Presentation script

Good afternoon ladies and gentlemen and welcome to our 2007 results and strategy presentation.

We took a number of steps to develop our portfolio, positioning the company to deliver growth and value over the coming years.

In 2007, we increased our resource base by 10%, adding more than 5 billion boe through a combination of targeted acquisitions and successful exploration.

We have continued our strategy of building a strong presence in key producing regions, buying assets in Russia, the Gulf of Mexico, Angola, the Congo and Alaska. These assets were secured at a price of around $4 per barrel on a 2P reserve basis. We have also added 1.1 billion boe of resources organically, through our exploration programme.

All this means that we replaced about 90% of our P1 reserves at a year-end price of 96$/bbl, assuming a 30% stake in Articgas and Urengoil, and excluding our 20% of Gazpromneft.

We have also secured our long-term relationship with legacy countries by defining new contractual frameworks in Libya, Algeria and Kazakhstan.

Moving to Gas & Power – a division whose free cashflow underpins around 40% of Eni’s dividend - 2007 was an excellent year despite the mild winter in Europe.

As a result of our good performance we will propose to our annual general meeting a second half dividend of 0.70, bringing the total for 2007 to 1.30, confirming our industry-leading dividend policy.

In 2007 we made significant strides towards a more efficient Eni. We achieved cost reductions of 500 mln €, equivalent to half of our 2006-2010 target. There is still a lot to go for in terms of efficiency, and we have increased our overall target by 50% to 1.5 bl€.

As a result of these achievements, we are well positioned to deliver superior growth and value over the next four years. We have raised our production growth target to 4.5 percent per year. This, combined with the strong cash generation of our G&P division, will enable us to reward our shareholders with top-tier returns.

Thank you Paolo and good afternoon Ladies and Gentlemen.

In the fourth quarter of 2007, Brent prices increased by about 49% compared to the fourth quarter of 2006, averaging 88.7 $/bbl.

European refining margins averaged 4.1$/bbl, increasing by 87% compared to the corresponding period of 2006; despite this trend, the margins realized by our own refineries declined as a result of the narrowing of light-heavy crude differentials.

Finally, the Euro appreciated by 12.3% versus the US dollar.

Reported net profit in the fourth quarter of 2007 was 3 billion Euro, 98% higher than in fourth quarter of 2006. This result includes inventory gains for more than 200 million euro, and net

positive special items for more than 100 million euro, on which I will comment in more detail when discussing the results for each division.
Adjusted net profit amounted to 2.7 billion euro, 13.7% higher than in the fourth quarter of 2006. This performance is attributable to the 11% increase in operating results and to the lower adjusted tax rate, equal to 47.7% in the fourth quarter of 2007 (compared to 49.2% in Q406).
Finally, adjusted net profit for the full year 2007 decreased by 9% compared to 2006.

The 11% increase in adjusted operating profit in the fourth quarter of 2007 is essentially attributable to the good performance of our Upstream, Engineering & Construction and Gas & Power business segments.
These positive effects were partially offset by weaker performance of the R&M and Petrochemical divisions.

For the full year, the adjusted operating profit decreased by 7% compared to 2006, reflecting the weaker results achieved in the Exploration & Production and Refining and Marketing.

Let's now look in more detail at each division's business performance.

Reported operating profit for the E&P division amounted to about 3.9 billion euro in the fourth quarter of 2007.
On an adjusted basis, the operating profit for the fourth quarter of last year amounted to 4.1 billion euro, up 29% compared to the fourth quarter of 2006, mainly as a consequence of the higher realization prices denominated in US dollars [Oil (+*48*%) & Gas (+*13*%) [1]] and higher production sold [2]
These positive effects were partially offset by:

- the appreciation of the euro versus the US dollar [3];
- higher operating costs and DD&A also as a result of sector specific inflation [4];

and

- increased exploration capex which, as you know, we treat as cost incurred in the year [5].

If we turn to the full year, the adjusted operating profit totalled 14.1 billion euro, with a decrease of 11%. (15.8 *billion euro in 2006*).

[1] Accounting for +1,520 million euro;
[2] Accounting for +440 million euro;
[3] Accounting for -530 million euro;
[4] Accounting for -310 million euro;
[5] Accounting for -130 million euro.

Turning to the Gas & Power division, reported operating profit for the fourth quarter of 2007 increased by 10% to 1.4 billion euro (compared to 1.3 billion euro in Q406) while adjusted operating profit amounted to 1.3 billion euro, up 3.2% on a like for like basis. This performance was driven by:

- higher volumes sold as a result of the colder weather and increased international sales [1];

and

- improved performance in the regulated business determined by higher volume distributed and transported as well as efficiency gains [2].

It is worth mentioning that the fourth quarter 2006 benefited from the partial recovery of around 130 million euro relevant to the provisions made in 2005 on the basis of the 248 Resolution.

