expenditure	(3,054)	(4,257)	(1,203)
Investments	(64)	(4,935)	(4,871)
Disposals	104	176	72
Other cash flow related to capital expenditure, investments and disposals	80	206	126
Free cash flow	**7,734**	**873**	**(6,861)**
Borrowings (repayment) of debt related to financing activities	466	230	(236)
Changes in short and long-term financial debt	(1,143)	4,634	5,777
Dividends paid and changes in minority interests and reserves	(3,771)	(3,266)	505
Effect of changes in consolidation and exchange differences	(141)	(88)	53
NET CASH FLOW FOR THE PERIOD	**3,145**	**2,383**	**(762)**

Change in net borrowings

(million euro)	First half		
	2006	**2007**	**Change**
Free cash flow	**7,734**	**873**	**(6,861)**
Net borrowings of acquired companies			
Net borrowings of divested companies	1	(24)	(25)
Exchange differences on net borrowings and other changes	117	62	(55)
Dividends paid and changes in minority interests and reserves	(3,771)	(3,266)	505
CHANGE IN NET BORROWINGS	**4,081**	**(2,355)**	**(6,436)**

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Summarized accounts[5] of the parent company Eni SpA

Profit and loss account

(million euro)		First half		
2006		2006	2007	Change
52,985	Net sales from operations	27,485	24,665	(2,820)
255	Other income and revenues	153	77	(76)
(49,264)	Operating expenses	(25,387)	(22,492)	2,895
(829)	Depreciation, amortization and impairments	(376)	(399)	(23)
3,147	**Operating profit**	**1,875**	**1,851**	**(24)**
98	Net financial income (expense)	58	(579)	(637)
3,785	Net income from investments	4,318	4,789	471
7.030	**Profit before income taxes**	**6,251**	**6,061**	**(190)**
(1,164)	Income taxes	(777)	(487)	290
5,866	**Net profit**	**5,474**	**5,574**	**100**

Balance sheet

(million euro)	Dec. 31, 2006	Jun. 30, 2007	Change
Fixed assets			
Property, plant and equipment, net	5,507	5,421	(86)
Compulsory stock	1,701	1,828	127
Intangible assets, net	948	959	11
Investments, net	20,897	20,904	7
Accounts receivable financing and securities related to operations	6,662	7,010	348
Net accounts payable in relation to capital expenditure	(313)	(279)	34
	35,402	**35,843**	**441**
Working capital, net	**(128)**	**1,123**	**1,251**
Employee termination indemnities and other benefits	**(310)**	**(269)**	**41**
Capital employed, net	**34,964**	**36,697**	**1,733**
Shareholders equity	**26,935**	**30,406**	**3,471**
Merger surplus	**588**		
Net borrowings	**7,441**	**6,291**	**(1,150)**
Total liabilities and shareholders equity	**34,964**	**36,697**	**1,733**

(5) Following the merger of the wholly-owned subsidiaries Enifin SpA and Eni Portugal Investment SpA into Eni SpA effective since January 1, 2006, the 2006 first half results and 2006 full year results have been restated in order to allow a homogeneous comparison among periods. All amounts deriving from inter-company transactions involving Eni SpA and the mentioned subsidiaries have been eliminated.

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Cash flow statement

(million euro)	First half		
	2006	2007	Change
Net profit	**5,474**	**5,574**	**100**
adjustments to reconcile to cash generated from operating profit before changes in working capital:			
- amortization and depreciation and other non monetary items	772	405	(367)
- net gains on disposal ot assets	(605)	(2)	603
- dividends, interest, taxes and other changes	(3,230)	(4,586)	(1,356)
Cash generated from operating profit before changes in working capital	**2,411**	**1,391**	**(1,020)**
Changes in working capital related to operations	1,099	1,561	462
Dividends received, taxes paid, interest (paid) received	1,427	1,389	(38)
Net cash provided by operating activities	**4,937**	**4,341**	**(596)**
Capital expenditure	(391)	(501)	(110)
Investments	(217)	(673)	(456)
Financing investments related to operations		(959)	(959)
Disposals	705	671	(34)
Financing divestments related to operations	521	275	(246)
Other cash flow related to capital expenditure, investments and disposals	(325)	(32)	293
Free cash flow	**5,230**	**3,122**	**(2,108)**
Borrowings (repayment) of debt related to financing activities	(1,192)		1,192
Changes in short and long-term financial debt	95	564	469
Changes in financing receivables for non-operating purposes	208		(208)
Dividends paid and changes in minority interests and reserves	(3,360)	(2,699)	661
NET CASH FLOW FOR THE PERIOD	**981**	**987**	**6**

Change in net borrowings

(million euro)	First half		
	2006	2007	Change
Free cash flow	**5,230**	**3,122**	**(2,108)**
Dividends paid and changes in minority interests and reserves	(3,360)	(2,699)	661
Changes in securities and financing receivables related to operations		727	727
CHANGE IN NET BORROWINGS	**1,870**	**1,150**	**(720)**

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PRESS RELEASE

Information Document on Eni s compensation plans based on financial instruments (Article 84-*bis* of Consob Regulation No. 11971)
Stock grant plan 2003-2005

This document provides a description of the Stock grant plan 2003-2005 for the managers of Eni SpA and its subsidiaries pursuant to Article 2359 of the Italian Civil Code. The subsidiaries that have shares listed on the stock exchange and their subsidiary companies realized their own incentive plans, a description of which may be obtained by referring to the information notes that have been issued to the market by the same companies.

Note that the Plan is to be considered "of particular relevance" pursuant to Article 84-*bis*, second paragraph of the Consob Regulation No. 11971/99 ("Regolamento Emittenti").

Definitions
Here follows a description of the meaning of some of the terms used in the information note:

Attribution of stock grant	Notifying the commitment to assign Eni shares, free of charge, after three years
Assignment of stock grant	Transfer of attributed Eni shares to the individual stock accounts

1. Grantees
Participation to the annual attribution is restricted to the managers who have achieved their individual objectives preset for the previous year and who, as of the date of the assignment, were employed and operating for Eni and its subsidiaries, pursuant to Article 2359 of the Italian Civil Code, whose shares are not listed on regulated markets. The employment relations of the Grantees shall be regulated by managers national collective employment agreements or by equivalent regulations with regard to employees not residing in Italy.

The following persons who, as of September 1st, 2007 are general managers, have participated in the Plan:

- the General Manager of the E&P Division, Stefano Cao (in office since November 14th, 2000);
- the General Manager of the G&P Division, Domenico Dispenza (in office since January 1st, 2006);
- the General Manager of the R&M Division, Angelo Caridi (in office since August 3rd, 2007).

Have participated in the Plan managers who have regular access to privileged information and who have the power to take managerial decisions that may have an impact on Eni s evolution and its future prospects; as of September 1st, 2007, there are 7 managers who, together with the Managing Director and the General Managers of Eni Divisions, are

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permanent members of Eni s Steering Committee and, as such, are considered "other managers with strategic responsibility" (Consob Regulation No. 11971 dated May 14th, 1999 and subsequent amendments).

The Managing Director and General Manager currently in office, Mr. Paolo Scaroni, appointed by the Board of Directors on June 1st, 2005, did not participate in the Plan.

2. The reasons for adopting the plan

The stock grant Plan was approved for the following purposes:

- setting up an incentive and retention system for Eni s management connected with the achievement of preset objectives;
- determining their participation in risk management and in shareholder s value increase;
- consolidating in time the managers professional contribution.

For the purpose of implementing the Plan, Eni s company performance was taken into consideration, expressed in terms of ROACE, comparative Total Shareholders Return (TSR), and stock performance. For stock grant attribution purposes, the individual objectives were taken into consideration, set according to various spheres of responsibility and to the actual powers of the managerial positions.

These targets have been selected for the purpose of establishing a balance between the economic and operating performance (ROACE) and the share performance (comparative TSR and stock performance).

Eni s objectives have been approved by the Board of Directors, on proposal of the Compensation Committee, and defined consistently with the targets of the strategic plan and the annual budget. The results, evaluated assuming a constant trading environment, have been verified by the Compensation Committee and approved by the Board of Directors.

The entity of the grant value of the stock grant to be attributed to each grantee was determined by taking into consideration the levels and market practices in long-term incentive plans for equivalent managerial positions.

3. Approval procedure and time-schedule for assigning the instruments

On March 30th, 2003 the Board of Directors of Eni resolved, on proposal of the Compensation Committee, to confer on the Shareholders Meeting the power to use up to a maximum of 6.5 million own shares (equal to 0.162% of the capital stock) to service the stock grant Plan 2003-2005.

The Shareholders Meeting held on May 30th, 2003 approved the Board s proposal and conferred on the same Board the power to implement the annual attributions and draw up the related regulations.

On June 19th, 2003 the Board approved the 2003 Plan attribution and the related regulations.

On July 6th, 2004 the Board approved the 2004 Plan attribution and the related regulations.

On June 29th, 2005 the Board approved the 2005 Plan attribution and the related regulations.

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The Managing Director, as grantee of the Plan, in relation to the resolutions approved by the Board of Directors on the plan implementation concerning the latter did not take part in the discussion of the subject and in the related voting.

The administration of the Plan is assigned to Eni s Human Resources & Business Services Department (Compensation Policies/Managers Administration) jointly with Eni s Corporate Affairs and Governance Department (Company Secretary/Shareholders' Register).

Here follow the market prices recorded on the dates described above:
March 30th, 2003: euro 12.814
May 30th, 2003: euro 13.261
June 19th, 2003: euro 13.764
July 6th, 2004: euro 17.035
May 27th, 2005: euro 19.800
June 29th, 2005: euro 21.379

4. Characteristics of the attributed instruments

The Plan foresees the communication of the commitment to assign its shares, three years after the date of attribution, free of charge. Eni s commitment is firm and irrevocable, although subject to cancellation if, within a three-year period, the grantee recedes unilaterally from the employment contract. The right of the grantee cannot be transferred inter vivos. The assignment is carried out beforehand in the following cases:

- resolution on the part of the grantee of the employment contract by mutual consent;
- loss of control on the part of Eni of its subsidiaries where the grantee is employed;
- transfer to non-subsidiaries of the company or of the company branch where the grantee is employed;
- death of the grantee.

The Board of Directors may, if necessary, adjust the number of shares attributed and/or the assignment terms and conditions established in the regulations in case any one or more of the following operations occur:

a. grouping and splitting of the representative shares of Eni s capital stock;
b. increase, free of charge, of Eni s capital stock;
c. increase of Eni s capital stock at a charge, also by issuing shares with warrants, bonds which can be converted into Eni shares and bonds with warrants for subscribing Eni shares;
d. reduction of Eni s capital stock;
e. distribution of extraordinary dividends taking money from Eni s reserves;
f. merger, any time in which Eni s capital stock is to be modified;
g. splitting of Eni;

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h. assignment of Eni treasury shares to shareholders;
i. public purchase offers or purchase and exchange of Eni shares.

In order to implement the Plan, in the 2003-2005 period, a total of 3,545,000 own shares were attributed. Follow details of the annual attributions.

Year	No. of managers	No. of stock grant attributed	No. of stock grant outstanding (9/1/2007)
2003	816	1,206,000	-
2004	779	1,035,600	683,900
2005	872	1,303,400	919,100
		3,545,000	**1,603,000**

The 2003 attribution was completed in September 2006 with the assignment of the related shares.

The 2004 attribution will be completed in September 2007.

The 2005 attribution will be completed in September 2008.

Here follows the number of shares attributed for outstanding attributions as of September 1st, 2007, in relation to the subjects identified by name or to the categories selected as described in paragraph 1.

Name/category	Number of shares attributed 2004	Number of shares attributed 2005
Stefano Cao, GM of E&P Division	13,000	16,000
Domenico Dispenza, GM of G&P Division	5,800	(1)
Angelo Caridi, GM of R&M Division	5,800	6,900
Other managers with strategic responsibility (2)	22,400	28,500

(1) Domenico Dispenza, Chairman of Snam Rete Gas until December 23rd, 2005, has participated in the 2005 attribution of the Snam Rete Gas Plan.
(2) 3 of the current 7 managers have participated in the Plan.

Starting from the fiscal year 2003, the stock incentive plans issued by Eni have been posted as a staff expenses item on the basis of the fair value of the right awarded to the employee. The fair value of the stock grants is represented by the share s current value at the date of the award reduced by the current value of the expected dividends in the vesting period. The estimated burden for the Company, net of the social security contributions to be paid by the employer, can be determined for each attribution by multiplying the unitary fair value by the number of rights attributed in the year. With reference to outstanding attributions (2004 and 2005) the burden thus determined is equal to 15.1 and 26.2 million Euros respectively.

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PRESS RELEASE

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Stock option plan 2002-2005

This document provides a description of the Stock option plan 2002-2005 for the managers of Eni SpA and its subsidiaries pursuant to Article 2359 of the Italian Civil Code. The subsidiaries that have shares listed on the stock exchange and their subsidiary companies realized their own incentive plans, a description of which may be obtained by referring to the information notes that have been issued to the market by the same companies.

Note that the Plan is to be considered "of particular relevance" pursuant to Article 84-*bis*, second paragraph of Consob Regulation No. 11971/99 ("Regolamento Emittenti").

Definitions

Here follows a description of the meaning of some of the terms used in the information note:

Stock option	right to purchase Eni stocks in a one-to-one ratio, cumcoupon, having a nominal value of 1 euro
Exercise price	price paid by the grantee for exercising the right of purchase
Vesting period	period during which the right of option may not be exercised
Exercise period	period during which the right of option may be exercised

1. Grantees

The grantees of the Plan are the managers identified among those who hold positions which are more directly responsible for the Group s results or which are of strategic interest to the Group and who, on the date of the assignment of the options, were employed by and operating for Eni and its subsidiaries, pursuant to Article 2359 of the Italian Civil Code, whose shares are not listed on regulated markets. The employment relations of the Grantees shall be regulated by managers national collective employment agreements or by equivalent regulations with regard to employees not residing in Italy.

The Board approves the criteria for identifying the managers participating in the Plan conferring on the Managing Director the power to identify the grantees on the basis of the approved criteria.

The Managing Director and General Manager currently in office, Mr. Paolo Scaroni, appointed by the Board of Directors on June 1st, 2005, has participated in the 2005 assignment of the Plan.

The following subjects who, as of September 1st, 2007 are general managers, have participated in the Plan:

- The General Manager of the E&P Division, Stefano Cao (in office since November 14th, 2000);

- The General Manager of the G&P Division, Domenico Dispenza (in office since January 1st, 2006);
- The General Manager of the R&M Division, Angelo Caridi (in office since August 3rd, 2007).

Have participated in the Plan managers who have regular access to privileged information and who have the power to take managerial decisions that may have an impact on Eni s evolution and its future prospects; as of September 1st, 2007, there are 7 managers who, together with the Managing Director and the General Managers of Eni Divisions, are permanent members of Eni s Steering Committee and, as such, are considered "other managers with strategic responsibility" (Consob Regulation No. 11971 dated May 14th, 1999 and subsequent amendments).

2. The reasons for adopting the plan

The 2002-2005 stock option plan was realized in order to make use of a management incentive and retention instrument designed to strengthen the management s participation in risk management, to improve corporate performance and to maximize value for the Shareholders.

The entity of the grant value of the stock options assigned to each grantee has been determined by taking into consideration the levels and market practices in long-term incentive plans for equivalent managerial positions.

3. Approval procedure and time-schedule for assigning the instruments

On March 27th, 2002 the Board of Directors of Eni resolved, on proposal of the Compensation Committee, to confer on the Shareholders Meeting the power to use up to a maximum of 15 million own shares (equal to 0.375% of the capital stock) to service the 2002-2004 stock option Plan.

The Shareholders Meeting held on May 30th, 2002 approved the Board s proposal and conferred on the same Board the power to implement the annual assignments and draw up the related regulations. Subsequently, on May 27th, 2005 the Shareholders Meeting authorized to use up to a maximum of 5,443,400 own shares (equal to 0.136% of the capital stock) to service the 2005 stock option Plan, maintaining unaltered the set up, criteria and parameters of the 2002-2004 Plan.

