



ENI ANNOUNCES RESULTS FOR THE SECOND QUARTER AND THE FIRST HALF OF 2010

San Donato Milanese, July 28, 2010 – Eni, the international oil and gas company, today announces its group results for the second quarter and the first half of 2010 (unaudited).

Financial Highlights

- **Adjusted operating profit: €4.13 billion in the quarter (up 61.9%); €8.46 billion in the first half (up 34.2%).**
- **Adjusted net profit: €1.63 billion in the quarter (up 80.2%); €3.45 billion in the first half (up 29.5%).**
- **Net profit: €1.82 billion in the quarter (up 119.2%); €4.05 billion in the first half (up 47.9%).**
- **Cash flow: €4.59 billion in the quarter; €9.14 billion in the first half.**
- **Interim dividend proposal of €0.50 per share.**

Operational Highlights

- **Oil and natural gas production: 1.758 million barrels per day in the quarter, unchanged from 2009 on a comparable basis¹ (up 1.0% in the first half).**
- **Natural gas sales: down 6.2% to 19.2 billion cubic meters in the quarter (down 5.9% in the first half).**
- **In the first half of 2010, 5 new fields were put into production in Italy, Congo, Algeria and Tunisia and Eni is on track to achieve the target of 12 field start-ups for 2010.**
- **Significant exploration success was achieved in Angola, Venezuela, Pakistan, Norway and Indonesia increasing Eni's resource base by 600 million barrels in the first half 2010.**

Paolo Scaroni, Chief Executive Officer, commented:

"Eni achieved robust financial and operating results in the first half of 2010 despite ongoing challenging market conditions especially in the gas market. In E&P in particular we are delivering on all our targets with excellent results in terms of start-ups and exploration success. Eni continues to invest for growth while maintaining strict financial discipline and a strong balance sheet."

At the same time the Board has approved the interim report as of June 30, 2010, which has been prepared in accordance to Italian listing standards as per article 154-ter of the Code for securities and exchanges (Testo Unico della Finanza). The report was immediately submitted to the Company's external auditor. Publication of the interim report is scheduled within the first half of August alongside completion of the auditor's review.

(1) Excluding the impact of updating the natural gas conversion rate. For further information see page 6.

Financial Highlights

| Second Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | % Ch. 2 Q. 10 vs. 09 | SUMMARY GROUP RESULTS | (€ million) | First Half | | % Ch. |
|---------------------|--------------------|---------------------|----------------------|--|-------------|--------------|--------------|-------------|
| | | | | | | 2009 | 2010 | |
| 2,405 | 4,847 | 4,305 | 79.0 | Operating profit | | 6,372 | 9,152 | 43.6 |
| 2,549 | 4,331 | 4,128 | 61.9 | Adjusted operating profit ^(a) | | 6,303 | 8,459 | 34.2 |
| 832 | 2,222 | 1,824 | 119.2 | Net profit ^(b) | | 2,736 | 4,046 | 47.9 |
| 0.23 | 0.61 | 0.50 | 117.4 | - per share (€) ^(c) | | 0.76 | 1.12 | 47.4 |
| 0.63 | 1.69 | 1.27 | 101.6 | - per ADR (\$) ^{(c)(d)} | | 2.02 | 2.97 | 47.0 |
| 902 | 1,822 | 1,625 | 80.2 | Adjusted net profit ^{(a)(b)} | | 2,661 | 3,447 | 29.5 |
| 0.25 | 0.50 | 0.45 | 80.0 | - per share (€) ^(c) | | 0.73 | 0.95 | 30.1 |
| 0.68 | 1.38 | 1.15 | 69.1 | - per ADR (\$) ^{(c)(d)} | | 1.94 | 2.52 | 29.9 |

(a) For a detailed explanation of adjusted operating profit and net profit see paragraph "Reconciliation of reported operating and net profit to results on an adjusted basis" page 24.

(b) Profit attributable to Eni shareholders.

(c) Fully diluted. Dollar amounts are converted on the basis of the average EUR/USD exchange rate quoted by the ECB for the periods presented.

