Eni Presentation to the Financial Community

2007 Third Quarter Results

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Good afternoon Ladies and Gentlemen, and welcome to this conference call during which I will comment on the 2007 third quarter results and business trends.
At the end of the presentation, together with Stefano, we will be pleased to answer your questions.
Let me start with a quick overview of the trading environment.

Market Environment

In the third quarter of 2007 the Brent price strengthened, averaging 74.9 $ per barrel and increasing by approximately 8% compared to the third quarter of 2006
In refining, our third quarter indicator margin fell by approximately 5%. The margins realized by our own refineries were, however, significantly weaker due to the narrowing of light heavy crude differentials.
Finally, the euro showed an appreciation of 8% versus the US dollar compared to the same period of last year.

Consolidated Results: Net Profit

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

Having said this, let us now comment on the results.

Adjusted net profit for the third quarter amounted to 1.89 billion euro a decrease of approximately 28% compared to the same period of 2006.

This result mainly reflects a 17% decrease in the adjusted operating profit, as well as the higher adjusted tax rate, which was 53%, compared to 48.8% for the same period of last year.

Consolidated Results: Operating Profit

Adjusted operating profit amounted to 4.2 billion euro, a decrease of 17% compared to the third quarter of 2006. This result mainly reflects the weaker results in the upstream and downstream oil businesses. It is worth mentioning that Engineering and Construction posted a 46% adjusted operating profit increase (+66 million euro).

E&P: Q3 07 Production

Moving to our business segments. In the E&P, hydrocarbon production in the third quarter, usually affected by maintenance activities, totalled one million six hundred and fifty nine thousand (1,659 kboe/d) boe per day, a decline of 2.9% versus the corresponding period in 2006.

This decline is the result of:

- the price effect;
- the disruptions in Nigeria;
- the CATS pipeline shut-down;
- the depletion of mature fields mainly in Italy and UK;
- the lower entitlements in certain production sharing agreements.

These negative effects were partially offset by the contribution of the assets acquired in Gulf of Mexico and Congo.

E&P: M9 07 Production

Turning to the first nine months of 2007, daily hydrocarbon production decreased by 2.9%, averaging one million seven hundred and ten thousand boe (1,710 kboe/d).

It is worth mentioning that, the bulk of the scheduled maintenance activity has been substantially completed and during October production accounted for approximately one million seven hundred and eighty (1,780 kboe/d) boe per day.

Having said that, I can confirm that, despite the disruptions in Nigeria and the UK, and the impact of Venezuela, assuming an average Brent price in 2007 of 55$/bl, our production is expected to be substantially in line with 2006.

E&P: Operating Profit

Third quarter reported operating profit for the E&P division amounted to 3.3 billion euro, down 18% year on year.

On an adjusted basis, operating profit declined by around 19% on a like for like basis.

This decrease is mainly due to:

- the appreciation of the euro versus the US dollar [1];
- lower production sold (-5.6 million boe) [2];
- increased exploration expenses [3];
- higher operating costs and DD&A also as a result of sector specific inflation [4].

These negative effects were partially offset by the higher realization prices denominated in US dollars [5] (liquids +8.8%; gas -5.5%).

[1] Accounting for -290 million euro;
[2] Accounting for -250 million euro;
[3] Accounting for -280 million euro;

[4] Accounting for -180 million euro (mainly opex € -80 million and DD&A € -70 million);
[5] Accounting for 250 million euro.

G&P: Natural Gas Volume Sold

In the Gas & Power division, overall gas volumes sold, both consolidated and associated, increased by approximately 5% in the third quarter of 2007, totalling approximately 19 bcm (18 bcm in 3Q 06).
Gas sales in Italy, including self consumptions, increased to 11.5 bcm as a result of higher volumes sold to wholesalers (+0.65 bcm). This positive trend was partially offset by lower sales to industrial and power-generation customers.
International gas sales rose by approximately 6%, reaching 7.6 bcm (7.2 bcm 3Q06). This was mainly a result of higher gas volumes sold in our target markets.

In the first nine months of 2007 overall Italian gas demand reached approximately 59 bcm with a year on year decrease of 3.7%. In the same period Eni's domestic gas sales decreased by 3.6% mainly as a result of the mild weather conditions.

International gas sales in the first nine months of 2007 totalled 26 bcm. This was broadly flat compared with the same period of 2006.

G&P: Operating Profit

Turning to the Gas & Power division's financial results, reported operating profit for the third quarter amounted to 590 million euro in line with the corresponding period of 2006.

