

2008 Third Quarter Results

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Speakers:

Paolo Scaroni - CEO

Alessandro Bernini - CFO

Paolo Scaroni

Good afternoon everyone and thank you for attending our third-quarter results conference call, despite the unusually late time.

We apologize for the delay. It was caused by the signing of the final Kashagan agreement on which I'll be happy to answer your questions at the end of the presentation.

We're pleased to be reporting a very strong set of numbers today and in a minute Sandro will take you through those in detail.

Looking ahead, we are currently working on our plan for 2009-2012, and will update you in our Strategy Presentation next February.

But given the turbulence that we are seeing both in the wider financial markets and in the oil market itself, I thought it might be helpful to give you my perspective on how this affects our future plans.

The first point to make is that Eni's strategy is devised on the basis of a conservative oil-price scenario. Indeed, our 2008-2011 strategy was built on the assumption that the average oil price would be \$64/bbl in 2008, and would then fall to \$57/bbl in 2009, \$56/bbl in 2010, \$55/bbl in 2011 and \$50/bbl in the long term.

This is the scenario that we used last year in the rigorous assessment process to determine our investments and actually I would expect the new scenario to be very close to it. Therefore the four-year capital expenditure plan that we presented in February is robust in the current market condition and the upstream acquisitions we completed to date are cash generative and solid below the long term assumption of 50 \$/bl oil price.

That said, we are obviously monitoring our capex closely, with particular attention to the time to market and risk profile of each project, and I can anticipate that we have the flexibility to respond appropriately to changing market perspectives.

Our conservative scenario also governed our thinking on cash priorities and distribution. As we said last February, we are firmly committed to maintain a leading dividend yield also leveraging on the resilience of our Gas & Power division, which enables us to remain highly cash generative, even at a time of falling oil prices.

With that, I'd like to hand over to Sandro to take you through the numbers, after which, together with Claudio Descalzi, we will be happy to take your questions.

Alessandro Bernini

Thank you Paolo and welcome to everybody. This is something of a landmark for me as this is my first presentation as Eni CFO and I am pleased to start with a strong set of results that provide a solid support in this uncertain time.

Going to the results, adjusted net profit in the third quarter amounted to 2.9 billion euro, an increase of around 53% compared with a year ago.

This was largely due to a 46% increase in the adjusted operating profit (+2.0 billion euro) that totalled 6.2 billion euro as a result of the good operating performance and the strong trading environment of the E&P division on which I will comment in a minute.

[Adjusted net profit for the 9 months increased by 22% totalling 8.3 billion euro. Again, the improvement was driven by the E&P operating better performance.]

Moving now to our business segments, in the E&P, hydrocarbon production in the third quarter increased by more than 6% compared to the same period of 2007.

This strong performance is the result of:

- the start up, build up and better performance in Angola, Congo, Egypt, Pakistan and Venezuela;
- the contribution from the Burren Energy acquisition (totalling 24 kboe/d).

These improvements were partially offset by the impact of PSA that accounted for 60 thousand barrels per day. Net of this effect growth would have been of around 10%.

The PSA impact is based on the new 2008 sensitivity of 1.5 thousand barrels per day for each US dollar change. The lower sensitivity resulted from the recurring screening of our PSA contracts which proved to be less sensitive to changes in oil price.

[Turning to the first nine months of the current year, daily hydrocarbon production increased by 3.9% averaging 1.777.000 boe (excluding the effect generated by the PSA the increase is in excess of 8%). This growth was supported by the assets acquired in late 2007 and in 2008 in the GoM, Congo, and Turkmenistan (averaging 73 thousand boe/d) as well as continuing production ramp up in Angola, Egypt, Pakistan and Venezuela.]

Having said that, assuming an average oil price of around 100 \$/bl, our full year production will reach a record level increasing by approximately 3%, one of the highest growth rates in the industry.