(d) One ADR (American Depositary Receipt) is equal to two Eni ordinary shares.

Adjusted operating profit

Adjusted operating profit for the second quarter of 2010 was €4.13 billion, an increase of 61.9% compared with the second quarter of 2009. For the first half of 2010, adjusted operating profit was €8.46 billion, an increase of 34.2% compared with the first half of 2009. These results reflected an excellent operating performance reported by the Exploration & Production division (an increase of 66.8% compared with the second quarter of 2009) driven by higher oil realizations and the appreciation of the US dollar vs. the euro. Also the downstream refining and petrochemical divisions reported better results as business conditions have improved, particularly the second quarter refining margins.

Adjusted net profit

Adjusted net profit for the second quarter of 2010 was €1.63 billion, up 80.2% compared with a year ago. In the first half of 2010, net profit of €3.45 billion increased by 29.5%. These results reflected improved operating performance and higher results reported by equity-accounted entities, partly absorbed by an increased adjusted tax rate (up 1.2 percentage points in the second quarter; up 3.3 percentage points in the first half).

Capital expenditures

Capital expenditures were €4.3 billion for the quarter and €7.1 billion for the first half mainly relating to continuing development of oil and gas reserves, the upgrading of rigs and offshore vessels in the Engineering & Construction segment and of the gas transport infrastructures.

Cash flow

The main cash inflows for the quarter were net cash generated by operating activities amounting to €4,585 million (€9,139 million in the first half) and proceeds from divestments of €66 million (€795 million in the first half). These inflows were used to fund part of the financing requirements associated with capital expenditures of €4,328 million (€7,107 million in the first half) and dividend payment amounting to €2,164 million, which included payment of balance dividend for the fiscal year 2009 to Eni's shareholders and dividends paid to minorities by consolidated entities. As a result, net borrowings² as of June 30, 2010 amounted to €23,342 million, representing an increase of €2,290 million from March 31, 2010 and €287 million from December 31, 2009.

Financial Ratios

Return on Average Capital Employed (ROACE)³ calculated on an adjusted basis for the twelve-month period to June 30, 2010 was 9.7% (13% at June 30, 2009).

Ratio of net borrowings to shareholders' equity including non-controlling interest – leverage³ – decreased to 0.41 at June 30, 2010 from 0.46 as of December 31, 2009, benefiting from a sizeable increase in shareholders' equity associated with the appreciation of the US dollar.

(2) Information on net borrowings composition is furnished on page 33.

(3) Non-GAAP financial measures disclosed throughout this press release are accompanied by explanatory notes and tables to help investors to gain a full understanding of said measures in line with guidance provided for by CESR Recommendation No. 2005-178b. See pages 33 and 34 for leverage and ROACE, respectively.

Interim dividend 2010

In light of the financial results achieved for the first half of 2010 and management's expectations for the full-year results, the interim dividend proposal to the Board of Directors on September 9, 2010 will amount to €0.50 per share (€0.50 per share in 2009). The interim dividend is payable on September 23, 2010 to shareholders on the register on September 20, 2010.

Operational highlights and trading environment

| Second Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | % Ch. 2 Q. 10 vs. 09 | KEY STATISTICS | First Half 2009 | First Half 2010 | % Ch. |
|---------------------|--------------------|---------------------|----------------------|--|-----------------|-----------------|-------|
| 1,733 | 1,842 | 1,758 | n.m. | Production of oil and natural gas ^(a) (kboe/d) | 1,756 | 1,800 | n.m. |
| 1,733 | 1,816 | 1,732 | (0.1) | Production of oil and natural gas net of updating the natural gas conversion rate | 1,756 | 1,774 | 1.0 |
| 986 | 1,011 | 980 | (0.6) | - Liquids (kbbbl/d) | 1,000 | 995 | (0.5) |
| 4,290 | 4,615 | 4,319 | 0.8 | - Natural gas (mmcf/d) | 4,344 | 4,466 | 2.4 |
| 20.46 | 30.51 | 19.19 | (6.2) | Worldwide gas sales (bcm) | 52.81 | 49.70 | (5.9) |
| 1.46 | 1.60 | 1.34 | (8.2) | <i>of which: E&P sales in Europe and the Gulf of Mexico</i> | 2.95 | 2.94 | (0.3) |
| 7.57 | 9.00 | 9.61 | 26.9 | Electricity sales (TWh) | 15.35 | 18.61 | 21.2 |
| 3.07 | 2.68 | 2.94 | (4.2) | Retail sales of refined products in Europe (mmttonnes) | 5.86 | 5.62 | (4.1) |