The Board of Directors, in exercising the power of attorney conferred on it by the Shareholders Meeting, resolved on an annual basis: (i) the annual assignment of the stock options; (ii) the related regulations; (iii) and the criteria for identifying the grantees. The Board has resolved the implementation to the Managing Director and has conferred on the latter the power to identify the grantees within December 31st of each year on the basis of the approved criteria. The Managing Director, in the exercise of the power conferred on him, has carried out the annual assignment.

On July 2nd, 2002 the Board of Directors approved the 2002 assignment of the Plan.

On June 19th, 2003 the Board of Directors approved the 2003 assignment of the Plan.

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On July 6th, 2004 the Board of Directors approved the 2004 assignment of the Plan.

On June 29th, 2005 the Board of Directors approved the 2005 assignment of the Plan.

The Managing Director, as grantee of the Plan, in relation to the resolutions approved by the Board of Directors on the plan implementation with respect to the latter did not take part in the discussion of the subject and in the related voting.

The administration of the Plan is assigned to Eni s Human Resources & Business Services Department (Compensation Policies/Managers Administration) jointly with Eni s Corporate Affairs and Governance Department (Company Secretary/Shareholders' Register).

Here follow the market prices recorded on the dates described above:

March 27th, 2002: euro 16.212
May 30th, 2002: euro 16.700
July 2nd, 2002: euro 15.973
June 19th, 2003: euro 13.764
July 6th, 2004: euro 17.035
May 27th, 2005: euro 19.800
June 29th, 2005: euro 21.379

4. Characteristics of the assigned instruments
The option rights give each grantee the right to purchase shares, in a one-to-one ratio, at a price equal to the arithmetic mean of the official prices reported on the Mercato Telematico Azionario managed by Borsa Italiana SpA in the month preceding the date of assignment or (from 2003), if greater, at the average cost of the treasury shares reported on the day preceding the date of assignment.

The options may be exercised three years after assignment (vesting period) and for a maximum period of five years (exercise period); once eight years have elapsed from the date of assignment, unexercised options expire and, consequently, they no longer confer any rights on the grantee. In the following cases: (i) resolution by mutual consent of the employment contract; (ii) loss of control on the part of Eni of its subsidiaries where the grantee is employed; (iii) transfer to non-subsidiaries of the company or of the company branch where the grantee is employed; (iv) death of the grantee, the grantee, or the latter s heirs, maintain the right to exercise the options within six months from occurrence of the event. In case of unilateral resolution of the employment relation during the vesting period, the options expire.

In order to adopt the new tax regulation established by L.D. No. 262 dated October 3rd, 2006, converted into Law No. 286 on November 24th, 2006, on July 25th, 2007, the Board of Directors modified the 2005 assignment regulation and provided for the right on the part of the grantee, in the cases mentioned above, to maintain the right to exercise the options within December 31st, 2008.

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The Board of Directors may, if necessary, adjust the exercise price and/or the number of shares owed in relation to the options yet to be exercised and/or the exercise terms and conditions in case any of the following operations occur:

a) Grouping and splitting of the representative shares of Eni s capital stock;
b) Increase, free of charge, of Eni s capital stock;
c) Increase of Eni s capital stock at a charge, also by issuing shares with warrants, bonds which can be converted into Eni shares and bonds with warrants for subscribing Eni shares; the transfer of own shares that do not service the stock incentive plans is assimilated to the increase of capital stock;
d) Reduction of Eni s capital stock;
e) Distribution of extraordinary dividends taking money from Eni s reserves;
f) Merger, any time in which Eni s capital stock is to be modified;
g) Splitting of Eni;
h) Assignment of Eni treasury shares to shareholders;
i) Public purchase offers or purchase and exchange of Eni shares.

Here follows a brief summary of the assignments carried out in the period 2002-2005:

Year	No. of managers	Exercise price	No. of options assigned	No. of options outstanding (9/1/2007)
2002	314	15.216 (1)	3,518,500	113,500
2003	376	13.743 (2)	4,703,000	377,400
2004	381	16.576 (1)	3,993,500	2,562,500
2005	388	22.512 (3)	4,818,500	3,812,000
			17,033,500	**6,865,400**

(1) Arithmetic mean of official prices reported on the Mercato Telematico Azionario in the month preceding the assignment.
(2) Average cost of treasury shares on the day preceding the date of assignment (greater than the mean referred to in note 1).
(3) Pondered average of arithmetic mean of the official prices reported on the Mercato Telematico Azionario in the month preceding the assignment.

Here follows the number of Eni options assigned and still outstanding as of September 1st, 2007, in relation to the subjects identified by their name or to the categories selected as described in paragraph 1.

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Name/category	No. of options outstanding 2002	No. of options outstanding 2003	No. of options outstanding 2004	No. of options outstanding 2005
Paolo Scaroni, MD and GM				699,000
Stefano Cao, GM of E&P Division				75,500
Domenico Dispenza, GM of G&P Division (1)				
Angelo Caridi, GM of R&M Division			24,000	30,500
Other managers with strategic responsibility			112,000 (2)	216,000 (3)

(1) Domenico Dispenza, Chairman of Snam Rete Gas until December 23rd, 2005, has participated in the 2004 and 2005 assignments of the Snam Rete Gas Plan.
(2) 3 of the current 7 managers have participated in the Plan.
(3) 6 of the current 7 managers have participated in the Plan.

Starting from the fiscal year 2003, the stock incentive plans issued by Eni have been posted as a staff expenses item on the basis of the fair value of the right assigned to the employee. The fair value of the stock options is the value of the option calculate with appropriate valuation techniques that take into account the exercise conditions, current price of the share, expected volatility and the risk-free interest rate. The estimated burden for the Company is determined, with reference to each annual assignment, by considering the fair value for the number of options assigned in the year. With reference to the 2003, 2004 and 2005 assignments, the burden thus determined is equal to 7.1, 8 and 16.1 million Euros respectively.

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PRESS RELEASE

Information Document on Eni s compensation plans based on financial instruments (Article 84-*bis* of Consob Regulation No. 11971)
Stock option plan 2006-2008

This document provides a description of the Stock option plan 2006-2008 for the managers of Eni SpA and its subsidiaries pursuant to Article 2359 of the Italian Civil Code. The subsidiaries that have shares listed on the stock exchange and their subsidiary companies realize their own incentive plans, a description of which may be obtained by referring to the information notes that have been issued to the market by the same companies.

Note that the Plan is to be considered "of particular relevance" pursuant to Article 84-*bis*, second paragraph of Consob Regulation No. 11971/99 ("Regolamento Emittenti").

Definitions

Here follows a description of the meaning of some of the terms used in the information note:

Stock option	right to purchase Eni stocks in a one-to-one ratio, cumcoupon, having a nominal value of 1 euro
Exercise price	price paid by the grantee for exercising the right of purchase
Vesting period	period during which the right of option may not be exercised
Exercise period	period during which the right of option may be exercised

1. Grantees
The grantees of the Plan are the managers identified among those who hold those positions which are more directly responsible for the Group s results or which are of strategic interest to the Group and who, on the date of the assignment of the options, were employed by and operating for Eni and its subsidiaries, pursuant to Article 2359 of the Italian Civil Code, whose shares are not listed on regulated markets. The employment relations of the Grantees shall be regulated by managers national collective employment agreements or by equivalent regulations with regard to employees not residing in Italy.

The Board approves the criteria for identifying the managers participating in the Plan conferring on the Managing Director the power to identify the grantees on the basis of the approved criteria.

The Managing Director and General Manager currently in office, Mr. Paolo Scaroni, appointed by the Board of Directors on June 1st, 2005, participates in the Plan.

The following persons who, as of September 1st, 2007 are general managers, have participated in the Plan:

- The General Manager of the E&P Division, Stefano Cao (in office since November 14th, 2000);
- The General Manager of the G&P Division, Domenico Dispenza (in office since January 1st, 2006);

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The current General Manager of the R&M Division, Mr. Angelo Caridi, appointed by the Board of Directors on August 3rd, 2007 as Managing Director of Snamprogetti until August 5th, 2007, has participated in the 2006 and 2007 assignments of Saipem s stock option Plan.

Have participated in the Plan managers who have regular access to privileged information and who have the power to take managerial decisions that may have an impact on Eni s evolution and its future prospects; as of September 1st, 2007, there are 7 managers who, together with the Managing Director and the General Managers of Eni Divisions, are permanent members of Eni s Steering Committee and, as such, are considered "other managers with strategic responsibility" (Consob Regulation No. 11971 dated May 14th, 1999 and subsequent amendments).

2. The reasons for adopting the plan

The 2006-2008 stock option plan was introduced in order to make use of a management incentive and retention instrument designed to strengthen the management s participation in risk management, to improve corporate performance and to maximize Shareholders value.

The stock options assigned as part of the Plan can be exercised after three years in a quantity connected to the positioning of the Total Shareholder Return of the Eni stock with respect to that of the major international oil companies, calculated on a annual basis in the three-year vesting period.

This performance target was selected for the focus on the shareholder s return, in a comparative prospective with reference to the other oil majors, and for its widespread use in the long-term incentive plans in the market of reference.

On completion of each three-year implementation period, the results of the stock option Plan will be verified by the Compensation Committee and approved by the Board of Directors.

The entity of the grant value of the stock options assigned to each grantee has been determined by taking into consideration the levels and market practices in long-term incentive plans for equivalent managerial positions.

3. Approval procedure and time-schedule for assigning the instruments

On March 30th, 2006 the Board of Directors of Eni approved the Compensation Committee s proposal related to the 2006-2008 stock option Plan and resolved to submit it to the Shareholders Meeting for approval.

The Shareholders Meeting of May 25th, 2006 approved the 2006-2008 stock option Plan and the authorization to use up to a maximum of 30 million own shares, equal to approximately 0.75% of the capital stock, to service the Plan, and conferred on the same Board the power to implement the annual assignments and draw up the related regulations.

The Plan foresees three annual stock option assignments, respectively, in 2006, 2007 and 2008.

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The Board of Directors, in exercising the power of attorney conferred on it by the Shareholders Meeting, each year resolves: (i) the annual assignment of the stock options; (ii) the related regulations; (iii) and the criteria for identifying the grantees. Furthermore, the Board delegates the Managing Director to identify the grantees within December 31st of each year on the basis of the approved criteria. The Managing Director, in the exercise of the power of attorney conferred on him, carries out the annual assignment.

On July 27th, 2006 and on July 25th, 2007 the Board approved, respectively, the 2006 and 2007 assignment of the Plan.

The Managing Director, as grantee of the Plan, in relation to the resolutions approved by the Board of Directors on the plan implementation with respect to the latter did not take part in the discussion of the subject and in the related voting.

The administration of the Plan is assigned to Eni s Human Resources & Business Services Department (Compensation Policies/Managers Administration) jointly with Eni s Corporate Affairs and Governance Department (Company Secretary/Shareholders' Register).

Here follow the market prices recorded on the dates described above:
March 30th, 2006: euro 23.391
May 25th, 2006: euro 23.937
July 27th, 2006: euro 23.100
July 25th, 2007: euro 27.451

4. Characteristics of the assigned instruments
The option give each grantee the right to purchase shares, in a one-to-one ratio, at a price equal to the arithmetic mean of the official prices reported on the Mercato Telematico Azionario managed by Borsa Italiana SpA in the month preceding the date of assignment or, if greater, at the average cost of the treasury shares reported on the day preceding the date of assignment.

The options may be exercised three years after assignment (vesting period) and for a maximum period of three years (exercise period); once six years have elapsed from the date of assignment, unexercised options expire and, consequently, they no longer confer any rights on the grantee.

The 2006-2008 stock option Plan provides for a performance condition in order to exercise the options. At the end of each three-year vesting period, the Board of Directors determines the number of options that can be exercised, in a percentage ranging between zero and 100, based on the positioning of the Total Shareholders Return (TSR) of the Eni stock with respect to that of the other six major international oil companies for capitalization.

In the following cases: (i) resolution on the part of the grantee, by mutual consent, of the employment contract; (ii) loss of control on the part of Eni SpA in the Company where the grantee is employed; (iii) transfer to a non-subsidiary of the company (or of the company branch) where the grantee is employed; (iv) death of the grantee, the latter or his or her heirs maintain the right to exercise the options within December 31st of the year in which the vesting period ends, to an extent proportional to the period elapsed between the assignment and the occurrence of the abovementioned events. In case of unilateral resolution of the

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employment contract, if the event occurs during the vesting period, the options become null; if the event occurs during the exercise period, the options can be exercised within three months.

The Board of Directors may, if necessary, adjust the exercise price and/or the number of shares owed in relation to the options yet to be exercised and/or the exercise terms and conditions in case any of the following operations occur:

a) Grouping and splitting of the representative shares of Eni s capital stock;
b) Increase, free of charge, of Eni s capital stock;
c) Increase of Eni s capital stock at a charge, also by issuing shares with warrants, bonds which can be converted into Eni shares and bonds with warrants for subscribing Eni shares; the transfer of own shares that do not service the stock incentive plans is assimilated to the increase of capital stock;
d) Reduction of Eni s capital stock;
e) Distribution of extraordinary dividends taking money from Eni s reserves;
f) Merger, any time in which Eni s capital stock is to be modified;
g) Splitting of Eni;
h Assignment of Eni treasury shares to shareholders;
i) Public purchase offers or purchase and exchange of Eni shares.

Here follows a brief summary of the assignments carried out in the period 2006-2007:

Year	No. of managers	Exercise price	No. of options assigned	No. of outstanding options (9/1/2007)
2006	338	23.119 (1)	3,518,500	6,760,600
2007	332	27.451 (2)	6,110,500	6,110,500
			9,629,000	**12,871,100**

(1) Pondered average of arithmetic mean of official prices reported on the Mercato Telematico Azionario in the month preceding the assignment.
(2) Arithmetic mean of official prices reported on the Mercato Telematico Azionario in the month preceding the assignment.

Here follows the number of Eni options assigned and still outstanding as of September 1st, 2007, in relation to the subjects identified by their name or to the categories selected as described in paragraph 1.

Name/category	No. of outstanding options 2006	No. of outstanding options 2007
Paolo Scaroni, MD and GM [1]	681,000	573,000
Stefano Cao, GM of E&P Division	175,500	155,500
Domenico Dispenza, GM of G&P Division	122,500	110,000
Other managers with strategic responsibility	552,500	472,500

(1) The assignment of the Managing Director was integrated with the attribution of a monetary incentive to be paid after three years in connection with an increase of the Eni stock value, which amounted, in 2007, to the assignment of 96,000 options at an exercise price of 23.100 Euros and, in 2007, to the assignment of 80,500 options at an exercise price of 27.451 Euros.

Starting from the fiscal year 2003, the stock incentive plans issued by Eni have been posted as a staff expenses item on the basis of the fair value of the right assigned to the employee. The fair value of the stock options is the value of the option calculate with appropriate valuation techniques that take into account the exercise conditions, current price of the share, expected volatility and the risk-free interest rate. The estimated burden for the Company is determined, with reference to each annual assignment, by considering the fair value for the number of options assigned in the year. With reference to the 2006 assignment, the burden thus determined is equal to 10.2 million Euros.

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Press Release dated September 11, 2007

San Donato Milanese (Milan), September 11, 2007 - The Prime Minister of the Republic of Kazakhstan Karim Masimov, Energy Minister Sauat Mynbaev and the First Vice President of Kazmunaigaz Maksat Idenov met today with Eni s Chief Executive Officer Paolo Scaroni and the Chief Operating Officer of Eni s E&P Division Stefano Cao.

During the talks, which were held in a climate of co-operation and focused on the Kashagan project, the basis was set for negotiations between the KCO consortium, of which Eni is operator, and the Kazakh authorities.

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Press Release dated September 7, 2007

Eni: BoD examines Kazakhstan developments

San Donato Milanese (Milan), September 7, 2007 - Eni s Board of Directors today met to receive the CEO s briefing on the current situation in Kazakhstan. Eni CEO Paolo Scaroni presented details of the ongoing activities in the Kashagan field to the Directors, and recapped on relations between the KCO consortium and the Kazakh authorities.

Mr. Scaroni also previewed his forthcoming trip to Kazakhstan to meet Prime Minister Karim Masimov, and other members of the Kazakh Government. The visit, which is at the invitation of Mr. Masimov, will support the negotiations that the KCO consortium, responsible for the Kashagan project, are undertaking with the Kazakh authorities.