Full year 2007 adjusted operating profit reached 4.1 billion euro, up more than 5% compared to 2006 (3.9 billion euro)

[1] It accounted for around +75 million euro
[2] It accounted for an overall +110 million euro

Turning to R&M,
the division reported an operating profit of 27 million euro in the fourth quarter of 2007, compared to an operating loss of 386 million in the same period of 2006.
The result includes an inventory gain of 252 million euro that has been partially offset by negative special items for 130 million euro mainly related to asset write downs (57 million euro) environmental provisions (54 million euro) and redundancy incentives (12 million euro).
On an adjusted basis the fourth quarter saw an operating loss of 95 million euro compared to an operating profit of 148 million euro of the same period of 2006. This result reflects significantly weaker refining margins, mainly as a result of the narrowing of the differential between light and heavy crude [1], as well as the appreciation of the euro against the US dollar [2].
2007 fourth quarter margins relevant to the Marketing were negatively affected by the continuous upward trend of oil product price, which was transferred to retail prices with a time lag [3].
In 2007, adjusted operating profit decreased by 58% and amounted to 329 million euro. If we exclude the scenario effects, our 2007 operating profits would be up by 9% thanks to the higher plant availability and the efficiency improvement.

[1] Accounting for -130 million.
[2] Accounting for -45 million euro.
[3] Accounting for -40 million euro.

In the fourth quarter of 2007 the Petrochemical business (Polimeri Europa) posted an adjusted operating loss of 129 million euro, compared to a 154 million euro profit in 2006; this is principally due to higher feedstock costs. In the full year Polimeri Europa's adjusted operating profit decreased by 59% compared to 2006.
In the Oil Field Services & Engineering sector, fourth quarter adjusted operating profit amounted to 250 million euro, versus 152 million euro in 2006; the increase is mainly attributable to higher results in both onshore and offshore construction activities. On a full year basis the sector recorded an increase in adjusted operating profit of around 65%.
The Other Activities segment reported an operating loss of 48 million euro, affording a small improvement compared to the fourth quarter of 2006. For the full year, the operating loss amounts to 207 million euro.
Finally, Corporate Activities posted an adjusted operating loss of 64 million euro. For the full year the operating loss amounts to 183 million euro.

This slide compares our sources and uses of cash for 2006 and 2007.
Operating cash flow decreased to around 15.5 billion euro, primarily as a result of the weaker contribution from Refining & Marketing and Petrochemical business segments. In total, sources of cash were 16.9 billion.
We used this cash to fund around 11 billion euro of capex, acquired assets for 10 billion euro and distributed, on a consolidated basis, almost 6 billion euro to shareholders.
Our net debt ratio at year end was 38%, respecting our 40% ceiling.

Turning to shareholder returns. In 2007 we distributed 5.3 billion euro in cash to our shareholders, resulting in a total yield for 2007 of 6.1%.

The overall cash return is composed of three elements:

- 2.4 billion euro as 2006 final dividend
- 2.2 billion euro as 2007 interim dividend

and

- 0.7 billion euro spent on the share buyback.

Regarding this last item let me remind you that from the beginning of our share buy back programme, we have bought 363 million shares, representing 9.1% of the share capital.

At the bottom of the slide you can see that in 2007 we returned around 95% of our free cash flow, before acquisitions, to our shareholders.

Thank you for your attention and now I hand you over again to Paolo.

Thank you Marco.

You already know this slide…
…You already know this slide. This is the growth strategy that I set out for Eni in 2005.

I am pleased to say that:
We are delivering on all of these points, and
These principles remain at the heart of our ambitions for the future.

In 2007, acquisitions were an important part of our growth strategy.

But we are not interested in growth for growth's sake. As Stefano will explain in more detail, our overall approach to acquisitions is to target assets where we can add value, leveraging on our technology, scale and integration along the oil and gas value chains.

I will now take you through our major deals, explaining how each one fits in with this strategy.

In the Congo, we acquired a large stake in the giant M'Boundi field …

… In the Congo, we acquired a large stake in the giant M'Boundi field through two separate transactions, with Maurel & Prom and Burren. Here we will create value in two main ways.

- Firstly, our technology and expertise have enabled us to target a significantly higher recovery factor – in excess of 30%.
- And secondly we have struck an agreement with the government to build an Integrated Power Plant to monetise associated gas.

Through Burren, we have also gained exposure to Turkmenistan, which gives us access to a promising producing country and further enhances our position in the key Caspian region.

Our acquisition in the Gulf of Mexico is an important move which allows us to build a leading position in this hydrocarbon-rich region.The acquisition price includes around $700 million for leases with significant exploration potential, which we feel very confident about.

Let's now move on to Alaska, where we have acquired the operatorship of the Nikaitchuq Field, located on-offshore in the North Slope. Here, Eni will leverage on its distinctive skill of operating in harsh and highly sensitive environments. Indeed, since we bought the asset we have already increased reserves by around 30 million boe.

In Angola we acquired 13.6% in an LNG project which will allow us to monetize gas reserves using our regassification capacity in Pascagoula in Mississippi. Angola LNG represents a further step towards our target of building a global LNG position, leveraging on our unique integrated E&P and G&P model.

Lastly, in Russia we built on our long standing relationship with Gazprom to enter this strategic area acquiring prime assets at attractive prices, but I will tell you more about that in a minute.

Overall the assets acquired in 2007 were secured at the competitive price of 4 $ per barrel on a 2P reserve basis. Excluding Russia, the average acquisition price was around 10$ per barrel.