(a) From April 1, 2010, the conversion rate of natural gas from cubic feet to boe has been updated to 1 barrel of oil = 5,550 cubic feet of gas (it was 1 barrel of oil = 5,742 cubic feet of gas). The effect on production has been 26 kboe/d. For further information see page 6.

Exploration & Production

In the second quarter of 2010, Eni's reported liquids and gas production of 1,758 kboe/d (1,800 kboe/d in the first half of 2010) which was calculated assuming a conversion rate of gas to barrel equivalent which was updated to 5,550 cubic feet of gas equals 1 barrel of oil (it was 5,742 cubic feet of gas per barrel in previous reporting periods; for further disclosure on this matter see page 6). On a comparable basis, i.e. when excluding the effect of updating the gas conversion rate, production was nearly unchanged on a quarter-to-quarter basis, while reporting an increase of 1.0% for the first half of 2010. Production increases were driven by organic growth achieved in Nigeria and Congo, new field start-ups and production ramp-ups at fields which were started-up in 2009. Those trends were offset by planned facility shutdowns in the North Sea and in Kazakhstan, as well as mature field declines. The quarterly performance was also affected by lower gas uplifts in Libya due to oversupply conditions on the European market. Finally, the combined negative impact associated with lower entitlements in Company's PSAs due to higher oil prices net of lower OPEC restrictions (overall down 10 kboe/d) reduced growth by half of a percentage point in both periods.

Realized Oil and Gas Prices

Oil realizations in dollar terms increased by 32.9% in the second quarter and by 48.3% in the first half driven by a recovery in market benchmark Brent prices (up 33.2% and 49.7% from the second quarter and first half of 2009, respectively). Gas realizations showed a slower pace of increase (up 15.5% in the quarter but down 4.8% in the first half) due to time lags in oil-linked pricing formulae and weak demand in areas where gas is sold on a spot basis.

Gas & Power

Eni's gas sales were 19.19 bcm in the second quarter of 2010 (49.70 bcm in the first half of 2010), a decrease of 6.2% compared with the second quarter of 2009, and down by 5.9% from the first half of 2009. The gas performance was negatively affected by lower sales volumes on the Italian market (in absolute terms down by 1.63 bcm and 3.97 bcm, or 20.6% and 18.8% in the second quarter and in the first half of 2010 respectively). Those trends reflected rising competitive pressures in the power generation business, industrial customers and wholesalers. On a positive note, sales in European markets trended up and increased by 5.4% in the second quarter of 2010 (up by 4.9% in the first half of 2010). This was driven by organic growth in Belgium, France and Germany/Austria.

Refining & Marketing

Eni's refining margins improved in the second quarter of 2010, driven by a re-opening of light-heavy crude differentials in the Mediterranean area. This trend benefited the profitability of Eni's complex refineries, which were further upgraded by a new hydrocracker coming on stream at the Taranto plant in the first half of 2010. Another positive factor was the appreciation of the dollar over the euro. Underlying fundamentals in the refining business remained weak as high costs of oil-based feedstock were only partially transferred to product prices which remain under pressure due to excess capacity, sluggish demand and high inventory levels as evidenced by lowered Brent margins (down \$0.22 per barrel in the quarter, or 6.1%, down \$1.57 per barrel in the first half, or 35.1%).

Also sales volumes on retail markets were weaker, particularly on the Italian market where sluggish consumption of automotive fuels dragged Eni's volumes down (down by 6.1% and 5.2% in the quarter and in the first half, respectively). Retail sales in other European markets were stable.