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Press Release dated September 5, 2007

Change to Eni s 2007 Financial Calendar

San Donato Milanese (Milan), September 5, 2007 **-** Eni s Board of Directors announces that the third quarter results, originally scheduled to be announced on November 8, 2007, will now be announced on October 30, 2007.

The related press release will be issued on October 31, 2007 during non trading hours and the conference call for the presentation of the results to the financial community will be held during the afternoon of the same day.

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Press Release dated August 3, 2007

Named Angelo Caridi as the new chief operating officer of its Refining & Marketing Division

Rome, August 3, 2007 - At a meeting today, Eni s Board of Directors named Angelo Caridi as the new chief operating officer of its Refining & Marketing Division.

Mr. Caridi, 60, is currently chief executive officer of Snamprogetti, and has held a number of senior posts in his career with Eni. A civil engineer by profession, he was born in Reggio Calabria and has two children.

Angelo Taraborrelli, currently chief operating officer of Eni s Refining & Marketing Division, has been named chief executive officer and chief operating officer of Syndial. Mr. Taraborrelli holds a Law degree, and began his career with Eni in 1973 after obtaining his Medea Master at the Scuola Mattei. Over the years he has held many senior positions with the company.

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MISSION

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

BOARD OF DIRECTORS (1)
Chairman
Roberto Poli (2)
Chief Executive Officer and General Manager of Eni SpA
Paolo Scaroni (3)
Directors
Alberto Clô, Renzo Costi, Dario Fruscio, Marco Pinto, Marco Reboa, Mario Resca, Pierluigi Scibetta

GENERAL MANAGERS
Exploration & Production Division
Stefano Cao (4)
Gas & Power Division
Domenico Dispenza (5)
Refining & Marketing Division
Angelo Caridi (6)

BOARD OF STATUTORY AUDITORS (7)
Chairman
Paolo Andrea Colombo
Statutory Auditors
Filippo Duodo, Edoardo Grisolia, Riccardo Perotta, Giorgio Silva
Alternate Auditors
Francesco Bilotti, Massimo Gentile

MAGISTRATE OF THE COURT OF ACCOUNTS
DELEGATED TO THE FINANCIAL CONTROL OF ENI SpA
Lucio Todaro Marescotti (8)
Alternate
Angelo Antonio Parente (9)

External Auditors (10)
PricewaterhouseCoopers SpA

The composition and powers of the Internal Control Committee, Compensation Committee and International Oil Committee are presented in the section Other information of the Operating and Financial Review.

(1) Appointed by the Shareholders Meeting held on May 27, 2005 for a three-year period. The Board of Directors expires at the date of approval of the financial statements for the 2007 financial year.
(2) Appointed by the Shareholders Meeting held on May 27, 2005.
(3) Powers conferred by the Board of Directors on June 1, 2005.
(4) Appointed by the Board of Directors on November 14, 2000.
(5) Appointed by the Board of Directors on December 14, 2005, effective from January 1, 2006.
(6) Appointed by the Board of Directors on August 3, 2007, replacing Angelo Taraborrelli, appointed Chief Executive Officer and General Manager of Syndial SpA, in the same date.
(7) Appointed by the Shareholders Meeting held on May 27, 2005 for a three-year period, expiring at the date of approval of the financial statements for the 2007 financial year.
(8) Duties assigned by resolution of the Governing Council of the Court of Accounts on July 19-20, 2006.
(9) Duties assigned by resolution of the Governing Council of the Court of Accounts on May 27-28, 2003.
(10) Appointed by the Shareholders Meeting of May 24, 2007 for the 2007-2009 three-year term.

September 20, 2007

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Report on the First Half of 2007

Contents

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

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Highlights

Eni s net profit for the first half of 2007 was euro 4.85 billion, down euro 420 million from the first half of 2006, or 8%. Adjusted net profit arrived at by excluding the net impact of an inventory gain and special charges was down 9.9% to euro 4.90 billion. Eni s first half results were affected by the adverse impact of the euro s appreciation against the dollar and lower gas sales due to exceptionally mild weather in addition to lower oil prices.

In light of the financial results achieved for the first half of 2007, Eni s Board of Directors resolved to distribute an interim dividend for the fiscal year 2007of euro 0.60 per share (euro 0.60 in 2006). This interim dividend will be payable on October 25, 2007 to shareholders on the register on October 22, 2007. In the first half of 2007 a total of 14 million of own shares were purchased by the company at a total cost of euro 339 million. Since the inception of the share buy-back programme, Eni has purchased 349 million own shares at a total cost of euro 5.85 billion.

In the first half of 2007 Eni invested euro 9.1 billion to support growth: euro 4.3 billion were spent on capital and exploration projects (up 39.4% from the first half of 2006) and euro 4.8 billion on the acquisition of interests and assets.

Oil and natural gas production for the first half of 2007 averaged 1.74 mmboe/d, a decrease of 2.9% over the first half of 2006. This reduction was due primarily to the negative impact of disruptions in Nigeria in addition to the loss of production starting from April 1, 2006, at the Venezuelan Dación oilfield (down 31 kbbl/d). Excluding these negative factors, production was in line with the first half of 2006. Growth was achieved mainly in Libya, Kazakhstan and the Gulf of Mexico offsetting mature field declines particularly in Italy and the United Kingdom.

Eni s natural gas sales were 48.57 bcm, representing a decrease of 3.08 bcm, or 6%, compared with the first half of 2006 due to lower European gas demand owing to exceptionally mild winter weather.

In the first half of 2007, Eni invested euro 748 million in exploration activities, up 98% compared with the first half of 2006, executing a very extensive exploration campaign in well established areas of presence leading to the completion of 45 new exploratory wells (24 net to Eni) with a commercial rate of success of 22.7% (18.8% net to Eni). Main discoveries were made off the coast of Angola, Congo, Nigeria, North Sea, the Gulf of Mexico, Indonesia and Egypt, and in Alaska, Pakistan, Tunisia.

In the first half of 2007, significant transactions were finalized to acquire oil and gas assets in the Gulf of Mexico, Congo and Alaska, firmly in line with Eni s strategy of strengthening its presence in core producing areas. On the back of these acquisitions, the compound annual growth rate expected in the four-year period 2007-2010 for upstream production has been revised upward from 3 to 4% under Eni s scenario for Brent prices.

As part of the strategic alliance with Gazprom, Eni in partnership with Enel (60% Eni, 40% Enel) was awarded a bid for the acquisition of Lot 2 of ex-Yukos assets including a 100% interest in the three companies OAO Arctic Gas Company, ZAO Urengoil Inc, OAO Neftegaztechnologia which are engaged in exploration and development of large predominantly gas reserves. Acquired assets allow Eni to access to 1.5 bbl of resources. Through the same transaction Eni has also purchased 20% of OAO Gazprom Neft. Gazprom retains a call option to purchase a 51% interest in those three gas companies from the Eni-Enel partnership and a 20% interest in OAO Gazprom Neft from Eni.

Eni and Gazprom signed a Memorandum of Understanding for building the South Stream pipeline system which is expected to connect Russia to the European Union across the Black Sea. Implementation of this agreement will enable

Eni to extract further value from its recent acquisition of ex-Yukos gas assets and represents a decisive step towards strengthening the security of energy supplies to Europe.

Eni signed an agreement for the acquisition of a significant stake in Altergaz, the main independent operator in the French gas market. Eni plans to support Altergaz development in the French retail gas market through the supply of gas volumes up to 1.3 bcm per year, over a period of 10 years. This deal is intended to underpin Eni s international expansion in the marketing of gas and strengthen its leadership in the European gas market.

In its Refining & Marketing business, Eni purchased 102 retail stations in Central-Eastern Europe and a 16.11% stake in the Czech Refining Company, increasing Eni s ownership interest to 32.4% equal to a local refining capacity of 2.6 mmtonnes per year. These transactions, effective in the second half of 2007, aim to support expansion of Eni s refining and marketing operations in Central-Eastern Europe.

As part of Phase 3 of the Karachaganak field development, the consortium conducting operations in this field, co-operated by Eni with a 32.5% stake, signed a gas sale agreement with KazRosGaz, a joint venture established by KazMunaiGaz and Gazprom. This agreement envisages delivery of approximately 16 bcm/y of raw gas from field production to the Orenburg processing plant in Russia, starting in 2012.

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

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

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ENI REPORT ON THE FIRST HALF OF 2007 / STATISTIC RECAP

Financial highlights

2006	(million euro)		First half 2006	2007	Change	% Ch.
86,105	Net sales from operations		44,323	**41,688**	(2,635)	(5.9)
19,327	Operating profit		10,542	**9,323**	(1,219)	(11.6)
20,490	Adjusted operating profit [(a)]		10,587	**9,449**	(1,138)	(10.7)
9,217	Net profit [(b)]		5,275	**4,855**	(420)	(8.0)
10,412	Adjusted net profit [(a) (b)]		5,437	**4,900**	(537)	(9.9)
17,001	Net cash provided by operating activities		10,668	**9,683**	(985)	(9.2)
7,833	Capital expenditures		3,054	**4,257**	1,203	39.4
88,312	Total assets at period end		84,643	**94,936**	10,293	12.2
11,699	Total debt at period end		11,560	**16,141**	4,581	39.6
41,199	Shareholders equity including minority interest		39,863	**42,296**	2,433	6.1
6,767	Net borrowings at period end		6,394	**9,122**	2,728	42.7
47,966	Net capital employed at period end		46,257	**51,418**	5,161	11.2
1,241	Cost of purchased own shares		978	**339**	(639)	(65.3)
53.13	Number of own shares purchased	(million)	41.97	**13.83**	(28.14)	(67.0)

(a) For a detailed explanation of adjusted operating profit and adjusted net profit see page 39.
(b) Profit attributable to Eni shareholders.

Summary financial data

2006			First half 2006	2007	Change	% Ch.
	Net profit:					
2.49	- per ordinary share [(a)]	(EUR)	1.42	**1.32**	(0.10)	(7.0)
6.26	- per ADR [(a) (b)]	(USD)	3.49	**3.51**	0.02	0.6
	Adjusted net profit:					
2.81	- per ordinary share [(a)]	(EUR)	1.46	**1.33**	(0.13)	(8.9)
7.07	- per ADR [(a) (b)]	(USD)	3.59	**3.54**	(0.05)	(1.4)
3,701.3	Average number of shares	(million)	3,717.2	**3,676.5**	(40.7)	(1.1)
	Return on Average Capital Employed (ROACE) [(c)]:					
20.3	- reported	(%)	22.2	**19.2**	(3.0)	
22.7	- adjusted	(%)	23.5	**21.4**	(2.1)	
0.16	Leverage		0.16	**0.22**	0.06	

(a) Fully diluted. Dollar amounts are converted on the basis of the average EUR/USD exchange rate quoted by the ECB for the periods presented.
(b) One ADR (American Depositary Receipt) is equal to two Eni ordinary shares.
(c) Calculated on a 12-month period ending on June 30, 2007, on June 30, 2006 and on December 31, 2006.

Key market indicators

2006	First half 2006	2007	Change	% Ch.

65.14	Average price of Brent dated crude oil [a]	65.69	**63.26**	(2.43)	(3.7)
1.256	Average EUR/USD exchange rate [b]	1.229	**1.329**	0.100	8.1
51.86	Average price in euro of Brent dated crude oil	53.45	**47.60**	(5.85)	(10.9)
3.79	Average European refining margin [c]	4.36	**4.98**	0.62	14.2
3.02	Average European refining margin in euro	3.55	**3.75**	0.20	5.6
3.1	Euribor - three-month rate (%)	2.8	**3.9**	1.1	39.3
5.2	Libor - three-month dollar rate (%)	4.9	**5.5**	0.6	12.2

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

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Summary operating data

2006			First half 2006	**2007**	Change	% Ch.
	Exploration & Production					
1,770	Production of hydrocarbons [(a)]	(kboe/d)	1,787	**1,735**	(52)	(2.9)
1,079	liquids	(kbbl/d)	1,099	**1,028**	(71)	(6.5)
3,966	natural gas [(a)]	(mmcf/d)	3,950	**4,063**	113	2.7
	Gas & Power					
97.48	Worldwide gas sales	(bcm)	51.65	**48.57**	(3.08)	(6.0)
95.97	Gas sales in Europe	(bcm)	50.94	**47.63**	(3.31)	(6.5)
4.07	*of which: upstream sales*	(bcm)	*2.20*	***1.94***	*(0.26)*	*(11.8)*
87.99	Gas volumes transported in Italy	(bcm)	46.52	**41.89**	(4.63)	(10.0)
31.03	Electricity sold	(TWh)	15.39	**16.24**	0.85	5.5
	Refining & Marketing					
38.04	Refining throughputs on own account	(mmtonnes)	18.01	**18.32**	0.31	1.7
27.17	Refining throughputs of wholly-owned refineries	(mmtonnes)	12.63	**13.76**	1.13	8.9
100	Balanced capacity utilization rate	(%)	100	**100**		
12.48	Retail sales of petroleum products in Europe	(mmtonnes)	6.08	**6.06**	(0.02)	(0.3)
6,294	Service stations in Europe at period end	(units)	6,282	**6,279**	(3)	
2,470	Average throughput in Europe	(kliters)	1,183	**1,198**	15	1.3
	Petrochemicals					
7,072	Production	(ktonnes)	3,554	**4,411**	857	24.1
5,276	Sales	(ktonnes)	2,680	**2,812**	132	4.9
	Engineering & Construction					
11,172	Orders acquired	(million euro)	5,970	**4,948**	(1,022)	(17.1)
13,191	Order backlog at period end	(million euro)	12,455	**13,308**	853	6.8
73,572	**Employees at period end**	(units)	**72,329**	**75,841**	**3,512**	**4.9**

(a) Includes own consumption of natural gas (293 mmcf/d in the first half 2007, 286 mmcf/d in the first half 2006 and 283 mmcf/d in 2006).

Exploration & Production

Key performance indicators

2006	(million euro)		First half 2006	**2007**
27,173	Net sales from operations [a]		14,459	**12,829**
15,580	Operating profit		8,398	**6,550**
15,763	Adjusted operating profit		8,473	**6,615**
7,279	Adjusted net profit		4,019	**3,056**
	Results include:			
4,776	amortization and depreciation		2,252	**2,547**
	of which:			
820	*- amortizations of exploration drilling expenditure and other*		*316*	***615***
255	*- amortizations of geological and geophysical exploration expenses*		*85*	***162***
5,203	Capital expenditure		2,114	**2,837**
1,348	*of which: exploration* [b]		*378*	***748***
18,590	Adjusted capital employed, net		19,166	**21,717**
37.5	Adjusted ROACE	(%)	38.4	**30.9**
	Production [c]			
1,079	Liquids [d]	(kbbl/d)	1,099	**1,028**
3,966	Natural gas	(mmcf/d)	3,950	**4,063**
1,770	**Total hydrocarbons**	(kboe/d)	**1,787**	**1,735**
	Average realizations			
60.09	Liquids [d]	($/bbl)	60.25	**59.47**
5.29	Natural gas	($/mmcf)	5.19	**5.18**
48.87	**Total hydrocarbons**	($/boe)	**48.97**	**47.96**
8,336	Employees at year end	(units)	7,940	**8,670**

(a) Before elimination of intragroup sales.
(b) Includes exploration bonuses.
(c) Includes Eni s share of production of equity-accounted entities.
(d) Includes condensates.

MINERAL RIGHT PORTFOLIO AND EXPLORATION ACTIVITIES

As of June 30, 2007, Eni s mineral right portfolio consisted of 1,019 exclusive or shared rights for releases in Libya, Egypt and Croatia. New acreage was acquired in Congo, India, Norway, Nigeria, Pakistan, the United Kingdom and the United States (Alaska).
In Italy, net acreage (22,219 square kilometers) declined by 277 square kilometers due to releases.

