

interim update and Q2 results

Milan, July 28th, 2010

Speakers:

Paolo Scaroni - CEO

Alessandro Bernini - CFO

Paolo Scaroni

Ladies and gentlemen, welcome to our 2010 interim review.

In the first six months of the year we achieved strong results, with 8.5 billion euros of adjusted operating profit, 3.5 billion euros of adjusted net profit and cash flow from operations in excess of 9 billion euros.

Our healthy cash flow from operations, coupled with some progress on our disposal plan has reduced leverage to 41%, down from 46% at the end of 2009.

I will propose an interim dividend of 50 cents per share to the Board of Directors convening on September 9th .

During the first half of the year we made good operational progress.

In E&P, we are delivering on all our targets:

- in Venezuela, following the agreement with PDVSA for the development of Junin 5, we will sanction the first phase for a capacity of 75 kboed at the beginning of next year, targeting first oil by 2013.
- In Iraq, the Zubair rehabilitation plan, including the major contracts, has been approved by the first party and we are ahead of schedule, with the start of cost recovery by year end.
- We delivered 5 major start-ups, while the start-up of Appaloosa has been postponed as a result of the moratorium in the USA. Production grew by 1% thanks to our strong performance in Nigeria, Congo, USA and Italy, partially offset by weaker gas offtakes in Libya.
- The really good news of the first half has been the exceptional result of our exploration: we have added 600 million boe of resources, mostly from Block 15/06 in Angola, Perla in Venezuela and Jangkrik in Indonesia.

In G&P, overall gas sales were down 6%. In Italy, as expected, we suffered from higher imports, with the Rovigo LNG terminal in the Adriatic Sea now running at full capacity. Our international business has however continued to grow, with sales up by 6%. This was driven by an excellent performance in the key countries of France, Spain, Germany and the Benelux, while in Turkey sales were weaker than the previous year.

Power generation performed particularly well, with Kwh sold up by 21% and an increase in our market share in Italy from 10% to 12%.

Regulated businesses and international transport are doing well, benefiting from the synergies in Snam and the higher volumes.

R&M performed better than expected in a still challenging environment. Refining margins remain depressed, but cost reductions and the enhanced flexibility of our operations are supporting steadily improving profitability.

In marketing, strong campaigns by our competitors have caused a dip in our market share. We have however maintained satisfactory margins.

I will now hand you over to Sandro for a more in-depth analysis of our first half results.

Alessandro Bernini

Thank you Paolo and good afternoon Ladies and Gentlemen

In the second quarter of 2010, the macro environment showed a positive trend compared to the same period of last year. The Brent price increased by 33% compared to the second quarter of 2009, averaging 78 dollars per barrel.

The average European refining margin Brent/Ural was 4.5 \$/bbl, up 15% versus the corresponding period of 2009.

Finally, the euro depreciated by 6% versus the US dollar.

Moving to our results, adjusted operating profit in the second quarter totalled 4.1 billion euro, up 62% year on year. This result mainly reflects the stronger contribution of the Exploration & Production division.

Adjusted net profit in the second quarter increased by 80% to 1.6 billion euro as a result of the good operating performance, partly offset by an increase of over 1 percentage point in the adjusted tax rate.

In the second quarter of 2010 Eni reported oil and natural gas production of 1,758 kboe/d. Production was substantially unchanged from a year-ago when excluding the effect of the updated gas conversion rate.

Our performance was positively impacted by organic growth of 111 kboe/d achieved in Nigeria, Congo and Italy as well as new start-ups and production ramp-up at fields which were started-up in 2009. These increases were offset by planned facility shutdowns in the North Sea and in Kazakhstan, mature field declines and lower gas uplifts in Libya due to oversupply conditions in the European gas market. Libyan production in the second quarter of 2010 was 12 kboe/d lower than in the second quarter of 2009 and 50 kboe/d lower than in the first quarter of 2010.

Second quarter adjusted operating profit amounted to 3.4 billion euro, up 67% compared to the second quarter of 2009, mainly as a result of higher oil and gas realizations in dollars, of the positive impact of the depreciation of the euro over the dollar and of lower exploration expenditure [*-88 mln euro*]. These positives were partly offset by higher operating costs and DD&A [*+90 mln and +209 mln euro, respectively*].