Currency

Results of operations for the second quarter were helped by the depreciation of the euro vs. the US dollar, down 6.5% from the second quarter of 2009. The impact of this depreciation on the results of the first half was negligible (down 0.3%).

Portfolio developments

Divestment of Gas Brasiliano Distribuidora

On May 27, 2010, Eni signed a preliminary agreement to divest its 100% interest in Gas Brasiliano Distribuidora, a company that markets and distributes natural gas in Brazil, to Petrobras Gas, a fully owned subsidiary of Petróleo Brasileiro SA 0 ("Petrobras"). Total cash consideration is expected to amount to \$250 million. The completion of the transaction is subject to approval of the relevant Brazilian authorities.

Sale of 25% of the share capital of GreenStream BV

On April 27, 2010, Eni sold a 25% stake in the share capital of GreenStream BV to NOC (Libya National Oil Corporation), the company owning and managing the gas pipeline for importing to Italy natural gas produced in Libya. Following the decrease of Eni's shareholding in the company to 50% and implementation of renewed shareholders arrangements, Eni no longer controls the company and it has therefore been excluded from consolidation as of May 1, 2010.

South Stream

On June 18, 2010, Eni and Gazprom signed a Memorandum of Understanding to define terms and conditions for the French company EDF entering the South Stream project. As part of the agreement, EDF is expected to acquire an interest in the venture that is planning to build a new infrastructure to transport Russian gas across the Black Sea and Bulgaria to European markets.

Exploration Activities

In the first half of 2010 the Company executed exploration activities which resulted in adding approximately 600 million barrels to the Company's resource base. Main results were achieved:

In Venezuela, the Perla 2 appraisal well (Eni 50%) showed results that exceeded the initial resource estimation of the discovery by 30% with further improvements to be assessed through future drillings.

In Angola, three oil discoveries were made in the 15/06 block (Eni 35%, operator) off the Angolan coast with the Nzanza, Cinguvu, and Cabaca South East-1 exploration wells. The first two of these have been flowing at more than 1,600 and 6,400 barrels per day respectively.

In Indonesia, a second well located in the Jangkrik gas discovery in the Muara Bakau permit (Eni 55%, operator), was successfully drilled. The well yielded approximately 3.2 kboe/d during flow test.

Main production start-ups

In line with the Company's production plans, production was started at 5 fields. The main ones were:

- (i) The Annamaria B field (Eni 90%, operator), located in the offshore section between Italy and Croatia;
- (ii) Baraka (Eni 49%, operator) in Tunisia;
- (iii) Rom Integrated in Algeria;
- (iv) The M'Boundi IPP project (Eni 100%) in Congo.

Other fields were started to production in China and Nigeria.

Outlook

In what remains an uncertain and volatile energy environment, Eni forecasts a modest improvement in global oil demand and a Brent price of 76\$/barrel for the full year 2010. Considering ongoing trends, management expects that gas demand in Europe and Italy will recover at a faster pace than the Company's base case assumptions following the steep decline suffered in 2009 in the industrial and power generation sectors. In the refining business, underlying fundamentals are expected to remain weak as highlighted by margins volatility. Against this backdrop, key volumes trends for the year are expected to be the following:

- **Production of liquids and natural gas** is forecast to be in line with 2009 (production in 2009 was 1.769 million boe/d). This estimate is based on the Company's assumption for a Brent price of 76\$/barrel for the full year, the same level of OPEC restrictions as in the first half of 2010 and asset disposals underway. It excludes the effect of updating the gas conversion rate. Growth will be driven by continuing field start-ups, mainly in Italy, Congo and Norway and marginally the Zubair project in Iraq, as well as production ramp-up at the Company's recently started fields, mainly in Nigeria and Angola. These additions will be offset by mature field declines, lower gas uplifts in Libya due to oversupply conditions on the European market and rescheduling of certain projects expected in the Gulf of Mexico as consequence of the accident occurred at the BP-operated Macondo well;
- **Worldwide gas sales** are forecasted to decrease compared with 2009 (approximately 104 bcm were achieved in 2009). Increasing competitive pressures, mainly in Italy, are expected to be partly offset by an expected recovery in European gas demand. Other positive trends include a benefit associated with integrating Distrigas operations and the optimization of its supply portfolio, including re-negotiation of long-term supply contracts;
- **Regulated businesses in Italy** will benefit from the pre-set regulatory return on new capital expenditures and cost savings from integrating the full chain of transport, storage and distribution activities;
- **Refining throughputs on Eni's account** are planned to increase compared with 2009 (actual throughputs in 2009 were 34.55 mmt tonnes) due to a higher capacity utilization rate of Eni's refineries partly offset by lowered volumes on third party refineries reflecting the Company's decision to terminate certain processing agreements. In a challenging trading environment, management forecasts an improvement in refining margins from a year ago, leveraging on better spreads between light and heavy crudes as well as initiatives for efficiency enhancement and margin expansion;
- **Retail sales of refined products in Italy and the rest of Europe** are expected decline slightly from 2009 (12.02 mmt tonnes in 2009) reflecting sluggish consumption. Marketing initiatives are planned in order to support sales volumes and margins in the Italian retail market and to develop the Company's market share in European markets;
- The **Engineering & Construction** business is expected to see solid results due to a robust order backlog.

In 2010, management plans to make capital expenditures slightly higher compared with 2009 (€13.69 billion were invested in 2009) as a result of interventions aimed at optimizing production and the impact of the appreciation of the US dollar over the euro. Capital expenditures will mainly be directed to the development of oil and natural gas reserves, exploration projects, the upgrading of construction vessels and rigs, and the upgrading of natural gas transport infrastructure. Management has planned a number of measures designed to ensure the achievement of a ratio of net borrowings to total equity (leverage) which will adequately support a strong credit rating.

This press release has been prepared on a voluntary basis in accordance with the best practices on the marketplace. It provides data and information on the Company's business and financial performance for the second quarter and the first half of 2010 (unaudited). Results of operations for the first half of 2010 and material business trends have been extracted from the interim report 2010 which has been prepared in compliance with article 154-ter of the Italian code for securities and exchanges ("Testo Unico della Finanza" – TUF) and approved by the Company's Board of Directors today. The interim report has been transmitted to the Company's external auditor as provided by applicable regulations. Publication of the interim report is scheduled in the first half of August, alongside the Company's external auditor report upon completion of relevant audits.

Results are presented for the second quarter and the first half of 2010 and for the second quarter and the first half of 2009. Information on liquidity and capital resources relates to end of the periods as of June 30, 2010, March 31, 2010 and December 31, 2009. Tables contained in this press release are comparable with those presented in the management's disclosure section of the Company's annual report and interim report. Quarterly and semi-annual accounts set forth herein have been prepared in accordance with the evaluation and recognition criteria set by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure set forth in Article 6 of the European Regulation (CE) No. 1606/2002 of the European Parliament and European Council of July 19, 2002.

The evaluation and recognition criteria applied in the preparation of this report are unchanged from those adopted for the preparation of the 2009 Annual Report, with the exception of the international accounting standards that have come into force from January 1, 2010 described in the section "Accounting standards" in the 2010 Interim Report which will be published shortly.

Adoption of those accounting standards did not have any significant impacts on the financial results of the second quarter and first half of 2010 with the sole exception of interpretation IFRIC12 "Service concession arrangements". IFRIC12 provides guidance on the accounting by operators for public-to-private service concession arrangements. An arrangement within the scope of this interpretation involves for a specified period of time an operator constructing, upgrading, operating and maintaining the infrastructure used to provide the public service. In particular when the grantor controls or regulates what services the operator must provide with the infrastructure, at what price and any significant residual interest in the infrastructure at the end of the term of the arrangement, the operator shall recognize the concession as an intangible asset or as a financial asset on the basis of the agreements. Based on existing arrangements in Eni Group companies, adoption of IFRIC12 has led to the Company classifying infrastructures used to provide the public service within intangible assets in the balance sheet as of March 31 and June 30, 2010. Balance sheet data as of December 31, 2009 have been restated accordingly for an amount of €3,412 million (i.e. the net book value of infrastructures used to provide the public service which were presented within property, plant and equipment in prior years).