Most importantly, our post-acquisition assessment confirms our earlier confidence in the assets' upside potential. Indeed, we have increased our year-end 2P reserves from acquisitions by around 20% versus our pre-acquisition assumptions.

Our transaction in Russia deserves a closer look …

…Our transaction in Russia deserves a closer look.

Entering the Russian upstream is a strategic breakthrough for Eni.

The assets we acquired are considerable. Assuming Gazprom exercises its call option over Arctic Gas and Urengoil – which we do assume - our residual 30% stake will represent around 2.5 billion boe of additional resources, significantly higher than we originally envisaged. Production will start in 2010, contributing more than 150kboe/d of equity at plateau production in 2016.

We have also acquired 20% of GazpromNeft. We would like to retain our stake given the potential we see, but we currently book GazpromNeft as a financial investment and it is therefore excluded from our production and reserves numbers.

Recent progress on the key South Stream project is further evidence of the value of our strategic alliance with Gazprom.

In 2007 we also focused on strengthening our presence in three key producing countries…
…In 2007 we also focused on strengthening our presence in three key producing countries, adding considerable solidity to our long-term organic growth.

In Libya, we extended all our contracts – some of which were shortly due to expire – for the next 25 years. On top of that we will be able to monetise our equity gas with two key projects: an increase in gas sales through the Greenstream pipeline and the construction of a full scale liquefaction plant in Libya.

Similarly, in Algeria, we extended a key contract – that would have expired in 2007 - for another decade.

In both cases, we were able to leverage on our presence along the entire gas value chain which gives us a unique competitive advantage in dealing with Oil & Gas Producing Countries.

Finally in Kazakhstan, we reached an agreement on Kashagan. The negotiations over the past few months have been a key focus for us. There has been no shortage of media coverage and comments on the subject. Let me tell you my view.

Kashagan will continue to play a major role in the future of Eni …

… Kashagan will continue to play a major role in the future of Eni and we are particularly pleased with the agreement we have reached for three main reasons.

Firstly, the original PSA contract remains unchanged and additional compensation to the Republic of Kazakhstan will be linked to the oil price. This ensures a satisfactory NPV for the project.

Secondly, Kashagan has been a transformational experience for Eni and we will continue to gain valuable experience by operating the experimental phase of this project. This phase, which takes us to a production capacity of 370 000 boe/d, poses the greatest technological challenges, and therefore has the steepest learning curve. Our experience in Kashagan will be especially useful given the increasing complexity of other projects around the world.

Thirdly, we have now established a stable platform for the development of this project, with KazMunaiGaz as a fully committed partner. Following the completion of the experimental phase, we will share personnel commitments with other industry leaders. This will allow us to deploy our skilled personnel – the really scarce resource in our sector – to the benefit of other projects.

Let’s now look at the strategy and targets for each division …

…Let’s now look at the strategy and targets for each division.

Despite the challenges faced by the industry, Eni has consistently delivered on its production targets.

The reserves we acquired in 2007 in the world’s fastest-growing areas and in giant projects, coupled with the strength of our portfolio, mean we will achieve superior long-term growth.

We have raised our production growth target to 4.5 % per annum for the next four years, with particularly strong growth in North Africa, West Africa, Russia, the Caspian region and the US deepwater. Beyond 2011, our portfolio gives us confidence that we can achieve a growth of 3% per annum assuming our scenario.

These targets are entirely organic, factoring in no further acquisitions.

These targets are also robust. Even at $90 a barrel, we would still achieve annual growth of 3.6% to 2011.

We will grow strongly already in 2008, with a 4.5% production increase at our oil price scenario of 64 $/bl. Even at 90$/bl, we would still see growth of around 2%.

Over the plan period we also target a reserve replacement ratio of over 100% at our oil price scenario.

Moving now to Gas & Power, I am pleased that our efforts to provide more detailed information on this division have resulted in increased interest from our investors …

…Moving now to Gas & Power, I am pleased that our efforts to provide more detailed information on this division have resulted in increased interest from our investors. This is a business which remains distinctive and highly attractive for Eni.

It is distinctive because G&P is a strong differentiator in dialogue with Oil & Gas Producing Countries. Our integrated approach has been a key contributing factor for recent business development in Russia, Libya, Algeria and Angola.

It is highly attractive because G&P is a strongly cash-generative business with a low risk profile. Indeed, G&P will deliver € 19 billion of ebitda over the next four years, half of which will come from regulated or quasi regulated assets.

During this period, the G&P division will also strengthen its European leadership, moving to counter increased competition in Italy by delivering annual volume growth of 9% outside our domestic market.

This will allow us to achieve our free cashflow target of € 2.1 billion in 2011, and to position this division on a solid footing for future growth.

In refining and marketing we aim to enhance overall profitability …

……In refining and marketing we aim to enhance overall profitability through targeted investments in refining and an increase in European sales. Our European position in refining and marketing has been further strengthened by the acquisitions in the growing markets of the Czech Republic and Slovakia.

We also achieved encouraging results on operational efficiency, and there is further scope for improvement on this front.

This strategy will enable us to achieve a 400 million € increase in EBIT over the plan period.