In the first half of 2007, an intense exploration campaign exploration and development in 36 countries on five continents for a total net acreage of 384,019 square kilometers (385,219 at December 31, 2006). Of these, 39,854 square kilometers concerned production and development (48,273 at December 31, 2006). Outside Italy net acreage (361,800 square kilometers) decreased by 923 square kilometers mainly due to

was performed in well established areas of presence. Capital expenditures amounted to euro 748 million, doubling the costs incurred in the first half of 2006 (up 98%). A total of 45 new exploratory wells were drilled (24 of which represented Eni s share), as

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compared to 34 exploratory wells completed in the first half of 2006 (20 of which represented Eni s share). The overall commercial success rate was 22.7% (18.8% net to Eni) as compared to 25.9% (31.2% net to Eni) in the first half of 2006. The main discoveries, including also those for which appraisal activities are ongoing, were made in:
i) Indonesia, with the offshore Tulip discovery (Eni s interest 100%) and the positive appraisal of the Aster discovery (Eni s interest 66.25%);
ii) Norway with the 7125/4-1 Nucula exploration well (Eni s interest 30%) near the Goliath discovery;
iii) Tunisia, in the Adam concession (Eni operator with a 25% interest) the Karma-1 and Iklil-1 exploration wells showed the presence of oil. Also in the in the Borj el Khadra permit (Eni s interest 50%) the Nakhil-1 well yielded positive results. All these exploratory wells have been linked to existing production facilities;
iv) Angola in Block 14 (Eni s interest 20%) the Lucapa-1, Menongue-1 and Malange-1 discovery wells showed the presence of oil;
v) Pakistan with the Tajjal (Eni s interest 30%) and Latif (Eni s interest 33.3%) gas discoveries near existing production facilities, and an extension of the Kadanwari gas field (Eni operator with an 18.42% interest).
Other positive results were achieved in Congo, Egypt, Nigeria, the Gulf of Mexico, Alaska and the North Sea.

Oil and natural gas interests

	December 31, 2006	June 30, 2007			
	Gross exploration and development acreage [(a)]	Gross exploration and development acreage [(a)]	Net exploration and development acreage [(a)]	Net development acreage [(a)]	Number of interests
Italy	**28,508**	**27,979**	**22,219**	**12,582**	**167**
Outside Italy	**673,631**	**681,917**	**361,800**	**27,272**	**852**
North Africa					
Algeria	12,739	12,552	3,328	862	34
Egypt	23,214	24,443	14,560	3,102	56
Libya	39,569	37,615	33,422	759	14
Tunisia	6,464	6,464	2,274	1,223	14
	81,986	**81,074**	**53,584**	**5,946**	**118**
West Africa					
Angola	18,776	19,907	3,483	1,309	52
Congo	9,797	12,347	5,280	968	24
Nigeria	43,215	44,049	7,756	5,715	50
	71,788	**76,303**	**16,519**	**7,992**	**126**
North Sea					
Norway	18,851	15,335	5,390	123	49
United Kingdom	5,860	5,359	1,196	560	90
	24,711	**20,694**	**6,586**	**683**	**139**
Rest of world					
Saudi Arabia	51,687	51,687	25,843		1
Australia	24,143	24,143	19,910	2,278	13
Brazil	2,948	2,948	2,802		3
China	866	632	103	103	3
Croatia	6,056	1,975	988	988	2
Ecuador	2,000	2,000	2,000	2,000	1

India	14,445	14,445	5,698		2
Indonesia	28,438	28,438	16,842	656	13
Iran	1,456	1,456	820	820	4
Kazakhstan	4,934	4,933	959	488	6
Pakistan	29,790	38,768	21,253	615	22
Russia		4,974	2,984	2,984	4
United States	7,803	6,972	3,831	470	358
East Timor	12,224	12,224	9,779		5
Trinidad & Tobago	382	382	66	66	1
Venezuela	1,958	1,958	791	66	4
	189,130	**197,935**	**114,669**	**11,534**	**442**
Other countries	6,311	6,311	1,240	1,117	9
Other countries with only exploration activity	299,705	299,600	169,202		18
Total	**702,139**	**709,896**	**384,019**	**39,854**	**1,019**

(a) Square kilometers.

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Production

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, in addition to the contribution from the recently acquired assets in Congo, 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/d) decreased by 71 kbbl/d, or 6.5% from the first half 2006. Production decreases were reported mainly in: (i) Venezuela and Nigeria, due to the above mentioned causes; (ii) Norway, due to facilities outages occurred at the Ekofisk field (Eni s interest 12.39%); (iii) the United Kingdom, due to production declines in the Liverpool Bay area and the Elgin/Franklin (Eni s interest 21.87%) and Mc Culloch (Eni s interest 40%) fields. Main increases were registered in: (i) Kazakhstan, reflecting a better performance at the Karachaganak field and also 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 2007 (4,063 mmcf/d) increased by 113 mmcf, or 2.7% mainly in Libya, as a result of production ramp-up at the Bahr Essalam field. Production also increased in Norway, particularly at the Aasgard (Eni s interest 14.81%) and Kristin (Eni s interest 8.25%) fields, and in Nigeria, reflecting increased gas supplies to the Bonny LNG plant (Eni s interest 10.4%). Gas production in Italy decreased due to mature field declines.

Oil and gas production sold amounted to 302.3 mmboe. The 11.7 mmboe difference over production reflected volumes of gas consumed in operations (9.5 mmboe).

			First half			
2006			2006	2007	Change	% Ch.
1,770	**Daily production of hydrocarbons by region** [(a) (b)]	(kboe/d)	**1,787**	**1,735**	**(52)**	**(2.9)**
238	Italy		242	**219**	(23)	(9.5)
555	North Africa		548	**583**	35	6.4
372	West Africa		375	**335**	(40)	(10.7)
282	North Sea		291	**275**	(16)	(5.5)
323	Rest of world		331	**323**	(8)	(2.4)
625.1	**Oil and natural gas production sold** [(a)]	(mmboe)	**313.6**	**302.3**	**(11.3)**	**(3.6)**

			First half			
2006			2006	2007	Change	% Ch.
1,079	**Daily production of liquids** [(a)]	(kbbl/d)	**1,099**	**1,028**	**(71)**	**(6.5)**
79	Italy		79	**76**	(3)	(3.8)
329	North Africa		326	**331**	5	1.5
322	West Africa		330	**286**	(44)	(13.3)
178	North Sea		183	**163**	(20)	(10.9)

2006			First half 2006	2007	Change	% Ch.
171	Rest of world		181	**172**	(9)	(5.0)
391.1	**Liquids production sold** [a]	(mmbbl)	**197.4**	**184.8**	**(12.6)**	**(6.4)**
3,966	**Daily production of natural gas** [a] [b]	(mmcf/d)	**3,950**	**4,063**	**113**	**2.7**
908	Italy		933	**820**	(113)	(12.1)
1,300	North Africa		1,275	**1,446**	171	13.4
282	West Africa		256	**279**	23	9.0
597	North Sea		621	**647**	26	4.2
879	Rest of world		865	**871**	6	0.7
1,346	**Natural gas production sold** [a]	(bcf)	**667**	**675**	**8**	**1.2**

(a) Includes Eni s share of production of equity-accounted entities.
(b) Includes own consumption of natural gas (293 mmcf/d in the first half of 2007, 286 mmcf/d in the first half of 2006 and 283 mmcf/d in 2006).

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PORTFOLIO DEVELOPMENTS

In the first half of 2007 Eni finalized some significant transactions to purchase oil and gas reserves in the Gulf of Mexico, Congo, Alaska and Angola in line with Eni s strategy of strengthening its presence in core producing areas. Based on these deals, Eni s management lifted its expected average production growth rate for the 2007-2010 four-year period from 3 to 4% under Eni s scenario for Brent prices.

Gulf of Mexico
On April 30, 2007, Eni agreed to acquire the Gulf of Mexico upstream activities of Dominion Resources, one of the major US energy companies, for a cash consideration of euro 3.5 billion. The transaction includes production, development and exploration assets located in deepwater Gulf of Mexico, in the continental shelf and in Texas and Louisiana state waters. Management believes that purchased leases hold significant volumes of resources. Around 60% of these leases are operated. Main producing fields are Devils Tower, Triton and Goldfinger (Eni operator with a 75% interest); purchased assets included also certain fields where appraisal and development activities are underway, among which the Front Runner (Eni s interest 37.5%) producing fields as well as San Jacinto (Eni operator with a 53.3% interest), Q (Eni s interest 50%), Spiderman (Eni s interest 36.7%) and Thunderhawk (Eni s interest 25%). Starting from the second half of 2007, production from the acquired properties is expected to average approximately 75 kboe/d. This acquisition will increase Eni s equity production in the Gulf of Mexico to more than 110 kboe/d. Added proved and probable reserves amounted to 222 mmboe, with an average purchase cost of $18.4 per barrel. Closing took place on July 2, 2007.

Congo
On May 30, 2007, Eni acquired exploration and production assets from the French company Maurel & Prom onshore Congo, for a cash consideration of approximately euro 1 billion. This transaction was defined in February 2007. Assets acquired include the producing fields of M Boundi (Eni s interest 43.1%) and Kouakouala A (Eni s interest 66.67%), and the exploration permit Le Kouilou (Eni s interest 48%); all advances techniques for the recovery of hydrocarbons, Eni expects to increase its production in Congo from the current 66 kbbl/d level to approximately 100 kbbl/d in 2010.

Alaska
On April 11, 2007, Eni acquired 70% and the operatorship of the Nikaitchuq field, located on-offshore in the North Slope of Alaska. Eni, which already owned a 30% stake in the field, now retains the 100% working interest. Nikaitchuq will be the first development project operated by Eni in Alaska.
Plans for a phased development are currently being evaluated with the target of sanctioning the project by end of the year, and first oil is expected by the end of 2009. The Nikaitchuq project envisages the drilling of more than 70 wells, out of which 22 are planned to be located onshore and the remaining from an offshore artificial island. All wells are expected to be tied back to a production facility located at Oliktok Point.
Capital expenditure is estimated at approximately $900 million.

Angola
On April 2, 2007, Eni and Sonangol signed a Memorandum of Understanding for the acquisition of a 13.6% stake in Angola LNG Ltd Consortium (A-LNG). This company is responsible for the construction of an LNG plant in Soyo, 300 kilometers North of Luanda, with a yearly capacity of 5 mmtonnes. The project has been approved by the Angolan Government and Parliament. It envisages, for 28 years, the development of 220 bcm of gas, the production of 128 mmtonnes of LNG, 104 mmbbl of condensates and 257 mmbbl of LPG. The LNG is expected to be delivered to the United States market at the re-gasification plant of Pascagoula, in the Gulf of Mexico, in which Eni, following this agreement, will acquire a re-gasification capacity of 5 bcm/y (see also the Gas & Power section, below).

ALLIANCE WITH GAZPROM: ACQUISITION OF EX-YUKOS ASSETS

As part of Eni s strategic alliance with Gazprom, on April 4, 2007, Eni, through the partnership in EniNeftegaz (60% Eni, 40% Enel) acquired Lot 2 in the Yukos liquidation procedure for a cash consideration of assets are operated. Such assets are currently producing 17 kboe/d net to Eni. Added proved and probable reserves amounted to 112 mmbbl, with an average purchase cost of $10.7 per barrel. Through the development of these fields and the application of Eni s euro 3.73 billion net to Eni. Acquired assets included: (i) a 100% interest in three Russian companies operating in the exploration and development of natural gas reserves, OAO Arctic Gas Co, ZAO Urengoil Inc and OAO

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Neftegaztechnologia (Eni s interest 60%, Enel s interest 40%) as well as certain minor assets that are expected to be sold or liquidated. Eni and Enel granted to Gazprom a call option on a 51% interest in EniNeftegaz to be exercisable within two years from the purchase date (for further details on this deal, see the discussion on the balance sheet section of the financial review); and
(ii) a 20% interest in OAO Gazprom Neft which was purchased only by Eni. Eni granted to Gazprom a call option on this 20% interest in OAO Gazprom Neft to be exercisable within two years from the purchase date (for further details on this deal, see the discussion on the balance sheet section of the financial review).
The three acquired companies own significant predominantly gas resources estimated in approximately 1.5 bboe net to Eni located in the Yamal Nenets (YNAO) region, the largest natural gas producing region in the world:
(i) OAO Arctic Gas Company owns two exploration licenses, Sambugurskii and Evo-Yahinskii including seven fields currently in the appraisal/development phase. Main fields are Sambugorskoye currently under development and production testing and Urengoiskoye for which the pilot development project has already been approved;
(ii) ZAO Urengoil Inc owns exploration and development licenses for the Yaro-Yakhinskoye gas and condensate field, currently under development and production testing;
(iii) OAO Neftegaztechnologia owns the exploration and development license of the Severo-Chasselskoye field.

OTHER DEVELOPMENT PROJECTS

Australia On August 13, 2007, Eni signed an agreement to purchase a 30% interest in four exploration blocks in the Exmouth Plateau, one of the richest gas producing areas in Australia. The four blocks are located at a maximum water depth of 2,000 meters. Eni s equity interest will increase by 10% after at least one exploration well is drilled. Eni will be the operator during the development phase.

Congo On April 14, 2007 Eni signed the agreement for the award of the Marine XII exploration permit (Eni s interest 90%) offshore the Congo aimed at exploiting the relevant gas potential and feeding a power plant.

Kazakhstan
Kashagan In late June 2007 Agip KCO as operator filed with relevant Kazakh Authorities certain revisions to the sanctioned development plan for the Kashagan oilfield. These revisions confirmed among other things a rescheduling of the production start-up to 2010. The Kazakh Authorities rejected the proposed revisions to the sanctioned development plan. In August 2007, the Government of the Kazakh Republic sent the companies forming the North Caspian Sea Production Sharing Agreement (NCSPSA - Eni s interest 18.52%) consortium a notice of dispute alleging failure on part of the consortium to fulfill certain contractual obligations and violation of the Republic s laws. Parties have started talks aiming at resolving this dispute on amicable terms. Also in August 2007, the Kazakh Minister for the environment suspended certain environmental permits previously granted for the execution of operations. The operating company Agip Kco filed with relevant Kazakh authorities an appeal against this suspension. These authorities are to resolve on this appeal within a thirty-day term.
Karachaganak On June 1, 2007, the Karachaganak Petroleum Operating Consortium (KPO), in which Eni is co-operator with a 32.5% interest and KazRosGaz, a joint company established by KazMunaiGaz and Gazprom, signed a gas sale contract. According to the terms of this agreement, the consortium will deliver, from 2012, about 16 bcm/y (565 bcf/y) of raw gas to the Orenburg plant, in Russia. This agreement creates the conditions for the start up of Phase 3 of the project entailing the development of over 2 bboe of natural gas recoverable reserves. The agreement was approved by the Boards of both parties.

Nigeria On March 9, 2007, Eni signed a Production Sharing Contract (PSC) for the OPL 135 permit (Eni operator with a 48% interest) located in the Niger Delta. The exploration plan envisages research for and development of oil and natural gas reserves for 25 years in the proximity of existing facilities and the Kwale/Okpai power station where Eni is operator.

Venezuela On June 26, 2007, Eni signed a Memorandum of Understanding with national state-owned company PDVSA which defines the terms for the transfer of the development activity of the

Indonesia On January 17, 2007 Eni and Pertamina signed a Memorandum of Understanding aimed at identifying joint development opportunities for exploration and development activities.

Corocoro field in Venezuela to the new contractual regime of empresa mixta . Eni will retain its 26% interest in this project. The agreement is expected to be finalized by the third quarter of 2007.

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CAPITAL EXPENDITURES

		First half			
2006	(million euro)	2006	**2007**	Change	% Ch.
152	**Acquisition of proved and unproved property**	**4**	**96**	**92**	**..**
139	Italy				
10	North Africa		**11**	11	
	West Africa				
3	Rest of world	4	**85**	81	
1,348	**Exploration**	**378**	**748**	**370**	**97.9**
128	Italy	57	**62**	5	8.8
270	North Africa	107	**169**	62	57.9
471	West Africa	94	**137**	43	45.7
174	North Sea	43	**124**	81	188.4
305	Rest of world	77	**256**	179	232.5
3,629	**Development**	**1,711**	**1,965**	**254**	**14.8**
403	Italy	174	**254**	80	46.0
701	North Africa	303	**395**	92	30.4
864	West Africa	373	**522**	149	39.9
406	North Sea	187	**203**	16	8.6
1,255	Rest of world	674	**591**	(83)	(12.3)
74	**Other**	**21**	**28**	**7**	**33.3**
5,203		**2,114**	**2,837**	**723**	**34.2**

In the first half of 2007, capital expenditures of the Exploration & Production division amounted to euro 2,837 million and concerned essentially development of oil and gas reserves directed mainly outside Italy, in particular in Kazakhstan, Egypt, Angola and Congo. Development expenditures in Italy concerned in particular the drilling program 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 a 70% interest in the Nikaitchuk oilfield in Alaska, in which Eni now holds a 100% ownership.