Considering the tariff set-up of public services rendered under concessions arrangements and absent any benchmarks, the Company was in no position to reliably quantify margins for construction and upgrading activities and consequently capital expenditures made in the period have been recognized as contract work in progress for an equal amount as costs incurred. Infrastructures used to provide the public service are amortized on the basis of the expected pattern of consumption of expected future economic benefits embodied in those assets and their residual value, as provided by the relevant regulatory framework.

From April 1, 2010, Eni has updated the conversion rate of gas to 5,550 cubic feet of gas equals 1 barrel of oil (it was 5,742 cubic feet of gas per barrel in previous reporting periods). This update reflected changes in Eni's gas properties that took place in recent years and was assessed by collecting data on the heating power of gas in all Eni's 230 gas fields on stream at the end of 2009. The effect of this update on production expressed in boe for the second quarter of 2010 was 26 kboe/d. For the sake of comparability also production of the first quarter of 2010 was restated resulting in an effect equal to that of the second quarter. Other per-boe indicators were only marginally affected by the update (e.g. realization prices, costs per boe) and also negligible was the impact on depletion charges. Other oil companies may use different conversion rates.

Non-GAAP financial measures and other performance indicators disclosed throughout this press release are accompanied by explanatory notes and tables to help investors to gain a full understanding of said measures in line with guidance provided by recommendation CESR/05-178b.

Eni's Chief Financial Officer, Alessandro Bernini, in his position as manager responsible for the preparation of the Company's financial reports, certifies pursuant to rule 154-bis paragraph 2 of Legislative Decree No. 58/1998, that data and information disclosed in this press release correspond to the Company's evidence and accounting books and entries.

Cautionary statement

This press release, in particular the statements under the section "Outlook", contains certain forward-looking statements particularly those regarding capital expenditures, development and management of oil and gas resources, dividends, allocation of future cash flow from operations, future operating performance, gearing, targets of production and sales 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 from operations and changes in net borrowings for the first half of the year cannot be extrapolated on an annual basis.

Contacts

E-mail: segreteria.societaria.azionisti@eni.com

Investor Relations

E-mail: investor.relations@eni.com

Tel.: +39 0252051651 - **Fax:** +39 0252031929

Eni Press Office

E-mail: ufficio.stampa@eni.com

Tel.: +39 0252031287 - +39 0659822040

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Eni

Società per Azioni Roma, Piazzale Enrico Mattei, 1

Share capital: euro 4,005,358,876 fully paid.

Tax identification number 00484960588

Tel.: +39 0659821 - **Fax:** +39 0659822141

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*This press release for the second quarter and the first half of 2010 (unaudited) is also available on the Eni web site: **eni.com**.*

Summary results for the second quarter and first half of 2010

(€ million)