As we have seen, Eni as a whole targets significant growth over the next four years. Our growth programme is supported by an increased capex plan…

…Our growth programme is supported by an increased capex plan.
We will invest 49.8 bn € over the next four years, up 6.6 bn from the previous plan.
Two thirds of this increase will fund additional activities to drive growth. This includes 1.7 bn € for new vessels for Saipem, which is enjoying a particularly strong market.
The remaining third reflects the cost inflation that is affecting our industry.
Looking now at the risk profile of our capex plan, 33% of the total will go into PSA projects - which have a quick payback under the current high oil price scenario - and another 15% will be invested in regulated businesses - which have an attractive and guaranteed return.

We will continue to invest to drive our long term growth, while maintaining strict financial discipline ….

….We will continue to invest to drive our long term growth, while maintaining strict financial discipline.

Meanwhile, we are committed to continue to deliver sector-leading dividends. Our dividend, adjusted for inflation, is fully covered at an oil price of less than 40 dollars per barrels.

Furthermore, Eni will continue to pursue its buy back plan.

The outlook for Eni is very positive. We are confident we will deliver long term growth and superior returns to shareholders, driven by the profitable growth of E&P and the strong cash generation of G&P.

I would now like to hand over to the heads of our 3 divisions to give you more detail on the key drivers of the 2008-2011 plan.

Stefano….

Thank you Paolo,
Good afternoon.

For the E&P, 2007 was an important year of achievements and results and today we are setting a new pace for the future growth.
The upstream division reached a record cash flow of approximately 16 billion US$.
Through focused acquisitions we added new regions to our portfolio, strengthened our presence in some of the world's fastest–growing oil and gas regions and improved materiality in core areas adding approximately 4 billion boe of new resources.
On top of it, we successfully implemented a well targeted exploration program that contributed for a total of about 1.1 billion boe of exploration reserves. Major contributions came from legacy countries such as Egypt, Angola, Libya and the Congo, as well as from the North Sea, the Gulf of Mexico, Alaska and Pakistan.
Furthermore, we finalised important agreements, securing stability and paving the way for future growth in core countries. In Libya and Algeria contracts were extended, in Kazakhstan a settlement on NSC PSA was reached, and a gas sale agreement for Karachaganak signed. In the Congo a gas project was sanctioned and in Angola an important MoU was finalised, enabling new gas exploitation.
A year ago, we were together commenting that the key priority for the industry was access to new resources. I believe that this year Eni, thanks to successful exploration, the above mentioned agreements and the asset acquisitions, has properly addressed this crucial strategic issue.
All these results are indeed a solid base for continuing growth.

As for production, I wish to highlight that in the fourth quarter 2007, production increased even with such a high oil price.
Compared to the Q406, production increased by 1.1%, which, net of the PSA effect, becomes 4.3%.
Main contributors were Egypt and Libya.
The good production performance of the 4th quarter is more evident if compared to the Q307: growth is 9.4%, 11.1% before the PSA effect.

On a yearly basis, our production totalled 1,736 kboe/d, down 1.9% from 2006 with a price scenario of 72.5 $/boe (11% higher than 2006). Excluding the PSA effect, the decrease was approximately 1%.
It is worth mentioning that, at an oil price of 55 $/boe as forecasted for 2007, production would have been as planned: equal to 2006.
On the right hand side, you can see the production variance analysis versus 2006.
I would like to point out that:

depletion of about 7.5% was more than offset by growth and new start ups;
disruptions in Nigeria and the termination of the Dacion Contract in Venezuela were balanced by the contribution of the acquisitions that, in the 2007/2010 plan, were expected to contribute with 35 kboe/d production;
for a complete reconciliation, we also show the impact of some exogenous factors (such as the incident of CATS in the UK) and of PSA related contractual triggers accounting for approximately 15 kboe/d (*totalling -33 kboe/d*).
Excluding Nigeria and Venezuela and the PSA impact, production shows a 1.2% increase versus 2006.

Last year Eni was an active consolidator in the industry through selected asset acquisitions.
The portfolio activity was driven by clear and solid strategic and industrial drivers.
Firstly, increasing production and gaining access to new reserves through the acquisition of operated assets in core areas and in new oil and gas rich regions.
Secondly, securing a global position in LNG and leveraging on exploration upside and, last but not least, adding qualified and competent management teams.
In short, a strict financial discipline in selecting the external growth opportunities was applied throughout.
Such an acquisition strategy allowed us to add production, reserves and resources, all at an attractive price.
The acquired production in 2007 was 46 kboe/d and will rise to approximately 190 kboe/d in 2011.
More importantly, as far as reserves are concerned, at year end, we accounted for a higher amount of 2P reserves than originally estimated.
Approximately 1.7 bln boe of 2P were estimated while, at year-end - based on 96 $/bl oil price – 2P proved to be 2.1 billion boe. This is a remarkable increase of 23%.
The Burren acquisition, completed in January, allowed us to add a further 200 million boe.
Total result: an overall 2P reserves amount of 2.3 billion boe, more than 80% of which under concession.
Finally the average acquisition cost for 2P reserves is 4.0 $/boe.