The third quarter result includes the negative impact of special items, including 19 million euro mainly related to redundancy incentives (18 million euro) and to environmental provisions (1 million euro). In addition, we accounted for an inventory gain of 28 million euro.

Adjusted operating profit amounted to 581 million euro, down approximately 6% from the same period in 2006 (619 million euro).

G&P: Ebitda Proforma Adjusted

G&P adjusted proforma ebitda for the third quarter of 2007 amounted to 797 million euro. This compares to 882 million euro in 2006.

Let me now elaborate on the business segment.
Supply and Marketing decreased by 22%.

This performance was primarily due to the mismatch between purchase and sales prices that has affected essentially the sales to thermoelectric users. This negative effect was partially offset by higher volumes sold, which were up 5%.
The Regulated business generated 215 million euro up 11% versus the third quarter of 2006. This trend is due to the increased operating profit of Snam Rete Gas and also due to the increased ownership resulting from the now completed buyback program.

Powergen ebitda accounted for 80 million euro. Let me remind you that starting from the first quarter of 2007, the Powergen segment only comprises the tolling activity, since marketing activities have been moved to the Supply & Marketing segment in accordance with our objective of developing a dual offering strategy.

If we look at the first nine months of 2007, overall adjusted proforma ebitda increased by approximately 4% versus the corresponding period of 2006. This is the result of the improved regulatory framework and despite the lower gas volumes sold, transported and distributed, due to the mild winter. Furthermore the result of the first nine months of 2007 has been negatively affected by the unfavourable trend in energy parameter recorded in the third quarter.

R&M: Operating Profit

Let me now turn to the R&M division.

2007 third quarter reported operating profit totalled 282 million euro, up 13% compared to the same period of 2006.

The result includes negative special items for 56 million euro mainly related to environmental provisions (42 million euro) and redundancy incentives (16 million euro). In addition, we accounted for an inventory gain of 219 million euro.

On an adjusted basis the operating profit decreased by approximately 67% compared to the same period of 2006. This reflects weaker refining margins, mainly as a result of the narrowing of the differential between light and heavy oil [1] , as well as the appreciation of the euro against the US dollar [2].

Marketing’s 2007 third quarter performance was substantially in line with the same period of 2006.

[1] Accounting for -220 million.
[2] Accounting for -30 million euro.

Other Businesses: Adjusted Operating Profit

As far as other businesses are concerned, in the third quarter of 2007 the Petrochemicals division (Polimeri Europa) posted an adjusted operating profit of 30 million euro. This decrease versus the same period of 2006 was mainly due to lower base chemical margins resulting from higher feedstock costs.

The adjusted operating profit of the Oilfield services & Engineering business totaled 211 million euro in the third quarter of 2007, up 46% versus the same period of last year. This achievement was attributable to higher results in both onshore and offshore construction activities.

Sources and Uses of Cash

Looking at our cash flow.
This slide compares our sources and uses of cash for the first nine months of 2006 and 2007.
Operating cash flow of 13 billion euro and divestments totalling 0.6 billion euro partially funded 6.9 billion euro of organic capital spending and 8.7 billion euro of acquisitions. Furthermore shareholder distributions amounted to 3.4 billion euro out of which dividend payments exceeded 2.6 billion euro.

As a result of the significant investments and the cash returned to shareholders, our net financial debt, as at the end of September, increased to 11.4 billion euro and our debt to equity ratio was equal to 0.26

Let me underline that assuming a 55 $/boe scenario the net debt to equity ratio will be in the range of 0.3-0.4 at year end, depending on whether Gazprom exercises the options on the 20% stake in Gazprom Neft and on the 51% stake in the former Yukos gas assets.

Capex

Finally let me comment on capex.

In the first nine months of 2007 capital expenditure amounted to 6.9 billion euro representing an increase of approximately 42% compared to the same period of last year (4.9 billion euro).

This was mainly due to higher expenditures in all our core businesses.

In particular:

- Upstream showed a 40% increase mainly as a consequence of higher exploration expenses in the Gulf of Mexico, Egypt, Norway and Brazil as well as increased development activity in Congo, Egypt, Italy and Angola. It is worth mentioning that the increase is also the result of the recent acquisitions in Gulf of Mexico and Congo *(€45 million exploration and €75 million development).*
- Engineering & Oilfield Services showed a 104% increase related to the construction of two new FPSO units and other vessels.
- G&P's higher capex are related to the upgrading of the Italian and international transportation network.
- Finally R&M posted a 48% capex increase referred to the ongoing refinery upgrading programme.

For the full year we expect to post an overall capex of approximately 10.5 billion euro.

Thank you for your attention and now we will be pleased to answer your questions.