As compared to the same period of 2006, capital expenditure increased by euro 723 million, up 34.2%, due to the increase in exploration expenditures the Gulf of Mexico, Norway, Indonesia and Egypt and higher development activities in Congo, Egypt and Angola.

In the first half of 2007 the Exploration & Production division acquired assets for approximately euro 4.8 billion concerning mainly the 20% interest 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 (euro 3.7 billion) and the acquisition of oil assets onshore Congo (approximately euro 1 billion).

Gas & Power

Key performance indicators

2006	(million euro)		First half 2006	First half **2007**
28,368	Net sales from operations [a]		14,933	**13,722**
3,802	Operating profit		1,907	**2,106**
3,882	Adjusted operating profit		1,994	**2,202**
2,862	Adjusted net profit		1,517	**1,577**
1,174	Capital expenditures		410	**526**
18,864	Adjusted capital employed, net		16,594	**18,451**
15.1	Adjusted ROACE	(%)	14.9	**16.6**
97.48	Worldwide gas sales	(bcm)	51.65	**48.57**
95.97	Gas sales in Europe		50.94	**47.63**
4.07	*of which: upstream sales*		*2.20*	***1.94***
6.54	Customers in Italy	(million)	6.25	**6.55**
87.99	Gas volumes transported in Italy	(bcm)	46.52	**41.89**
31.03	Electricity sold	(TWh)	15.39	**16.24**
12,074	Employees at period end	(units)	12,209	**11,861**

(a) Before elimination of intragroup sales.

NATURAL GAS

Supply of natural gas

2006	(bcm)	First half 2006	First half **2007**	Change	% Ch.
10.21	***Italy***	**4.84**	**4.47**	**(0.37)**	**(7.6)**
21.30	Russia for Italy	11.57	**9.34**	(2.23)	(19.3)
3.68	Russia for Turkey	1.72	**2.46**	0.74	43.0
18.84	Algeria	10.11	**8.81**	(1.30)	(12.9)
10.28	Netherlands	5.43	**3.35**	(2.08)	(38.3)
5.92	Norway	2.92	**2.90**	(0.02)	(0.7)
3.28	Hungary	2.09	**1.45**	(0.64)	(30.6)
6.63	Libya	3.34	**2.98**	(0.36)	(10.8)
0.86	Croatia	0.35	**0.30**	(0.05)	(14.3)

2.50	United Kingdom	1.15	**1.57**	0.42	36.5
1.58	Algeria (LNG)	0.77	**0.85**	0.08	9.9
1.57	Others (LNG)	0.70	**1.14**	0.44	62.9
1.85	Other supplies Europe	0.92	**1.91**	0.99	107.6
0.77	Outside Europe	0.39	**0.37**	(0.02)	(5.1)
79.06	***Outside Italy***	**41.46**	**37.42**	**(4.04)**	**(9.7)**
89.27	**Total supplies**	**46.30**	**41.89**	**(4.41)**	**(9.5)**
(3.01)	Offtake from (input to) storage	(0.64)	**0.92**	1.56	..
(0.50)	Network losses and measurement differences	(0.27)	**(0.22)**	0.05	(18.5)
85.76	**Available for sale of Eni s own companies**	**45.39**	**42.59**	**(2.80)**	**(6.2)**
7.65	**Available for sale of Eni s affiliates**	**4.06**	**4.04**	**(0.02)**	**(0.5)**
93.41	**Total available for sale**	**49.45**	**46.63**	**(2.82)**	**(5.7)**

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In the first half of 2007, Eni s Gas & Power division supplied 41.89 bcm with a 4.41 bcm decrease from the first half of 2006, down 9.5%, in line with the decline in sales volumes. Natural gas volumes supplied outside Italy (37.42 bcm) represented 89% of total supplies of fully consolidated subsidiaries (89% in the first half of 2006).
Natural gas volumes supplied outside Italy (37.42 bcm) were down 4.04 bcm from first half of 2006, or 9.7%, due to lower volumes purchased: (i) from Russia (down 2.23 bcm) also due to the implementation of agreements signed in 2006 with Gazprom providing for Gazprom s entrance in the market of supplies to Italian importers and the corresponding reduction in Eni offtakes under the fourth supply contract; (ii) from the Netherlands (down 2.08 bcm); (iii) from Algeria via pipeline (down 1.30 bcm). Supplies from Russia to Turkey increased by 0.74 bcm, in line with the development of the Turkish market.

Supply in Italy (4.47 bcm) declined by 0.37 bcm, down 7.6%, from the first half of 2006 due to a production decline of Eni s natural gas fields.

TAKE-OR-PAY

In order to meet the medium and long-term demand for natural gas, in particular in the Italian market, Eni entered into long-term purchase contracts with producing countries. Following the strategic agreement with Gazprom signed in 2006 and effective from February 1, 2007, Eni extended the duration of its gas supply contracts with Gazprom until 2035, bringing the residual average life of its supply portfolio to approximately 23 years. Existing contracts, which in general contain take-or-pay clauses, will ensure a total of approximately 62.4 bcm/y (Russia 23.5, Algeria 21.5, the Netherlands 9.8, Norway 6 and Nigeria LNG 1.6) of natural gas by 2010. For a description of risk factors in the fulfillment of Eni s obligations in connection with its take-or-pay supply contracts, see Risk factors below.

Sales of natural gas

Natural gas sales by market

2006	(bcm)	First half 2006	First half **2007**	Change	% Ch.
50.96	**Italy to third parties**	**27.47**	**25.63**	**(1.84)**	**(6.7)**
11.54	Wholesalers (including local reselling companies)	6.73	**6.89**	0.16	2.4
2.00	Gas release	1.13	**0.95**	(0.18)	(15.9)
13.33	Industries	7.09	**6.33**	(0.76)	(10.7)
16.67	Power generation	7.90	**7.81**	(0.09)	(1.1)
7.42	Residential	4.62	**3.65**	(0.97)	(21.0)
6.13	**Own consumption**	**3.08**	**2.87**	**(0.21)**	**(6.8)**
34.81	**Rest of Europe**	**18.19**	**17.19**	**(1.00)**	**(5.5)**
14.10	Importers in Italy	7.51	**5.71**	(1.80)	(24.0)
20.71	Target markets	10.68	**11.48**	0.80	7.5
5.24	*Iberian Peninsula*	*2.47*	***2.92***	*0.45*	*18.2*
4.72	*Germany-Austria*	*2.51*	***2.28***	*(0.23)*	*(9.2)*
3.10	*Hungary*	*1.97*	***1.37***	*(0.60)*	*(30.5)*
2.62	*Northern Europe*	*1.27*	***1.57***	*0.30*	*23.6*
3.68	*Turkey*	*1.73*	***2.46***	*0.73*	*42.2*
1.07	*France*	*0.57*	***0.77***	*0.20*	*35.1*
0.28	*Other*	*0.16*	***0.11***	*(0.05)*	*(31.3)*
1.51	**Outside Europe**	**0.71**	**0.94**	**0.23**	**32.4**
4.07	Upstream in Europe	2.20	**1.94**	(0.26)	(11.8)
97.48	**Worldwide gas sales**	**51.65**	**48.57**	**(3.08)**	**(6.0)**

In the first half of 2007 natural gas sales (48.57 bcm, including own consumption, Eni s share of affiliates sales and upstream sales in Europe) were down 3.08 bcm from the first half of 2006, or 6%, due to declining demand in Europe resulting from unusually mild weather conditions particularly in the first quarter.

In an increasingly competitive market, natural gas sales in Italy (25.63 bcm) declined by 1.84, or 6.7% due to lower supplies to residential and commercial users (down 0.97 bcm), to the industrial sector (down 0.76 bcm) and to the power generation division (down 0.09 bcm) offset in part by higher sales to wholesalers (up 0.16 bcm).
Sales under the so-called Gas release[1] (0.95 bcm) decreased by 0.18 bcm from the first half of 2006.
Own consumption[2] was 2.87 bcm, down 0.21 bcm or 6.8%, reflecting primarily lower supplies to the subsidiary EniPower.

Sales to importers to Italy declined by 1.8 bcm due to lower offtakes related to weather conditions, standstills of power plants and the expiration of the supply contract with Promgas.

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 achieved 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 s supplies) amounted to 3.43 bcm, a 0.28 bcm decline related in particular to GVS, concerning: (i) GVS (Eni s interest 50%) with 1.39 bcm; and (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 Unión Fenosa Gas (Eni s interest 50%) with 0.43 bcm.

Natural gas sales by entity

	(bcm)	First half			
2006		2006	**2007**	Change	% Ch.
85.76	**Sales to third parties of consolidated companies**	**45.39**	**42.59**	**(2.80)**	**(6.2)**
57.07	Italy (including own consumption)	30.54	**28.47**	(2.07)	(6.8)
27.93	Rest of Europe	14.48	**13.76**	(0.72)	(5.0)
0.76	Outside Europe	0.37	**0.36**	(0.01)	(2.7)
7.65	**Sales of Eni s affiliates** (net to Eni)	**4.06**	**4.04**	**(0.02)**	**(0.5)**
0.02	Italy	0.01	**0.03**	0.02	..
6.88	Rest of Europe	3.71	**3.43**	(0.28)	(7.5)
0.75	Outside Europe	0.34	**0.58**	0.24	70.6
4.07	**Upstream in Europe**	**2.20**	**1.94**	**(0.26)**	**(11.8)**
97.48	**Worldwide gas sales**	**51.65**	**48.57**	**(3.08)**	**(6.0)**

Transport

In the first half of 2007, volumes of natural gas input in the national grid (41.89 bcm) decreased by 4.63 bcm from the first half of 2006, or 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.

Gas volumes transported [(a)]

	(bcm)	First half			
2006		2006	**2007**	Change	% Ch.

57.09	**Eni**	**30.03**	**26.71**	**(3.32)**	**(11.1)**
30.90	**On behalf of third parties**	**16.49**	**15.18**	**(1.31)**	**(7.9)**
9.67	Enel	5.06	**5.02**	(0.04)	(0.8)
8.80	Edison Gas	4.69	**3.65**	(1.04)	(22.2)
12.43	Others	6.74	**6.51**	(0.23)	(3.4)
87.99		**46.52**	**41.89**	**(4.63)**	**(10.0)**

(1) Include amounts destined to domestic storage.

(1) In June 2004 Eni agreed with the Antitrust Authority to sell a total volume of 9.2 bcm of natural gas (2.3 bcm/y) in the four thermal years from October 1, 2004 to September 30, 2008 at the Tarvisio entry point into the Italian network.

(2) 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.

DEVELOPMENT PROJECTS

Agreement with Gazprom: South Stream project

As part of the strategic alliance with Gazprom, Eni signed a Memorandum of Understanding for the construction of South Stream, a new gas pipeline system which will link Russia to the European Union across the Black Sea. The agreement provides for a technical and economic feasibility study of the project, the necessary political and regulatory evaluations and approvals, and establishes the guidelines for the cooperation between both companies for the planning, financing, construction and technical and commercial management of the pipelines.

The transport capacity of South Stream will be defined through feasibility studies on the basis of market analyses that will be carried out in the countries involved as well as in the end markets.

According to preliminary studies carried out by Saipem, costs are comparable with the costs for developing an LNG chain (liquefaction plants, ships and re-gasification plants) with equal capacity.

Stream will consist of two sections: (i) the offshore section will cross the Black Sea from the Russian coast at Beregovaya (the same starting point of the Blue Stream pipeline) to the Bulgarian coast at Varna, with a 900-km pipeline reaching a maximum water depth of more than 2,000 meters; (ii) the onshore section foresees two different routes: one to the North West which would cross Romania and Hungary then linking to pipelines from Russia; another to the South West crossing Greece and Albania then linking to the Italian network. Eni and Gazprom will carry out the project using the most advanced technologies in full respect of the strictest environmental criteria.

Implementation of this agreement will enable Eni to extract further value from its recent acquisition of ex-Yukos gas assets and represents a decisive step towards strengthening the security of energy supplies to Europe.

Marketing actions in France: agreement for the acquisition of a stake in Altergaz

On June 28, 2007, Eni signed the agreement for the acquisition of a 27.8% stake in Altergaz, the main independent operator in the field of natural gas sales to end users and small enterprises in France. The deal founding partners. Eni has also been granted a call option on the stake currently owned by the founding partners, exercisable starting in 2010, thus acquiring the control of Altergaz.

Currently Altergaz supplies approximately 3,500 clients on the French retail and commercial markets, with revenues of approximately euro 60 million. The company has been granted access to French transport, distribution and storage infrastructures and the authorization to sell to small industries, the public administration and residential and commercial customers. Leveraging on the opening of the French gas market started on July 1, 2007, Eni will support Altergaz s development in the French retail market through a 10-year supply contract of 1.3 bcm/year. The French retail market presents significant development opportunities covering more than 60% of overall gas volumes sold in France with a potential of 11.5 million customers.

The agreement is a part of Eni s international development strategy for gas sales and will strengthen Eni s leadership in the European gas market.

Upgrade of import gaslines

TAG - Russia

The transport capacity of the TAG gasline, currently of 37 bcm/y, is expected to increase by 6.5 bcm/y coming on stream from October 1, 2008 with expected capital expenditures of euro 253 million (Eni s share of these expenditures is 94%).

A 3.2 bcm portion of the upgrade was assigned to third parties in February 2006.

TTPC - Algeria

The transport capacity of the TTPC gasline from Algeria is expected to increase by 6.5 bcm/y, of which a 3.2 bcm/y portion is planned to come on stream from April 1, 2008, and a 3.3 bcm/y portion from October 1, 2008. Capital expenditures are expected at euro 450 million, increasing the amount initially budgeted in 2005 due to cost overruns and revisions of the engineering of the project. When the upgrade is fully operational, the gasline will deploy a transport capacity of 33.5 bcm/y. A corresponding capacity on the TMPC downstream gasline is already available. TMPC crosses underwater the Sicily channel. The first portion of the TTPC upgrade was assigned to third parties in November 2005.

envisages Eni to purchase a 2.5% of the share capital of Altergaz and to carry out a reserved capital increase entailing a total cash consideration of euro 20.3 million. Eni is expected to jointly control this company in accordance with a shareholders agreement with the

The procedure for the assignation of the second portion (3.3 bcm) of this upgrade was finalized in February 2007.

GreenStream - Libya
Eni plans to upgrade the GreenStream import gasline from Libya which will enable Eni to expand volumes input in the national transport network by 3 bcm/y, when this upgrade comes on stream in 2011. Expected capital expenditures amount to euro 84 million.
When the ongoing upgrading of the TTPC and TAG gaslines is fully on stream and taking into account the full capacity of the GreenStream gasline from Libya currently in place (8 bcm/y), a total of approximately 21 bcm/y of new import capacity will be available to third parties on the basis of non-discriminating procedures of allocation (17.7 bcm of this new capacity have already been allocated to third parties).

Regasification terminals
Eni plans to upgrade the existent regasification capacity at the Panigaglia plant by 4.5 bcm/y with expected start up in 2014. In addition, preliminary studies are underway for the construction of a new regasification terminal in the Adriatic offshore with a capacity of 8 bcm/y. In the first half of 2007 preliminary studies aimed at identifying technical solutions have been performed.

USA
Eni is implementing a global development strategy of its LNG business aimed in particular at expanding its presence in the strategic US market where Eni already holds a 40% interest in the regasification terminal under construction on the coast of Louisiana (with an initial outbound capacity of 15.5 bcm/y, 6 net to Eni). Within the actions aimed at guaranteeing supplies to the plant:
(i) in February 2007 Eni signed an agreement with Nigeria LNG Ltd, which operates the Bonny LNG plant in Nigeria, to purchase, over a twenty-year period, 1.375 mmtonnes/y of LNG, equivalent to approximately 2 bcm/y of gas, deriving from the upgrade of the Bonny liquefaction plant (Train 7) expected for 2012;
(ii) negotiations are also progressing with Brass LNG Ltd for the purchase of 1.42 mmtonnes/y of LNG approximately equivalent to 2 bcm/y of gas.