The overall gas volumes sold in the second quarter of 2010, including both consolidated and associated companies, totalled 18bcm, a decrease of approximately 6% year on year. This decline reflects the lower volumes sold on the Italian market, which is experiencing higher competitive pressure, partly offset by steady growth trends in the wider European markets.

Adjusted operating profit decreased by 9% compared to the same period of 2009.

Second quarter adjusted operating profit doesn't include 61 million euro of gains recorded in previous quarters, but which could be associated with the sales of gas and electricity occurred in the second quarter.

G&P adjusted proforma Ebitda for the second quarter of 2010 was 825 million euro, compared to 821 million euro in the second quarter of 2009.

Results in the Marketing segment declined mainly as a result of lower volumes sold and lower margins in Italy, due to increased competitive pressure as well as the unfavorable trend in energy parameters. These negative factors were partially compensated by the renegotiation of certain long term supply contracts as well as portfolio optimization.

The Regulated business generated 350 million euro, up 16% versus the corresponding period of last year. The increase mainly reflects the recognition of new investments in tariffs, as well as the remuneration of fuel gas costs and the higher volumes transported.

Finally, International Transportation results showed a 20% increase, as a result of the return to full capacity of the TMPC pipeline, which had been damaged in an accident in December 2008.

Turning now to R&M.

The utilization rate declined slightly year on year but increased by 7 percentage point compared to the first quarter of 2010 as a result of the enhanced integration of our production cycles.

Second quarter results showed a significant improvement, with adjusted operating losses narrowing to 52 million euro compared to a loss of 106 million euro in the second quarter of 2009.

This performance was driven by improved refining margins on complex throughputs, mainly thanks to the re-opening of light-heavy crude differentials in the Mediterranean area. Results also benefited from the appreciation of the dollar over the euro.

Marketing reported a flat performance, due to lower volumes sold in Italy reflecting a poor national demand for automotive fuels in the quarter and some improvement in the international business.

Our petrochemicals business shows a significant recovery, after several quarters of poor performance. Operating losses declined to 11 million euro (compared to 146 million euro the year before) driven by a stronger demand and an increased market share.

Saipem delivered adjusted operating profits of 343 million euro, up 15.5% versus 2Q2009.

The Other Activities segment reported an operating loss of 51 million euro and corporate posted an adjusted operating loss of 75 million euro.

At the end of June net debt was 23.3 billion euro. Our leverage decreased from 0.46x to 0.41x, well on track for our target of a debt to equity ratio below 40% in the plan period.

We have also been making progress on our 3 billion euro disposal plan. We have already completed sales of marginal non-synergic assets for over 1 billion euro, of which 800 million were cashed in by June.

The completion of the announced sale of some Italian offshore assets is currently on hold due to possible changes in the national environmental regulation which could affect offshore operations.

The sale of our European gas transport pipeline is proceeding as anticipated: for Transitgas and TENP we are arranging an international offer, while we are going ahead with Cassa Depositi e Prestiti for the disposal of our stake in TAG. We expect to close all these transactions by year end.

Thank you for your attention. I will now hand you over to Paolo for his closing remarks.

Paolo Scaroni

Thank you Sandro.

In conclusion:

- In E&P, we are delivering on our strategy, with a healthy pipeline of projects coming on stream to support our organic growth. This year production will be flat, but will grow in the coming years, confirming our plan. Lower gas off-takes from Libya will be compensated by new production from start-ups in Italy, Algeria, Norway, Angola, Nigeria and Egypt.
- In Gas&Power, the lower demand caused by the economic recession and the unprecedented divergence between spot and long-term prices will continue to affect our short-term performance. 2010 remains a challenging year for this division, with a possible decline in pro-forma EBITDA.
However, the second quarter showed some positive trends: gas demand has begun to recover, and the gap between spot and long-term gas prices has started to narrow. Looking ahead, we see the European gas market moving towards a situation where our large and diversified long-term supply portfolio will again provide a valuable competitive edge.
- In R&M, we expect weak refining margins for the rest of the year. As a result of our increased flexibility and efficiency, this division will return to break even in the second half of the year.

Looking forward, our plan remains unchanged. We will continue to invest for growth in the long-term interests of our company and its shareholders, while maintaining a firm financial discipline, a strong balance sheet and our dividend policy.

We will now be pleased to answer your questions.