The Burren transaction, effective January 1, 2008, required an outlay of 3.5 billion $.
This deal brings a further production and reserves growth to our portfolio. Moreover, it consolidates our presence in a core country such as the Congo and gives us a foothold in Turkmenistan, a brand new high potential area for Eni and for the whole industry.
In Yemen and Egypt, we acquired exploration assets which considered zero valued and are now under assessment. In India we took over a 27% participating interest in Hindustan Oil Exploration Company, which we valued at Market Cap.
Thanks to this acquisition, we added 214 Mboe of 2P reserves. The life index of the 2P reserves is more than 22 years. The reserves acquisition cost, net of the exploration potential, is 13.5 $/boe.
The production growth rate in 2008-2011 will be more than 15%, from 29 in 2008 to 45 kboe/d in 2011.

The acquisition of the former Dominion assets in the Gulf of Mexico allowed us to build a very competitive position in this hydrocarbon rich, low-risk and top technology region and to improve materiality in a core area.
About 60% of the acquired leases are operated and we successfully integrated the highly skilled staff in our organization. Integration and the operational synergies in production and exploration will contribute to add more value in the future.
Through the GoM acquisition, Eni almost tripled its 2P reserves in the region, to 345 million boe at year end. The acquisition cost of these 2P reserves was 18.4 $ per boe.

In the 4th quarter 2007 Eni added new production from 3 fields connected to the “Independence Hub”. Current total GoM net production exceeds 110 thousand boe/d, in line with plans.
Finally, we rely on the success of our exploration program which was an important industrial driver of the deal: at the beginning of 2008 we obtained encouraging indications in Kodiak well.

Entering the Russian upstream was strategically driven by the determination to get access to very large resources. Now I’m very pleased to announce that 2P reserves are currently estimated at 1.5 billion boe based on Eni equity at 30% (i.e. after Gazprom exercises its call option). This represents an increase of 20% if compared to our initial assumptions.

Gazprom has the commitment to purchase and transport gas and we are in the process of discussing with them the relevant contracts in a constructive manner.
In Russia we can leverage on skills and know-how we acquired in similar environments. Our experience in Karachaganak fields is very a good example of what that means.
We are building our organization in the country: more than 100 people are located in Moscow and 200 in Novy Urengoy.
While we are still evaluating the various development options we estimate that development costs will not exceed by far the very competitive level of 3 $/boe.
A 3D seismic acquisition in North Sambugskoye is ongoing.
Production is planned to start in 2010, contributing approximately 130 kboe/d in 2014 and a plateau of over 150 kboe/d in the following years, thus boosting our production growth beyond the plan period.

Eni sealed other important deals.
In Alaska, our presence was strengthened by acquiring a 70% operated interest in Nikaitchuq. Sanctioned in January 2008, the production start-up is expected in late 2009.
With a 13.6% stake, Eni entered the Angola-LNG project which was sanctioned last December. The project will allow Angolan gas flaring to be considerably reduced and monetized, and 100 Mboe of 2P reserves to be written in our books. Production start-up is scheduled for 2012.
Moreover, in early 2007 we consolidated our presence in Congo by acquiring a 43% operated interest in the M’Boundi field.
The project will enable Eni to develop approximately 180 Mboe of 2P reserves. Thanks to a power generation project we just launched in the Congo, it will become possible to monetize gas, in addition to considerably reducing gas flaring.
Furthermore, through a new water injection system, currently in progress, the recovery factor will improve.
We are substantially exceeding the initially estimated 2P reserves.
At year-end 2P amounted to 385 million boe, up 38% compared to our initial estimates.
Reality is exceeding the expected upside potential.

Let’s move on now to hydrocarbon reserves and resources.
In 2007, proved reserves amounted to 6.4 billion boe and the all sources replacement at 96 $/bl was 90% and 16% organic, with a life index of 10.1 years. These values assume a 30% participation in the Russian assets, and exclude the 20% shareholding of GazPromNeft.
At a 2006 year-end Brent price of 58.9 $/bl,the organic and all sources replacement are 71% and 145%, respectively.
Assuming a 60% in the Russian assets as we recorded in the balance sheet and, of course, still excluding GazPromNeft the 2007 reserve replacement all sources is 193% at 58.9 $/bl and 138% at 96 $/bl.

At the bottom, you can see the resource base calculated on our assumption of a long term price deck of 50 $/bl, a 30% participation in the Russian assets, no contribution from GazPromNeft, the new equity in Kashagan and 100% of Burren resources.
Future growth is secured by an overall resource base of approximately 28 billion barrels, up 10% compared to the 2006 resource base. These figures include proven, probable and possible reserves, plus risked exploration.
These resources represent a life index of more than 43 years, while approximately 14.0 billion boe of proven and probable reserves represent 22 years and 7.1 bln boe of proven reserves more than 11 years.
Such a large resource base underpins a sustainable and long term growth.