Within the Angola LNG project in conjunction with Sonangol (See Development initiatives in the Exploration & Production division) Eni signed a Memorandum of Understanding to acquire 5 bcm/y of

REGULATORY FRAMEWORK

Resolution No. 79/2007 of the Authority for electricity and gas   Revision of the economic conditions of supplies in the January 1, 2005 to March 31, 2007 period and criteria for their updating
Following the cancellation of Resolution No. 248/2004 by the Council of State for formal flaws, on March 29, 2007 the Authority for Electricity and Gas published Resolution No. 79/2007 after concluding a consultation procedure with gas operators. This Resolution organizes in a single document all the changes applied to the determination and updating of economic conditions for natural gas supplies. In particular with this Resolution the Authority: (i) confirmed the indexation mechanism for the raw material cost component contained in Resolution No. 248/2004 and the changes introduced to this mechanism by Resolution No. 134/2006 starting on July 1, 2006; (ii) waiving this provision, it reviewed the updating of the raw material cost component for 2005 reaching incremental values equal to those deriving from the application of the indexation criteria of Resolution No. 195/2002; this cancels the negative impact of Resolution No. 248/2004 on Eni s 2005 accounts; (iii) decided that selling companies, only for wholesale purchase/sale contracts entered after January 1, 2005 and valid in the January 1, 2006-June 30, 2006 period, offer their customers new contractual conditions consistent with the new indexation mechanism before June 4, 2007, and inform the Authority, before June 29, 2007, together with their wholesaler that they have complied with this requirement. Selling companies complying with this requirement will be entitled to 50% of the difference between the updating of the raw material cost component under the new mechanism and the more favorable one under Resolution No. 195/2002 applied to volumes consumed by customers under the 200 kcm threshold. This Resolution determined the total or partial redundancy of liabilities accrued in Eni s accounts for 2005 and 2006 that have been consequently reversed during the first quarter of 2007.

capacity in the Pascagoula regasification terminal to be constructed in Mississippi.
Eni will also have the right to have its equity gas in Angola liquefied, shipped and regasified at Pascagoula by Angola LNG for a quantity equivalent to 0.94 bcm/y.

POWER GENERATION

2006			First half 2006	2007	Change	% Ch.
24.82	Electricity production sold	(TWh)	12.42	**12.15**	(0.27)	(2.2)
6.21	Electricity trading	(TWh)	2.97	**4.09**	1.12	37.7
31.03	**Electricity sold**	(TWh)	**15.39**	**16.24**	**0.85**	**5.5**
10,287	Steam	(ktonnes)	5,245	**5,365**	120	2.3

In the first quarter 2007 sales of electricity (16.24 TWh) increased 0.85 TWh, or up 5.5% and are broken down as follow: 50% to end users, 28% to the Electricity Exchange, 3% to GSE, and 19% to wholesalers.

Sales of steam (5,365 ktonnes) increased 120 ktonnes, or up 2.3%. All steam produced was sold to end users.

CAPITAL EXPENDITURES

2006	(million euro)	First half 2006	2007	Change	% Ch.
1,014	Italy	348	**417**	69	19.8
160	Outside Italy	62	**109**	47	75.8
1,174		**410**	**526**	**116**	**28.3**
63	**Market**	**13**	**16**	**3**	**23.1**
63	Outside Italy	13	**16**	3	23.1
158	**Distribution**	**67**	**56**	**(11)**	**(16.4)**
724	**Transport**	**252**	**366**	**114**	**45.2**
627	Italy	203	**273**	70	34.5
97	Outside Italy	49	**93**	44	89.8
229	**Power generation**	**78**	**88**	**10**	**12.8**
1,174		**410**	**526**	**116**	**28.3**

Capital expenditures in the Gas & Power division totalled euro 526 million and related essentially to: (i) development and maintenance of Eni s primary transmission network in Italy (euro 273 million); (ii) the import pipeline upgrade (euro 93 million); (iii) the continuation of the construction of combined cycle power plants (euro 88 million) in particular at Ferrara; (iv) development and maintenance of Eni s natural gas distribution network in Italy (euro 56 million). The euro 116 million increase from the first half of 2006 (up 28.3%) was due essentially to the import pipeline upgrade.

Refining & Marketing

Key performance indicators

2006	(million euro)		First half 2006	First half **2007**
38,210	Net sales from operations [(a)]		19,446	**16,880**
319	Operating profit		455	**420**
790	Adjusted operating profit		279	**305**
629	Adjusted net profit		257	**250**
645	Capital expenditures		232	**319**
5,766	Adjusted capital employed, net		4,512	**5,909**
10.7	Adjusted ROACE	(%)	17.3	**10.8**
38.04	Refining throughputs on own account	(mmtonnes)	18.01	**18.32**
27.17	Refining throughputs of wholly-owned refineries		12.63	**13.76**
534	Balanced capacity of wholly-owned refineries	(kbbl/d)	534	**544**
100	Balanced capacity utilization rate	(%)	100	**100**
12.48	Retail sales of petroleum production in Europe	(mmtonnes)	6.08	**6.06**
6,294	Service stations in Europe at period end	(units)	6,282	**6,279**
2,470	Average throughput in Europe	(kliters)	1,183	**1,198**
9,437	Employees at period end	(units)	9,009	**9,372**

(a) Before elimination of intragroup sales.

Supply and trading

In the first half of 2007 a total of 30.84 mmtonnes of oil were purchased (33.08 mmtonnes in the first half 2006), of which 17.30 mmtonnes from Eni s Exploration & Production division[3], 7.85 mmtonnes from producing countries under long term contracts and 5.69 mmtonnes on the spot market. The geographic sources of oil purchased were the following: 26% from West Africa, 21% from North Africa, 20% from countries of the former Soviet Union, 13% from the Middle East, 11% from the North Sea, 7% from Italy and 2% from other areas. Some 14.07 mmtonnes of oil were resold, down 14.7% from the first half of 2006.

In addition, 1.72 mmtonnes of intermediate products were purchased (1.49 mmtonnes in the first half 2006) to be used as feedstocks in conversion plants and 7.36 mmtonnes of refined products (8.19 mmtonnes in the first half 2006) sold in markets outside Italy as a (5.78 mmtonnes) and as a complement to Eni s own production in the Italian market (1.58 mmtonnes).

(3) The Refining & Marketing segment purchased approximately two thirds of the Exploration & Production division s oil and condensate production and resold on the market those crudes and condensates that are not suited to processing in its own refineries due to their characteristics or geographic area.

Availability of refined products

2006	(mmtonnes)	First half 2006	**2007**	Change	% Ch.
	Italy				
27.17	Refinery intake in wholly-owned refineries	12.63	**13.76**	1.13	8.9
(1.53)	Refinery intake for third parties	(0.66)	**(0.88)**	(0.22)	33.3
7.71	Refinery intake in non-owned refineries	3.77	**3.22**	(0.55)	(14.6)
33.35	***Refining throughputs on own account***	**15.74**	**16.10**	**0.36**	**2.3**
(1.45)	Consumption and losses	(0.71)	**(0.81)**	(0.10)	14.1
31.90	**Products available**	**15.03**	**15.29**	**0.26**	**1.7**
4.45	Purchases of finished products and change in inventories	2.60	**1.79**	(0.81)	(31.2)
(4.82)	Finished products transferred to foreign cycle	(2.01)	**(2.51)**	(0.50)	24.9
(1.10)	Consumption for power generation	(0.48)	**(0.53)**	(0.05)	10.4
30.43	**Products sold**	**15.14**	**14.04**	**(1.10)**	**(7.3)**
	Outside Italy				
4.69	***Refining throughputs on own account***	**2.27**	**2.22**	**(0.05)**	**(2.2)**
(0.32)	Consumption and losses	(0.15)	**(0.19)**	(0.04)	26.7
4.37	Products available	2.12	**2.03**	(0.09)	(4.2)
11.51	Purchases of finished products and change in inventories	5.60	**5.78**	0.18	3.2
4.82	Finished products transferred from Italian cycle	2.01	**2.51**	0.50	24.9
20.70	**Products sold**	**9.73**	**10.32**	**0.59**	**6.1**
38.04	**Refining throughputs on own account in Italy and outside Italy**	**18.01**	**18.32**	**0.31**	**1.7**
51.13	**Sales of petroleum production in Italy and outside Italy**	**24.87**	**24.36**	**(0.51)**	**(2.1)**

Refining

In the first half 2007 refinery throughputs on Eni s own account (18.32 mmtonnes) increased by 310 ktonnes, or 1.7% in spite of the impact of the expiration of a processing contract at the Priolo refinery (down 660 ktonnes). Refining throughputs in Italy increased by 7.3% to 16.18 mmtonnes, on a homogeneous basis, as a result of better performance at the Livorno and Sannazzaro refineries reflecting lower downtime.

Refining throughputs of wholly-owned refineries (13.76 mmtonnes) increased 1.13 mmtonnes, or 8.9% from the first half of 2006; balanced capacity of refineries was fully utilized. Approximately 32.8% of volumes processed oil was supplied by Eni s Exploration & Production division down 4.6 percentage points from the first half of 2006 (37.4%) reflecting expiration of a processing contract at the Priolo refinery where mainly equity crudes were processed.

Purchase of an additional interest in Ceska Rafinerska
On May 24, 2007 Eni purchased a 16.11% stake in the Czech Refining Company from ConocoPhillips. This transaction, expected to be finalized in the third quarter of 2007, will enable Eni to increase its ownership interest to 32.4% equal to a refining capacity to 2.6 mmtonnes per year. This transaction is intended to support expansion of Eni s refining and marketing operations in Central-Eastern Europe.

Distribution of refined products

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.
Other sales increased 0.02 mmtonnes due to higher volumes sold to oil companies and traders in Italy, partly offset by lower sales to petrochemicals related to

expiration of a processing contract at the Priolo refinery.

Sales of refined products in Italy and outside Italy

2006	(mmtonnes)	First half 2006	2007	Change	% Ch.
8.66	Retail sales Italy	4.26	**4.17**	(0.09)	(2.1)
3.82	Retail sales Rest of Europe	1.82	**1.89**	0.07	3.8
12.48	**Sub-total retail sales**	**6.08**	**6.06**	**(0.02)**	**(0.3)**
11.74	Wholesale Italy	5.84	**5.27**	(0.57)	(9.8)
4.19	Wholesale Rest of Europe	2.06	**2.07**	0.01	0.5
0.41	Wholesale Rest of World	0.22	**0.27**	0.05	22.7
22.31	Other sales [(a)]	10.67	**10.69**	0.02	0.2
51.13	**Sales**	**24.87**	**24.36**	**(0.51)**	**(2.1)**
	Refined product sales by region				
30.43	Italy	15.14	**14.04**	(1.10)	(7.3)
8.01	Rest of Europe	3.88	**3.96**	0.08	2.1
12.69	Rest of World	5.85	**6.36**	0.51	8.7

(a) Includes bunkering, sales to oil companies and MTBE sales.

Retail sales 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. Market share of the Agip branded network was down 0.4 percentage points from 29.2% in the first half of 2006 to 28.8% in the first half of 2007; average throughput was 1.18 mmliters in the first half of 2007, approximately down 20 kliters.
At June 30, 2007, Eni s retail distribution network in Italy consisted of 4,348 service stations (77% of these owned by Eni), 8 less than at December 31, 2006 (4,356 service stations), reflecting the closing of 10 plants of the ordinary network, the loss of 5 highway concessions and the negative balance of 2 units between acquisitions/releases of lease concessions. These decreases were partially offset by the opening of 9 new service stations on the ordinary network.
Retail volumes of BluDiesel a high performance and low environmental impact diesel fuel were approximately 0.34 bliters slightly lower than the first half 2006. In the first half of 2007 retail volumes of BluDiesel were 13.8% of gasoil retail sales (14.3% in 2006). At June 30, 2007, virtually all Agip branded service stations marketed BluDiesel (equal to 92%).
Retail volumes of BluSuper a high performance and low environmental impact gasoline amounted to about 63 mmliters stable if compared to the first half 2006. In Supporting Eni s aim of enhancing its retail network leveraging on ongoing trends in the marketing of fuels, Eni signed an agreement with Auchan for the marketing of jointly-branded fuels in Auchan chain-stores in Italy. According with this agreement 5 service stations with a joint brand will be opened at Auchan shopping malls in addition to the two service stations already operating.

Retail sales outside Italy

Sales of refined products on retail markets in the rest of Europe (1.89 mmtonnes) increased 70 ktonnes, or 3.8%, essentially in Spain and Germany. Market share of the Agip branded network slightly increased from 3.1% in the first half of 2006 to 3.2% in the first half of 2007; average throughput (1.23 in the first half 2007) increased 100 kliters. At June 30, 2007 Eni s retail distribution network in the rest of Europe consisted of 1,931 service stations, 7 units less from December 31, 2006 (1,938 service stations) reflecting the decline in Portugal and Austria, offset by increases in Spain and Hungary. In particular 14 service stations were closed and lease concessions were released, while 13 new service stations were opened or acquired.

Purchase of a retail network in the Czech Republic, Slovakia and Hungary

On April 27, 2007 Eni defined an agreement for the

the first half of 2007 retail volumes of BluSuper were 3% of gasline retail sales. At June 30, 2007 Agip branded service stations marketed BluSuper totalled 2,426 (2,316 at December 31, 2006), corresponding to 56% of Eni s network.

purchase from ExxonMobil of a network of service station in the Czech Republic, Slovakia and Hungary and other marketing activities in the same region including the marketing of fuels at the Prague and Bratislava airports and certain lubricant activities. The retail network acquired includes 102 service stations with an average throughput of 4.5 mml/y in addition to 15 service stations whose construction is being evaluated. This agreement, approved by the relevant antitrust authorities in July 2007, is part of a strategy of selective development of the Refining & Marketing division in markets with interesting growth opportunities where Eni can leverage on the integration of its marketing activities with own refining and logistics operations and a well known brand.

Wholesale and other sales

Sales volumes on wholesale markets in Italy (5.27 mmtonnes) were down 570 ktonnes from 2006, or 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 approximately 1%, essentially in the Czech Republic.

CAPITAL EXPENDITURES

		First half			
2006	(million euro)	2006	**2007**	Change	% Ch.
547	Italy	197	**283**	86	43.7
98	Outside Italy	35	**36**	1	2.9
645		**232**	**319**	**87**	**37.5**
376	**Refining, Supply and Logistic**	**162**	**214**	**52**	**32.1**
376	Italy	162	**214**	52	32.1
223	**Marketing**	**67**	**85**	**18**	**26.9**
125	Italy	32	**49**	17	53.1
98	Outside Italy	35	**36**	1	2.9
46	**Other activities**	**3**	**20**	**17**	**..**
645		**232**	**319**	**87**	**37.5**

In the first half of 2007, capital expenditures in the Refining & Marketing division amounted to euro 319 million and concerned: (i) refining, supply and logistics (euro 214 million) in Italy, aimed at improving flexibility and yields of refineries, including the construction of a new hydrocracking unit at the Sannazzaro refinery; (ii) the upgrading of the retail network in Italy (euro 49 million); and (iii) the upgrading of the retail network and the purchase of service stations in the rest of Europe (euro 36 million).

The 37.5% increase from the first half of 2006 was due mainly to the start-up of the refinery upgrade programme.

Petrochemicals

Key performance indicators

2006	(million euro)		First half 2006	**2007**
6,823	Net sales from operations [(a)]		3,340	**3,476**
172	Operating profit		69	**211**
219	Adjusted operating profit		28	**189**
174	Adjusted net profit		29	**130**
99	Capital expenditures		34	**56**
1,873	Adjusted capital employed, net		2,030	**2,214**
8.9	Adjusted ROACE	(%)	2.8	**12.8**
7,072	Production	(ktonnes)	3,554	**4,411**
5,276	Sales of petrochemical products	(ktonnes)	2,680	**2,812**
76.4	Average plant utilization rate	(%)	77.4	**81.5**
6,025	Employees at year end	(units)	6,343	**6,845**

(a) Before elimination of intragroup sales.