Third quarter adjusted operating profit amounted to 5.3 billion euro, up 60% compared to one year ago, mainly as a consequence of higher realization prices denominated in US dollars [Oil(+41%) & Gas (+78%) [1], higher production sold [2]

This improvements were partially offset by:

- the appreciation of the euro versus the US dollar [3];
- the higher DD&A[4];

In dollar terms third quarter adjusted operating profit increased by 75% versus the corresponding period of 2007.

[1] It accounted for +1,950 mln euro

[2] It accounted for +945 mln euro

[3] It accounted for -600 mln euro

[4] It accounted for -260 mln euro

As for the Gas & Power division, overall gas volumes sold slightly declined in the third quarter of 2008 as a result of lower sales in Italy partially compensated by the growth in international sales.

The Gas & Power adjusted operating profit amounted to 564 million euro, down 3% over the same period of 2007 (581 million euro).

G&P adjusted proforma Ebitda for the third quarter of 2008 amounted to 781 million euro. This compares to 797 million euro in the third quarter of 2007.

Marketing segment result decreased by 9%. This reduction was primarily due to the lower volume sold, also as a consequence of the stronger competitive pressure in Italy, as well as to lower electricity sales. These negative elements was partially offset by the favourable scenario in terms of both the euro's appreciation vs the US dollar and the trend in energy parameters to which gas purchase cost and selling price are indexed.

The Regulated business generated 228 million euro up 6% versus the third quarter of 2007. The increase is due to the improved operating performance and to the recognition in tariff of expenditures incurred for new investments and for the upgrading of the existing transportation network.

Finally international transportation showed a 6% increase versus the third quarter of 2007 thanks to the increased transportation capacity.

Turning now to R&M, adjusted operating profit of this division increased by around 56%.

The higher refining margins in dollar terms [1] were partially offset by higher maintenance activities [2] and the appreciation of the euro vs the US dollar [3].

Marketing segment benefited from the higher volume sold due to the higher market share in Italy and full contribution from the acquisition in Eastern Europe; furthermore marketing margins showed a positive trend.

In the third quarter of 2008 the Petrochemical business (Polimeri Europa) posted an adjusted operating loss of 59 million euro, compared to a 30 million euro profit in 2007; this loss is due to the negative base chemical margins resulting from higher feedstock costs.

In the Engineering & Construction sector, third quarter adjusted operating profit amounted to 276 million euro, versus 211 million euro in 2007; the increase is attributable to higher results across all business lines.

Turning now to cash flow, this slide compares our sources and uses of cash in the first nine month of 2007 and 2008.

Operating cash flow increased to 16 billion euro, up 20% and disposals provided a further 500 million euro.

[1] It accounted for +140 million euro;

[2] It accounted for -30 million euro;

[3] It accounted for -30 million euro;

The strong cash generation fully covered the 9.9 billion euro capex and the 5.9 billion euro of shareholder distributions which include the payment in September of the 2008 interim dividend.

Net financial debt, as of the end of September, increased to 17.8 billion euro and our net debt to equity ratio declined slightly to 0.37. Assuming a 100\$bbl for the full year, on the basis of planned outflows - 14,4 b.euro of technical capex , the acquisition of the majority stake of Distrigas and the total acquisition of First Calgary, LEVERAGE at year end is expected to be lower than that of the end of September.

With regards to the liquidity position that catalyzed the attention of investors and analysts in the last weeks, I want to provide you more information.

Our short term debt amounts to 9.3 billion euro of which 3.1 billion euro are euro commercial paper. The market for euro commercial paper has always been open for Eni even in these severe financial market conditions.

From a strict liquidity perspective we can rely on more than 7 billion euro of cash and committed undrawn facilities.

The strong cash generation, the high credit rating and the availability of diversified committed bank lines without MAC (*Material Adverse Change*) and financial covenants provide the evidence of a strong financial position and allow ourself to cover both short and long term financial needs.

Thank you for your attention, and now we are ready to answer to your questions.