Since 2000 Eni has been delivering a consistent and solid production growth, one of the highest in the sector.
Maximize returns through production growth in the medium and long term in a higher oil price scenario remains our key priority.
Leveraging on the high quality of our portfolio, we now target a 4.5% production increase in 2008/2011 period and forecast approximately 3% in 2011/2014. In 2008, production is expected to exceed 1.8 million boe/d.
This production profile is based on the Brent scenario shown at the bottom of this slide. For the long term, we are now using a price deck assumption of 50 $/bl real terms.
Since the impact of PSA contracts in a growing price scenario is becoming a major concern of the industry, two sensitivities are shown on the top left.
Assuming a 75 $ flat oil price in 2008-2011, production will still grow 4.1%, while in a 90 $ flat scenario we will still be able to deliver more than a 3.5% production growth rate. This growth is inclusive of any specific contractual triggers.
Still one of the highest in the industry!
In 2011, new production will account for 27% of the total, thanks to the contribution from the 2007 acquisitions and new start ups in West Africa, the US, the North Sea, Australia and Russia.
Production level in 2014 will be achieved by relying on growth and new start-ups in core areas, in particular North and West Africa and the Caspian region.

Total capex in the plan amounts to 33.5 billion euro (excluding 3.3 billion euro of non consolidated investments and cash out for Burren acquisition).
Versus the previous 2007-2010 plan, capex increases by 5.4 billion euro, of which 48% is due to new activities supporting growth throughout the four-year plan and beyond, and around 52% due to cost inflation.
In particular,
Exploration: 9% growth (0.4 billion euro) to sustain our intensive program;
Development: the increase is due to new activities, development of the acquired assets (including Burren) and cost inflation.
27% of the development capex (*6.8 billion euro)* is allocated to counteract the decline in mature fields, 41% (*10.3 billion euro*) to secure growth in 2008-2011 and the remaining 32% (*8 billion euro*) to support long term growth beyond 2011.
Approximately 60% of investments are operated.

Over the last couple of years, we have substantially increased our efforts in exploration by raising our capital budget. The results we have achieved so far are very positive and indicate that we are moving in the right direction.
In 2007, additional resources from exploration amounted to approximately 1,100 Mboe, whereas in 2004-2007 the added resources were about 810 Mboe per year. The total resources added in the same period were 3.2 bln boe, against 2.5 billion boe produced.

2008 is confirming this positive trend. The results of exploration at the beginning of this year are also particularly promising, with new discoveries made in the Gulf of Mexico, Libya, Angola, Norway, Egypt.

We are pursuing a very selective exploration strategy, focusing activity on key areas such as the US, North Africa, West Africa, the North Sea and Italy, as well as new, higher risk ventures in countries such as India, Pakistan, East Timor and Mali. In 2008-2011, 70% of exploration investments will be concentrated in 10 countries.
Our exploration strategy is complemented by portfolio optimization diluting positions in risky ventures and pursuing asset swaps.
We have contracted in advance critical equipment, services and deepwater rigs to cover most of the activities in and beyond the plan period.

Now a quick overview of the new projects included in the 2008-2011 plan.
In the coming years, new production is well defined and visible.
In Africa, Eni can leverage on its leading position and the long lasting relationship with producing countries.
We target a CAGR of 5.7%, thanks to the development of integrated gas projects, offshore and deep offshore projects.
Of a total of 12 projects, starting-up in the 2008-2011 period, 7 will be operated by Eni.

Thanks to the recent acquisitions, Eni enhances its presence in OECD countries. Production will go up to more than 580 kboe/d in 2011.
In the US, production will be sustained by the recent acquisitions and the good results obtained in the exploration activity.
As for Europe, new production start ups in the UK and Italy will contribute to limit natural depletion, while Norway is a growing area in our portfolio.
More than a 3% growth is expected also in Australia, thanks to the Blacktip gas field, where we are sole operator.

In the Caspian region, one of our strategic areas to sustain long-term growth, we expect to reach an equity production of 155 kboe/d in 2011, with a CAGR of 8.5% compared to 2007. These figures include the recent acquisitions of assets in Turkmenistan.
As far as Russia is concerned, we are building an important presence in West Siberia, a hydrocarbon rich region. The assets acquired are expected to start up in 2010 and to contribute materially to our production beyond the plan period.
As for the rest of the world, it is worth mentioning that we will maintain a presence in Venezuela, a high potential area for the sector, with Corocoro which started producing in January 2008.

The agreement reached after a long, and, at times, difficult negotiation is balanced, good for all Parties and secures long-term stability to the Consortium. In this respect, the increased KazMunaiGaz role is particularly important.
All the Consortium partners agree to proportionally dilute their participating share to allow the Kazakh state oil company, KazMunaiGaz, to acquire a larger participating share in the project. As a result, KMG will have an equal share as Eni, Exxon Mobil, Shell and Total (16.81%).
A new, lean Program Management Organisation participated by all shareholders will take over, once established, the role of Operator and will coordinate largely autonomous Development Teams. Eni will retain full responsibility for executing the first phase of the Kashagan development, the Experimental Program, while the subsequent phases of Kashagan and the development of the satellite fields will be assigned to Eni, ExxonMobil, Shell and Total. The rationale of this new organisation model is the scale and complexity of the project's next phases, which require massive

resources in terms of both personnel and technology, in excess of what one single company can make available.
Last but not least, an important element of the agreement is the Consortium's exclusive right to negotiate the extension of the production period beyond 2041 and the right to match any offer submitted by any third party in this respect.
I wish to outline that the Experimental Program did not stop during the negotiation, although some delays occurred primarily because of lack of contract approval from the Authority and problems related to new customs regulations (unrelated to the dispute and now resolved). The end of the negotiation has removed the uncertainties surrounding the future of the project, and the new cost and schedule for the Experimental Program will be presented by the end of March.