PRODUCTION AND SALES

In the first half of 2007, 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 inter-company purchase of the Porto Torres plant from Syndial and to the fact that sales in the second quarter of 2006 were hit by the shutdown of the Priolo cracker related to an accident occurred at the nearby Erg refinery in April 2006. Higher sales were registered in styrenes (up 6.8%) and elastomers (up 3.6%), the latter including also sales of nytrilic rubber from Porto Torres.
Petrochemical production (4,411 ktonnes) increased by 857 ktonnes from the first half of 2006, up 24.1%, reflecting the consolidation of operations at Porto Torres (up 611 ktonnes) and the fact that production and sales of the second quarter of 2006 were hit by the shutdown

Nominal production capacity increased by 18% from the first half of 2006 for the reasons stated above. Average plant utilization rate calculated on nominal capacity increased by 4.1 percentage points from 77.4% to 81.5%, mainly due to higher utilization of plants in aromatics, olefins and polyethylene.
Approximately 46% of total production was directed to Eni s own productions cycle (37% in the first half of 2006). Oil-based feedstock supplied by Eni s Refining & Marketing Division covered 22% of requirements (12% in the first half of 2006). This increase derives from the circumstance that 2006 was affected by the accident occurred at the Priolo refinery with which Eni s Refining & Marketing division had a processing contract aimed at supplying the Priolo cracker.
Prices of Eni s main petrochemical products increased on average by 8%; all business areas posted increases. The most relevant increases were registered in: (i) styrenes (up 16.8%), in particular expandable and compact

of the Priolo cracker.

polystyrenes; (ii) intermediates (up 12.6%), in particular cycloexanone and phenol; (iii) aromatics (up 9.2%), in particular benzyl; (iv) elastomers (up 8.5%), in particular SBR, polybutadiene and thermoplastic rubbers; (v) olefins (up 5.6%), in particular butadiene and ethylene; (vi) polyethylene (up 5.2%) with increases in all products.

Product availability (ktonnes)

2006		First half 2006	**2007**	Change	% Ch.
4,275	Basic petrochemicals	2,132	**2,803**	671	31.5
1,545	Styrene and elastomers	787	**837**	50	6.4
1,252	Polyethylene	635	**771**	136	21.4
7,072	**Production**	**3,554**	**4,411**	**857**	**24.1**
(2,488)	Consumption of monomers	(1,313)	**(2,042)**	(729)	55.5
692	Purchases and change in inventories	439	**443**	4	0.9
5,276		**2,680**	**2,812**	**132**	**4.9**

Sales (ktonnes)

2006		First half 2006	**2007**	Change	% Ch.
2,882	Basic petrochemicals	1,420	**1,510**	90	6.3
1,000	Styrene and elastomers	515	**544**	29	5.6
1,394	Polyethylene	745	**758**	13	1.7
5,276		**2,680**	**2,812**	**132**	**4.9**

BUSINESS AREAS

Basic petrochemicals

Sales of basic petrochemicals of 1,510 ktonnes increased by 90 ktonnes from the first half of 2006, up 6.3%, mainly due to higher product availability after the purchase of the Porto Torres plant from Syndial and the fact that the first half of 2006 had been affected by the outage of the Priolo cracker. Increases registered in olefins (up 13%) and aromatics (up 3.9%) were offset by lower volumes sold of intermediates (down 7%), in particular cycloexanone (down 18%) and cycloexanol (down 13%) due to lower availability of products related to the maintenance shutdown of the Mantova plant.
Basic petrochemical production (2,803 ktonnes) increased by 31.5%.

Styrene and elastomers

Styrene sales (314 ktonnes) increased by 6.8% from the first half of 2006. Increasing sales of ABS/SAN (up 64%) and compact polystyrene (up 13%) reflected higher product availability due to the fact that 2006 had been affected by technical problems occurred at the Mantova plant.
Elastomers sales (230 ktonnes) increased by 4.1% from the first half of 2006 due to the consolidation of nytrilic rubber sales deriving from the purchase of the Porto Torres plant from Syndial. Excluding this affect, elastomer sales declined by 3.1% essentially due to lower sales of SBR, thermoplastic and EPR rubbers.
Styrene production (563 ktonnes) increased by 4.3%.
Elastomer production (274 ktonnes) increased by 10.9% after the purchase of the Porto Torres plant from Syndial. Excluding this effect, elastomer production increased by 4.2%. Increases were registered in all products, except for EPR rubber (down 4%).

Polyethylene

Polyethylene sales (758 ktonnes) were up 13 ktonnes or 1.7%, from the first half of 2006, reflecting positive market trends in particular for LLPDE (up 4.5%) and EVA (up 2.6%).

Production (771 ktonnes) increased by 136 ktonnes, or 21.4%, with increases registered in all products except for EVA. Production of HDPE increased by 68.3% due to the consolidation of operations at Porto Torres, as well as of LDPE (up 8.6%) and LDPE/up 21.2 mainly due to the standstill of the Priolo cracker and related plants.

CAPITAL EXPENDITURES

In the first half of 2007, capital expenditures (euro 56 million; euro 34 million in the first half of 2006) concerned efforts in improving plant efficiency (euro 18 million), extraordinary maintenance (euro 15 million), environmental protection, safety and environmental regulation compliance (euro 15 million).

Engineering & Construction

Key performance indicators

2006	(million euro)		First half 2006	First half **2007**
6,979	Net sales from operations [a]		3,080	**4,289**
505	Operating profit		211	**390**
508	Adjusted operating profit		211	**379**
400	Adjusted net profit		152	**304**
591	Capital expenditures		224	**510**
3,399	Adjusted capital employed, net		3,243	**3,726**
12.8	Adjusted ROACE	(%)	11.8	**15.8**
11,172	Orders acquired		5,970	**4,948**
13,191	Order backlog		12,455	**13,308**
30,902	Employees at year end	(units)	28,971	**32,903**

(a) Before elimination of intragroup sales.

ACTIVITY OF THE YEAR

(million euro)	First half 2006	First half **2007**	Change	% Ch.
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:				
- Italy	763	**164**	(599)	(78.5)
- Outside Italy	5,207	**4,784**	(423)	(8.1)

(million euro)	Dec. 31, 2006	**June 30, 2007**	Change	% Ch.
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:				
- Italy	1,280	**897**	(383)	(29.9)
- Outside Italy	11,911	**12,411**	500	4.2

(a) Includes the Bonny project for euro 1 million in orders acquired and euro 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 for 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 Qurayyah 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 Qurayyah plant.

Orders acquired amounted to euro 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 euro 13,308 million at June 30, 2007 (euro 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.

CEPAV Uno and CEPAV Due

Eni holds interests in the CEPAV Uno (50.36%) and CEPAV Due (52%) consortia that in 1991 signed two contracts with TAV SpA for the construction of two railway tracks for high speed/high capacity trains from Milan to Bologna (under construction) and from Milan to Verona (in the design phase).
With regard to the project for the construction of the line from Milan to Bologna, an Addendum to the contract between CEPAV Uno and TAV was signed on June 27, 2003, redefining certain terms and conditions of the contract. Subsequently, the CEPAV Uno consortium requested a time extension for the completion of works and a claim amounting to euro 800 million. CEPAV Uno and TAV failed to solve this dispute amicably, CEPAV Uno notified TAV a request for arbitration as provided for under terms of the contract. The claim was increased to euro 1,500 million when the first memorandum was filed in March 2007. At June 30, 2007, the CEPAV Uno consortium had completed works corresponding to 84.5% of the total contractual price (euro 5,322 million).
With regard to the project for the construction of the tracks from Milan to Verona, in December 2004, CEPAV Due presented the final project, prepared in accordance with Law No. 443/2001 on the basis of the preliminary project approved by an Italian governmental authority (CIPE). As concerns the arbitration procedure requested by CEPAV Due against TAV for the recognition of cost incurred by the Consortium in the 1991-2000 ten-year period plus suffered damage, in January 2007, the arbitration committee came to a partial decision in support of CEPAV Due confirming the claim of the Consortium to recover costs incurred in connection with design activities performed until 2000 in addition to damage arising from the belatedly convened meeting of interested local authorities by TAV. A technical survey is underway to establish an evaluation of the compensation to be awarded to the Consortium as requested by the arbitration committee for the final resolution.
In April 2007, the consortium filed an appeal against Law Decree No. 7 of January 31, 2007 converted into Law No. 40/2007 of April 2, 2007, revoking the concessions awarded to TAV with the Regional Administrative Court of Latium. In a Decision published on July 12, 2007, this Regional Court suspended the revocation provided by Law No. 40/2007 and requested the judgment of the European Court of Justice on the dispute between the provisions of said law and the European Treaty.

CAPITAL EXPENDITURES

	(million euro)	First half			
2006		2006	**2007**	Change	% Ch.
390	Offshore construction	183	**225**	42	23
53	Onshore construction	10	**40**	30	..
101	Offshore drilling	19	**165**	146	..
36	Onshore drilling	9	**72**	63	..
11	Other	3	**8**	5	..
591	**Capital expenditures**	**224**	**510**	**286**	**128**

In the first half of 2007, capital expenditures in the Engineering & Construction division (euro 510 million) concerned: (i) the construction of the new Scarabeo 8 semisubmersible platform, of a new pipelayer and of the new Saipem 12000 deepwater drilling ship; (ii) the conversion of two tanker ships into FPSO vessels that will operate in Brazil on the Golfinho 2 and in Angola.

Financial Review

SUMMARIZED GROUP PROFIT AND LOSS ACCOUNT

2006	(million euro)	First half 2006	2007	Change	% Ch.
86,105	Net sales from operations	44,323	**41,688**	(2,635)	(5.9)
783	Other income and revenues	372	**445**	73	19.6
(61,140)	Operating expenses	(31,119)	**(29,504)**	1,615	5.2
(239)	*of which non recurring items*		***(56)***		
(6,421)	Depreciation, amortization and impairments	(3,034)	**(3,306)**	(272)	(9.0)
19,327	**Operating profit**	**10,542**	**9,323**	**(1,219)**	**(11.6)**
161	Net financial income (expense)	151	**25**	(126)	(83.4)
903	Net income from investments	467	**491**	24	5.1
20,391	**Profit before income taxes**	**11,160**	**9,839**	**(1,321)**	**(11.8)**
(10,568)	Income taxes	(5,547)	**(4,673)**	874	15.8
51.8	*Tax rate (%)*	*49.7*	***47.5***	*(2.2)*	
9,823	Net profit	5,613	**5,166**	(447)	(8.0)
	pertaining to:				
9,217	**- Eni**	**5,275**	**4,855**	**(420)**	**(8.0)**
606	- minority interest	338	**311**	(27)	(8.0)

Net profit

Eni s net profit for the first half of 2007 was euro 4,855 million, down euro 420 million from the first half of 2006, or 8%, due primarily to a lower operating performance (down euro 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 euro 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

2006	(million euro)	First half 2006	2007	Change	% Ch.

9,217	**Net profit pertaining to Eni**	**5,275**	**4,855**	**(420)**	**(8.0)**
33	Exclusion of inventory holding (gain) loss	(210)	**(110)**		
1,162	Exclusion of special items:	372	**155**		
	of which:				
239	*- non recurring items*		***81***		
923	*- other special items*	*372*	***74***		
10,412	**Eni s adjusted net profit**[(a)]	**5,437**	**4,900**	**(537)**	**(9.9)**

(a) For a detailed explanation of adjusted operating profit and net profit see page 39.

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Special charges concerned essentially environmental charges, impairment of mineral assets and employee redundancy incentives, as well as non-recurring charges related to: (i) provisions to the risk reserve in connection with 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:

2006	(million euro)	First half 2006	2007	Change	% Ch.
7,279	Exploration & Production	4,019	**3,056**	(963)	(24.0)
2,862	Gas & Power	1,517	**1,577**	60	4.0
629	Refining & Marketing	257	**250**	(7)	(2.7)
174	Petrochemicals	29	**130**	101	348.3
400	Engineering & Construction	152	**304**	152	100.0
(301)	Other activities	(122)	**(120)**	2	1.6
54	Corporate and financial companies	11	**29**	18	163.6
(79)	Impact of unrealized profit in inventory [(a)]	(88)	**(15)**	73	..
11,018		**5,775**	**5,211**	**(564)**	**(9.8)**
	of which:				
606	Net profit to minorities	338	**311**	(27)	(8.0)
10,412	**Adjusted net profit pertaining to Eni**	**5,437**	**4,900**	**(537)**	**(9.9)**

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

The reduction in the Group adjusted net profit was due to the decrease in the adjusted net profit recorded in the **Exploration & Production** division, down euro 963 million, or 24% which reflects a weaker operating performance euro 1,858 million, down 21.9% due to the impact of the 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%).

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

- **Engineering & Construction** (up euro 152 million, or 100%), reflecting an improved operating performance (up euro 168 million) against the backdrop of favorable demand trends in oilfield services.
- **Petrochemicals** (up euro 101 million, or 348.3%), due to an improved operating performance (up euro 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 euro 60 million, or 4%), due to a better operating performance (up euro 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 increases in target markets in Europe. Divisional results were also negatively impacted by lower results recorded by equity-accounted entities.

Eni s results were affected by a trading environment with lower oil prices and Brent crude prices averaging $63.26 per barrel, down 3.7% compared to the first half of 2006, and a 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.

Return on Average Capital Employed (ROACE) 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).

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

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%.

Analysis of profit and loss account items

Net sales from operations

	(million euro)	First half			
2006		2006	**2007**	Change	% Ch.
27,173	Exploration & Production	14,459	**12,829**	(1,630)	(11.3)
28,368	Gas & Power	14,933	**13,722**	(1,211)	(8.1)
38,210	Refining & Marketing	19,446	**16,880**	(2,566)	(13.2)
6,823	Petrochemicals	3,340	**3,476**	136	4.1
6,979	Engineering & Construction	3,080	**4,289**	1,209	39.3
823	Other activities	465	**103**	(362)	(77.8)
1,174	Corporate and financial companies	605	**617**	12	2.0
(23,445)	Consolidation adjustment	(12,005)	**(10,228)**	1,777	..
86,105		**44,323**	**41,688**	**(2,635)**	**(5.9)**

Eni s net sales from operations (revenues) for the first half of 2007 (euro 41,688 million) were down euro 2,635 million, a 5.9% 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 Petrochemicals divisions.

Revenues generated by the Exploration & Production division (euro 12,829 million) declined by euro 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 a decline in realizations in dollars (down 2.1%).

Revenues generated by the Gas & Power division (euro 13,722 million) declined by euro 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 division (euro 16,880 million) declined by euro 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 Petrochemicals division (euro 3,476 million) increased by euro 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.

Revenues generated by the Engineering & Construction division (euro 4,289 million) increased by euro 1,209 million, up 39.3%, due to increased activity levels in the Offshore and Onshore construction businesses.

Revenues generated by the Other activities division decreased by euro 362 million to euro 103 million, due to the intra-group divestment of the Porto Torres plant for the production of basic petrochemical products to Polimeri Europa, which occurred in the first half of 2007.

Operating expenses

	(million euro)	First half			
2006		2006	**2007**	Change	% Ch.
57,490	Purchases, services and other	29,383	**27,727**	(1,656)	(5.6)
	of which:				
239	*- non-recurring items*		***130***		
390	*- other special items*	*207*	***171***		
3,650	Payroll and related costs	1,736	**1,777**	41	2.4
	of which:				
	- non-recurring items		***(74)***		
178	*- provision for redundancy incentives*	*42*	***19***		
61,140		**31,119**	**29,504**	**(1,615)**	**(5.2)**

Operating expenses for the first half of 2007 (euro 29,504 million) declined by euro 1,615 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 feedstock; (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.

Labor costs (euro 1,777 million) increased by euro 41 million, up 2.4%, due mainly to an increase in unit Labor costs in

Italy and outside Italy and an increase in the average number of employees outside Italy in the Engineering & Construction division related to higher activity levels. These increases were offset in part by exchange rate differences and a euro 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 payroll costs and relevant increases from actuarial calculations.

Depreciation and amortization and impairments

	(million euro)	First half			
2006		2006	**2007**	Change	% Ch.
4,646	Exploration & Production	2,120	**2,516**	396	18.7
687	Gas & Power	320	**333**	13	4.1
434	Refining & Marketing	219	**216**	(3)	(1.4)
124	Petrochemicals	61	**56**	(5)	(8.2)
195	Engineering & Construction	87	**119**	32	36.8
6	Other activities	4	**2**	(2)	(50.0)
70	Corporate and financial companies	37	**31**	(6)	(16.2)
(9)	Impact of unrealized profit in inventory	(2)	**(4)**	(2)	..
6,153	**Total depreciation and amortization**	**2,846**	**3,269**	**423**	**14.9**
268	Impairments	188	**37**	(151)	(80.3)

6,421	**3,034**	**3,306**	**272**	**9.0**

Depreciation and amortization charges (euro 3,269 million) increased by euro 423 million, up 14.9%, mainly in the Exploration & Production division (up euro 396 million) related to higher exploration expenses (up euro 426 million on a constant exchange rate basis) and the impact on amortization charges of an upward revision 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 euro 37 million regarded mainly upstream assets.