Coming back to production start-ups this slide shows the base for continuing growth beyond 2011. These start-ups will generate approximately 320 kboe/d of new production in 2014.
New production is well spread from a geographical viewpoint, from legacy areas to new regions and from mature areas to high potential hydrocarbon basins.

Looking through the new start ups in the 2008/2014 period, it's clear that gas projects and LNG, in particular, are important elements of future growth.
LNG plays a key role in our strategy. We operate our gas business as an integrated portfolio with our colleagues in Gas&Power, monetizing equity gas and taking advantage of all the opportunities along the gas value chain.
As for equity gas supply to LNG plants delivery, this is targeted to go up to 7.3 bcm in 2011 and be in excess of 14.6 bcm in 2014.
Net liquefaction capacity in 2007 is 9.6 bcm, mainly concentrated in Nigeria and Egypt, expanding to 11.3 bcm in 2011 and in excess of 18.8 bcm in 2014.
To better secure an outlet to the final market, we are expanding the available re-gasification capacity both in the US and in Europe. We forecast a capacity of 15.5 bcm in 2011 and in excess of 20.2 bcm in 2014 from the current 7.3 bcm.
Finally, LNG sales are expected to grow from 11.7 bcm in 2007 to14.5 bcm in 2011 and in excess of 25.8 bcm in 2014.

I would like to complete my presentation drawing your attention to an important aspect that has made and will make the difference in our industry, even more in the future: be involved and operate giant projects.
I believe that Eni is well placed in world scale projects; among the international oil players, it is one of the most exposed.
We are present in 30 giant projects, 16 of which operated, and operate over 35 billion boe of reserves.
This represents a solid base for short and long term growth.
In 2014, more than 1 Mboe/d of our future production will come from these projects, 50% of which are already producing. More importantly, over 80% of this production will be operated by Eni.
Furthermore, after 2014 our production growth will be sustained by other major projects such as Kashagan phases 2&3, Angola Gas, and Libyan LNG.
By relying on our people, our long and extensive experience, competent and highly qualified management, as well as increasingly advanced and cutting-edge technological developments, we are in a good position to manage the growing complexity of the oil and gas industry, grow successfully and efficiently and deliver on our future targets.
Thank you and now I hand you over to Domenico.

Good afternoon ladies and gentlemen.

I will first take you through the 2007 results. After that, we will look at the strategy and targets for the next four years.

2007 has been another good year, both in terms of operating performances and financial results.

Gas sales reached 99 bcm, an increase of 4% if we exclude the weather impact. This was driven by growth in Europe, where we are market leaders with an 18% share and our increasing presence outside Europe.

The good operating results drove our record financial results: adjusted operating profit reached 4.1 billion euro, up 5.4% compared to 2006. Our free cash flow rose from 1.9 billion euro to 2.1 billion euro, an increase of 10% on 2006.

Adjusted pro forma EBITDA hit 5.1 billion euro, exceeding our performance in 2006.
We can broadly break down our EBITDA into two categories:
the first relating to marketing in Italy and outside Italy;
the second relating to infrastructure-based activities, which have a stable return.
The split between these two is approximately fifty-fifty.

Let’s now look at strategy and targets for each of these areas.

We intend to further increase our international sales, building on our unique portfolio of gas supply sources, transport infrastructures and storage facilities across Europe.

We target an annual growth rate of over 9% in gas sales outside Italy over the 2008-2011 period.

We target to grow in all areas where we are present, and in particular in the UK, North West Europe and France.

In France, we will more than triple our sales and reach a market share of about 9% in 2011, partially through the expansion of our subsidiary Altergaz.

In the Iberian Peninsula, we are targeting a 17% share of the market by 2011. Here we can leverage on the LNG supplies that Union Fenosa Gas gets from Egypt and Oman.

In coming years, we will also increase our presence in the US market, where we can rely on equity gas from Eni’s Gulf of Mexico assets as well as on LNG supplies from the Cameron and Pascagoula terminals.

Finally, we plan to enter the Russian downstream market, also leveraging on our unique upstream integration. In the Far East, we intend to maintain our presence with opportunistic sales.

In Italy, we expect competition to increase in the next two-three years.
After some delays, new significant import infrastructures - both LNG and pipelines - will come on-stream starting from this year. In addition to greater gas availability, we also face increasing competition from new operators, namely foreign National Oil Companies keen to directly reach end users.

We aim to tackle these challenges and to maintain a strong position in our domestic market, stabilizing sales volumes in the region of 50 bcm by 2011.

We plan to do this in three main ways.

Firstly, we are increasingly targeting the most profitable customers. We will improve our offer by tailoring pricing and services to the customer's specific needs, thanks to our advanced risk management techniques.

Secondly, we are leveraging on our large customer base to increase the number of dual offer customers. We set a target of 1.2 million dual offer customers by 2011.

On the cost side, we will maintain a strong focus on increasing operational efficiency.

In the Italian mass market, we are targeting a 38% reduction in the cost to serve by 2011. This target will be pursued through the rationalization of contact channels, a review of billing processes, lower cost collection channels and a more streamlined management of contracts.

Finally, in power generation, we target a more favourable sales mix, increasing the percentage of peak-hour volumes on the Power Exchange from 53% in 2007 to 96% in 2011.

I will now highlight the key growth drivers of our infrastructure-based activities.

In international transport, we are investing to maximize the potential of this strongly cash-generative, low-risk business. We will increase our capacity by 16 bcm, or 13%, over the plan period through the debottlenecking of the TTPC and TAG pipelines and the expansion of the Greenstream and TENP pipelines. This will enable us to generate over 1 billion € of cash flow between 2008 and 2011.

Similarly, Snam Rete Gas has recently announced a 4% increase in its capex plan to 4.3 billion euro in the 2008-2011 period. 80% of the investments is dedicated to new assets and will enjoy up to 9.7% real pre-tax returns.

Italgas and Eni Power will concentrate on the efficiency plans. We expect power generation to produce positive cash flows from 2009, when the construction of the new CCGT plants will be completed.

Our strategy enables us to increase our gas sales target to 110 bcm by 2011 from the previous target of 105 bcm in 2010.

We are targeting 2.1 billion euro of free cash flow in 2011, despite the increased competition and pressure on margins.

Our capex plan is stable over the period and is mainly dedicated to the development of our infrastructural asset base.

Overall, our objective is to continue to build on our unique platform to further increase our European leadership.

And now I will hand you over to Angelo

Thank you Domenico and good afternoon Ladies and Gentlemen.

Our 2007 results were negatively affected by the scenario, in particular due to the narrowed light-heavy crude differential and weak marketing margins.
Excluding scenario effects, our operating profits were up by 9% thanks to the higher plant availability and the efficiency gained through process streamlining and lower energy and labor costs. This initial result is in line with the strategy we put in place a year ago to enhance profitability.

- in Refining, the throughput on fully owned or participated refineries increased by 2%, due to higher plant availability.

In 2007 we also started a project for the construction of 20 thousands barrels EST plant in Sannazzaro which will be operative in 2012.
We made significant progress on efficiency, restructuring our logistic activities towards a HUB model. Meanwhile, all Trading & Shipping activities will now be managed on a group-wide basis, which will result in further efficiency gains.

- in Marketing, despite higher prices, domestic retail consumption was broadly steady (-0.2%). In this environment, Eni was able to keep its market share in line with 2006, also through the launch of a new loyalty program which was subscribed by 2.5 million customers.

Outside Italy, sales increased by 4% versus 2006, mainly as a result of our acquisition in Eastern Europe.

In 2007 the R&M Division carried out three significant transactions that will allow us to reach critical mass in key European markets, improving the economics of our foreign operations.

We carried out two significant acquisitions in Eastern Europe:
- In April we signed the purchase of the Exxon subsidiaries in the Czech Republic, Hungary and Slovakia, acquiring 102 service stations with an average annual throughput of around 5 million litres per site, plus aviation (120 k tons/y) and lubricants businesses (14 k tons/y);
- The following month we bought 16% of Ceska Rafinereska from Conoco, increasing our total stake to 32%, which corresponds to an overall refining capacity of around 2.6 million tons/y.

We expect a significant contribution from such transactions because of synergies between the refining and marketing businesses, economies of scale (our market share in each of the three countries doubled to over 10%), and an improvement of network quality.

Furthermore, we are currently in the process of selling our operations in the Iberian peninsula to Galp, a process which we due to be complete by mid 2008.

After the sale is completed, Eni’s R&M Division will operate in the Iberian Peninsula through Galp. The combined operations will bring significant synergies (the market share in Spain will go from 4 to 7%), both in terms of costs and supply options. The stronger competitive position will also sustain Galp’s further growth.

Moving on now to the next four years.

In refining, margins are expected to be volatile, but complex refineries will be able to leverage on resilient cracking spreads.

In the context of this scenario, we are engaged in a significant turnaround program to lower our break-even through cost savings and higher middle distillates' yield. In particular we will increase our conversion index to 60% and achieve a middle distillate yield of 43% by 2011. On both these measures, we see further improvements after the start-up of EST in Sannazzaro in 2012. We target an increase in the throughput on owned and participated refineries to 37 million tons by 2011, terminating low-margin processing agreements on third parties sites.
Furthermore specific efficiency programme targeting maintenance, energy consuption and general expenses will provide a cost savings of around 130 million euro by 2011.
In marketing the outlook is positive. Notwithstanding the high prices, retail consumption is fairly stable and from December margins are back to historic levels.
In Italy we are consolidating our leadership, improving the quality and the range of our offer with premium products, new loyalty programs and non-oil formats.
Abroad we will focus on those European markets were we can leverage on scale, supply & logistic advantages and brand awareness.
Overall we are targeting annual retail sales growth of 2% between 2008 and 2011, and an increase in the average throughput per site to 2.6 million litres/y in 2011.

The implementation of this strategy and the significant turnaround potential in all our business lines will enable us to increase the EBIT of the division by 400 million euro in 2011 at the 2007 price scenario.

Thank you, Angelo and thank you for your attention.

We are now pleased to take your questions.