Operating profit

An analysis of operating profits by division for the periods indicated is provided as follows:

	(million euro)	First half			
2006		2006	**2007**	Change	% Ch.
15,580	Exploration & Production	8,398	**6,550**	(1,848)	(22.0)
3,802	Gas & Power	1,907	**2,106**	199	10.4
319	Refining & Marketing	455	**420**	(35)	(7.7)
172	Petrochemicals	69	**211**	142	205.8
505	Engineering & Construction	211	**390**	179	84.8
(622)	Other activities	(216)	**(231)**	(15)	(6.9)
(296)	Corporate and financial companies	(142)	**(99)**	43	(30.3)
(133)	Impact of unrealized profit in inventory	(140)	**(24)**	116	..
19,327	**Operating profit**	**10,542**	**9,323**	**(1,219)**	**(11.6)**

Adjusted operating profit

An analysis of adjusted operating profits by division for the periods indicated is provided as follows:

	(million euro)	First half			
2006		2006	**2007**	Change	% Ch.
19,327	**Operating profit**	**10,542**	**9,323**	**(1,219)**	**(11.6)**
88	Exclusion of inventory holding (gains) losses	(335)	**(107)**		
1,075	Exclusion of special items:	380	**233**		
	of which:				
239	*- non recurring items*		***56***		
836	*- other special items*	*380*	***177***		
20,490	**Adjusted operating profit**	**10,587**	**9,449**	**(1,138)**	**(10.7)**
	Breakdown by division:				
15,763	Exploration & Production	8,473	**6,615**	(1,858)	(21.9)
3,882	Gas & Power	1,994	**2,202**	208	10.4
790	Refining & Marketing	279	**305**	26	9.3
219	Petrochemicals	28	**189**	161	..
508	Engineering & Construction	211	**379**	168	79.6
(299)	Other activities	(128)	**(116)**	12	9.4
(240)	Corporate and financial companies	(130)	**(101)**	29	22.3
(133)	Impact of unrealized profit in inventory	(140)	**(24)**	116	..
20,490		**10,587**	**9,449**	**(1,138)**	**(10.7)**

Adjusted operating profit for the first half was euro 9,449 million, down 10.7% from a year ago. Adjusted operating profit is arrived at by excluding an inventory holding gain of euro 107 million and special charges of

This decline was partly offset by an increase in adjusted operating profit reported by the following divisions:
- **Gas & Power** (up euro 208 million or 10.4%), mainly owing to a favorable evolution of the regulatory

euro 233 million, net. The main factor affecting this decline was a weaker operating performance reported by the **Exploration & Production** division (down euro 1,858 million from the first half of 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 activities and lower realizations in dollars (down 2.1%).

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 2.8 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 euro 168 million or 79.6%) due to a positive trend in the market for oilfield services;
- **Petrochemicals** (up euro 161 million) reflecting a recovery in product selling margins and the circumstance that results for the second quarter of 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** (euro 25 million) decreased by euro 126 million from the first half of 2006. This decrease was due mainly to the circumstance that lower fair value gains were recognized on certain financial derivatives instruments in the first half of 2007 as compared to the first half of 2006. Fair value changes on these derivative 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 euro 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 issue see the Balance sheet discussion under the paragraph net working capital). Lower fair value gains on derivative instruments were partly offset by: (i) a euro 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 issue 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 table sets forth the first half of 2007 breakdown of net income from investments by division:

First half of 2007 (million euro)	Exploration & Production	Gas & Power	Refining & Marketing	Engineering & Construction	Group
Effect of the application of the equity method of accounting	(22)	214	110	39	**348**
Dividends	112	2	17		**131**
Net gains on disposal	11				**11**
Other income (losses) from investments	(1)	2		(1)	**1**
	100	**218**	**127**	**38**	**491**

Net income from investments in the first half of 2007 amounted to euro 491 million and concerned essentially: (i) Eni s share of income of affiliates accounted for with the equity method of accounting (euro 348 million), in particular in the Gas & Power, Refining & Marketing and Engineering & Construction divisions; (ii) dividends received by affiliates accounted for under the cost method (euro 131 million).

The table below sets forth an analysis of net income/losses from investment by type for the periods indicated:

2006	(million euro)	First half 2006	First half **2007**	Change
795	Effect of the application of the equity method of accounting	380	**348**	(32)
98	Dividends	57	**131**	74
18	Net gains on disposal	25	**11**	(14)

(8)	Other income (losses) from investments	5	**1**	(4)
903		**467**	**491**	**24**

Income taxes

2006	(million euro)	First half 2006	First half **2007**	Change
	Profit before income taxes			
5,566	Italy	3,313	**3,348**	35
14,825	Outside Italy	7,847	**6,491**	(1,356)
20,391		**11,160**	**9,839**	**(1,321)**
	Income taxes			
2,237	Italy	1,296	**1,255**	(41)
8,331	Outside Italy	4,251	**3,418**	(833)
10,568		**5,547**	**4,673**	**(874)**
	Tax rate (%)			
40.2	Italy	39.1	**37.5**	(1.6)
56.2	Outside Italy	54.2	**52.7**	(1.5)
51.8		**49.7**	**47.5**	**(2.2)**

Income taxes were euro 4,673 million, down euro 874 million, or 15.8%, due primarily to lower profit before taxes (down euro 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. These positive factors were partly offset by a higher tax rate recorded in the Exploration & Production division due to changes in the fiscal regimes of the United Kingdom and Algeria implemented in the second half of 2006.

Adjusted tax rate was down one percentage point to 47.4% (48.4% in the first half of 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 euro 311 million and was related to Snam Rete Gas (euro 139 million) and Saipem (euro 165 million).

Financial and operating review by division

Exploration & Production

	(million euro)	First half			
2006		2006	**2007**	Change	% Ch.
15,580	**Operating profit**	**8,398**	**6,550**	**(1,848)**	**(22.0)**
183	Exclusion of special items	75	**65**		
	of which:				
	Non-recurring items		**(12)**		
183	Other special items:	75	**77**		
231	*- asset impairments*	*132*	***76***		
(61)	*- gains on disposal of assets*	*(57)*			
13	*- provision for redundancy incentives*		***1***		
15,763	**Adjusted operating profit**	**8,473**	**6,615**	**(1,858)**	**(21.9)**
(59)	Net financial income (expenses) [(a)]	(26)	**(4)**	22	
85	Net income (expenses) from investments [(a)]	66	**100**	34	
(8,510)	Income taxes [(a)]	(4,494)	**(3,655)**	839	
53.9	*Tax rate (%)*	*52.8*	***54.5***	*1.7*	
7,279	**Adjusted net profit**	**4,019**	**3,056**	**(963)**	**(24.0)**
	Results also include:				
4,776	amortizations and depreciations and impairments	2,252	**2,547**	295	13.1
	of which:				
820	*- amortizations of exploration drilling expenditure and other*	*316*	***615***	*299*	*94.6*
255	*- amortizations of geological and geophysical exploration expenses*	*85*	***162***	*77*	*90.6*

(a) Excluding special items.

Adjusted operating profit recorded for the first half of 2007 amounted to euro 6,615 million, down euro 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 for approximately euro 580 million; (ii) a decline in production sold (down 12.2 mmboe); (iii) higher exploration expenses (up euro 376 million, or euro 426 million on a constant exchange rate basis); (iv) lower product realizations in dollars (down 2.1%); and (v) higher production costs and amortization charges.

Adjusted net profit of euro 3,056 million declined by euro 963 million, down 24% from the first half of 2006 due to a weaker operating performance and an 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 euro 65 million concerned mainly impairment of assets.

Gas & Power

	(million euro)	First half			
2006		2006	**2007**	Change	% Ch.
3,802	**Operating profit**	**1,907**	**2,106**	**199**	**10.4**
(67)	Exclusion of inventory holding (gains) losses	(20)	**108**		
147	Exclusion of special items	107	**(12)**		
	of which:				
55	Non-recurring items		**(18)**		
92	Other special items:	107	**6**		
51	*- asset impairments*	*51*			
44	*- environmental provisions*	*39*	***1***		
37	*- provisions for redundancy incentives*	*17*	***5***		
(40)	*- other*				
3,882	**Adjusted operating profit**	**1,994**	**2,202**	**208**	**10.4**
2,062	*Market and Distribution*	*1,044*	***1,245***	*201*	*19.3*
1,087	*Transport in Italy*	*571*	***554***	*(17)*	*(3.0)*
579	*Transport outside Italy*	*295*	***287***	*(8)*	*(2.7)*
154	*Power generation* (a)	*84*	***116***	*32*	*38.1*
16	Net financial income (expenses) (b)	11	**4**	(7)	
489	Net income (expenses) from investments (b)	292	**218**	(74)	
(1,525)	Income taxes (b)	(780)	**(847)**	(67)	
34.8	*Tax rate (%)*	*34.0*	***34.9***	*0.9*	
2,862	**Adjusted net profit**	**1,517**	**1,577**	**60**	**4.0**

(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.

Adjusted operating profit for the first half of 2007 increased by euro 208 million to euro 2,202 million, 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 favorable 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 favorable indexation mechanism of the raw material cost component in supplies to residential and commercial clients as compared to the regime in force in the first half of 2006 as established by Resolution No. 248/2004. Furthermore, Eni fulfilled certain obligations to renegotiate wholesale supply contracts as envisaged take account of the expected charges deriving from the renegotiation of Eni s wholesale supply contracts. These liabilities were recycled through the profit and loss account in the first quarter of 2007; (ii) supply charges incurred in the same period last year caused by a climatic emergency for the winter time 2005-2006. The favorable 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 of 2007 was euro 1,577 million, representing an increase of euro 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 in Resolution No. 79/2007 in order to reflect the new indexation regime. This resulted in a total or partial redundancy of liabilities which were accrued in the accounts for the year 2005 and the first half of 2006 to under the equity method of accounting.

Other performance indicators

	(million euro)	First half			
2006		2006	**2007**	Change	% Ch.
4,895	**Adjusted EBITDA**	**2,482**	**2,688**	**206**	**8.3**
2,491	*Supply & Marketing*	*1,115*	***1,338***	*223*	*20.0*
1,174	*Regulated Business*	*702*	***648***	*(54)*	*(7.7)*
940	*International Transportation*	*516*	***519***	*3*	*0.6*
290	*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.

Refining & Marketing

	(million euro)	First half			
2006		2006	**2007**	Change	% Ch.
319	**Operating profit**	**455**	**420**	**(35)**	**(7.7)**
215	Exclusion of inventory holding (gains) losses	(254)	**(187)**		
256	Exclusion of special items	78	**72**		
	of which:				
109	Non-recurring items:		**37**		
147	Other special items	78	**35**		
14	*- asset impairments*	*1*	***1***		
111	*- environmental provisions*	*61*	***32***		
47	*- provisions for redundancy incentives*	*11*	***3***		
8	*- provision to the reserve for contingencies*	*3*			
(33)	*- other*	*2*	***(1)***		
790	**Adjusted operating profit**	**279**	**305**	**26**	**9.3**
184	Net income (expenses) from investments [(a)]	111	**84**	(27)	
(345)	Income taxes [(a)]	(133)	**(139)**	(6)	
35.4	*Tax rate (%)*	*34.1*	***35.7***	*1.6*	

629	**Adjusted net profit**	**257**	**250**	**(7)**	**(2.7)**

(a) Excluding special items.

Adjusted operating profit for the first half of 2007 amounted to euro 305 million, up euro 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 favorable 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 euro 250 million, down euro 7 million (or 2.7%).

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 euro 72 million).

Petrochemicals

	(million euro)	First half			
2006		2006	**2007**	Change	% Ch.
172	**Operating profit**	**69**	**211**	**142**	**..**
(60)	Exclusion of inventory holding (gains) losses	(61)	**(28)**		
107	Exclusion of special items	20	**6**		
	of which:				
13	Non-recurring items		**6**		
94	Other special items:	20			
50	*- asset impairments*				
19	*- provisions for redundancy incentives*	*1*			
31	*- provision to the reserve for contingencies*	*20*			
(6)	*- other*	*(1)*			
219	**Adjusted operating profit**	**28**	**189**	**161**	**..**
2	Net income (expenses) from investments [(a)]	1	**2**	1	
(47)	Income taxes [(a)]		**(61)**	(61)	
174	**Adjusted net profit**	**29**	**130**	**101**	**..**

(a) Excluding special items.

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

Engineering & Construction

	(million euro)	First half			
2006		2006	**2007**	Change	% Ch.
505	**Operating profit**	**211**	**390**	**179**	**84.8**
3	Exclusion of special items		**(11)**		
	of which:				
	Non-recurring items		**(11)**		
3	Other special items:				
1	*- asset impairments*				
2	*- provisions for redundancy incentives*				
508	**Adjusted operating profit**	**211**	**379**	**168**	**79.6**
66	Net income (expenses) from investments [(a)]	(8)	**38**	46	
(174)	Income taxes [(a)]	(51)	**(113)**	(62)	
400	**Adjusted net profit**	**152**	**304**	**152**	**100.0**

(a) Excluding special items.

Adjusted operating profit for the first of 2007 was euro 379 million, up euro 168 million (or 79.6%) 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 euro 304 million, up euro 152 million from the first half of 2006 due to a better operating performance also of affiliates.

Other activities

2006	(million euro)	First half 2006	2007	Change	% Ch.
(622)	**Operating profit**	**(216)**	**(231)**	**(15)**	**(6.9)**
323	Exclusion of special items	88	**115**		
	of which:				
62	Non-recurring items		**65**		
261	Other special items:	88	**50**		
126	*- environmental provisions*	*52*	***83***		
22	*- asset impairments*	*4*	***6***		
17	*- provisions for redundancy incentives*	*1*	***1***		
75	*- provision to the reserve for contingencies*	*22*	***9***		
21	*- other*	*9*	***(49)***		
(299)	**Adjusted operating profit**	**(128)**	**(116)**	**12**	**9.4**
(7)	Net financial income (expenses) [(a)]		**(4)**	(4)	
5	Net income (expenses) from investments [(a)]	6		(6)	
(301)	**Adjusted net profit**	**(122)**	**(120)**	**2**	**1.6**

(a) Excluding special items.

Adjusted net loss of euro 120 million declined by euro 2 million from the first half of 2006.
Special charges excluded from operating losses of euro 115 million related in particular environmental charges (euro 83 million) and provisions to the risk reserve related to an antitrust proceeding pending before European authorities, offset in part by a special gain deriving from a settlement reached by Syndial and Dow Chemical (euro 37 million) on certain contractual issues pending between the two companies.

Corporate and financial companies

2006	(million euro)	First half 2006	2007	Change	% Ch.
(296)	Operating profit	(142)	**(99)**	43	30.3
56	Exclusion of special items	12	**(2)**		
	of which:				
	Non-recurring items		**(11)**		
56	Other special items:	12	**9**		
43	*- provisions for redundancy incentives*	*12*	***9***		
11	*- environmental provisions*				
2	*- other*				
(240)	**Adjusted operating profit**	**(130)**	**(101)**	**29**	**22.3**
205	Net financial income (expenses) [(a)]	152	**29**	(123)	
	Net income (expenses) from investments [(a)]	(1)		1	

89	Income taxes [a]	(10)	**101**	111	
54	**Adjusted net profit**	**11**	**29**	**18**	**..**

(a) Excluding special items.

NON-GAAP Measures

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

Management evaluates Group and business performance on the basis of adjusted operating profit and adjusted net profit, which are arrived at by excluding inventory holding gains or losses and special items. 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.

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ENI REPORT ON THE FIRST HALF OF 2007 / FINANCIAL REVIEW

First half of 2007

(million euro)	E&P	G&P	R&M	Petrochemicals	E&C	Other activities	Corporate and financial companies	Impact of intragroup 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:									