| Second Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | % Ch. 2 Q. 10 vs. 09 | | First Half 2009 | First Half 2010 | % Ch. |
|---------------------|--------------------|---------------------|----------------------|---|-----------------|-----------------|-------------|
| 18,267 | 24,804 | 22,902 | 25.4 | Net sales from operations | 42,008 | 47,706 | 13.6 |
| 2,405 | 4,847 | 4,305 | 79.0 | Operating profit | 6,372 | 9,152 | 43.6 |
| (190) | (409) | (368) | | Exclusion of inventory holding (gains) losses | (65) | (777) | |
| 334 | (107) | 191 | | Exclusion of special items | (4) | 84 | |
| 2,549 | 4,331 | 4,128 | 61.9 | Adjusted operating profit | 6,303 | 8,459 | 34.2 |
| 832 | 2,222 | 1,824 | 119.2 | Net profit attributable to Eni's shareholders | 2,736 | 4,046 | 47.9 |
| (143) | (280) | (250) | | Exclusion of inventory holding (gains) losses | (52) | (530) | |
| 213 | (120) | 51 | | Exclusion of special items | (23) | (69) | |
| 902 | 1,822 | 1,625 | 80.2 | Adjusted net profit attributable to Eni's shareholders | 2,661 | 3,447 | 29.5 |
| 208 | 197 | 115 | (44.7) | Adjusted net profit of non-controlling interest | 414 | 312 | (24.6) |
| 1,110 | 2,019 | 1,740 | 56.8 | Adjusted net profit | 3,075 | 3,759 | 22.2 |
| | | | | Breakdown by division ^(a) : | | | |
| 1,008 | 1,245 | 1,439 | 42.8 | Exploration & Production | 1,916 | 2,684 | 40.1 |
| 497 | 955 | 521 | 4.8 | Gas & Power | 1,485 | 1,476 | (0.6) |
| (99) | (30) | (19) | 80.8 | Refining & Marketing | (31) | (49) | (58.1) |
| (114) | (43) | (23) | 79.8 | Petrochemicals | (209) | (66) | 68.4 |
| 226 | 197 | 273 | 20.8 | Engineering & Construction | 449 | 470 | 4.7 |
| (75) | (61) | (61) | 18.7 | Other activities | (100) | (122) | (22.0) |
| (292) | (202) | (329) | (12.7) | Corporate and financial companies | (466) | (531) | (13.9) |
| (41) | (42) | (61) | | Impact of unrealized intragroup profit elimination ^(b) | 31 | (103) | |
| | | | | Net profit attributable to Eni's shareholders | | | |
| 0.23 | 0.61 | 0.50 | 117.4 | per share (€) | 0.76 | 1.12 | 47.4 |
| 0.63 | 1.69 | 1.27 | 101.6 | per ADR (\$) | 2.02 | 2.97 | 47.0 |
| | | | | Adjusted net profit attributable to Eni's shareholders | | | |
| 0.25 | 0.50 | 0.45 | 80.0 | per share (€) | 0.73 | 0.95 | 30.1 |
| 0.68 | 1.38 | 1.15 | 69.1 | per ADR (\$) | 1.94 | 2.52 | 29.9 |
| 3,622.4 | 3,622.4 | 3,622.4 | | Weighted average number of outstanding shares ^(c) | 3,622.4 | 3,622.4 | |
| 2,178 | 4,554 | 4,585 | 110.5 | Net cash provided by operating activities | 7,621 | 9,139 | 19.9 |
| 3,697 | 2,779 | 4,328 | 17.1 | Capital expenditures | 6,844 | 7,107 | 3.8 |

(a) For a detailed explanation of adjusted net profit by division see page 24.

(b) Unrealized intragroup profit concerns profit on intragroup sale of products, goods, services and tangible and intangible goods reported in the acquiring company's assets at period end.

(c) Fully diluted (million shares).

Trading environment indicators

| Second Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | % Ch. 2 Q. 10 vs. 09 | | First Half 2009 | First Half 2010 | % Ch. |
|---------------------|--------------------|---------------------|----------------------|--|-----------------|-----------------|--------|
| 58.79 | 76.24 | 78.30 | 33.2 | Average price of Brent dated crude oil ^(a) | 51.60 | 77.27 | 49.7 |
| 1.362 | 1.384 | 1.273 | (6.5) | Average EUR/USD exchange rate ^(b) | 1.332 | 1.328 | (0.3) |
| 43.16 | 55.09 | 61.51 | 42.5 | Average price in euro of Brent dated crude oil | 38.74 | 58.19 | 50.2 |
| 3.61 | 2.40 | 3.39 | (6.1) | Average European refining margin ^(c) | 4.47 | 2.90 | (35.1) |
| 3.90 | 3.20 | 4.48 | 14.9 | Average European refining margin Brent/Ural ^(c) | 5.09 | 3.84 | (24.6) |
| 2.65 | 1.74 | 2.66 | 0.4 | Average European refining margin in euro | 3.36 | 2.18 | (35.1) |
| 1.3 | 0.6 | 0.6 | (53.8) | Euribor - three-month euro rate (%) | 1.7 | 0.6 | (64.7) |
| 0.9 | 0.3 | 0.4 | (55.6) | Libor - three-month dollar rate (%) | 1.0 | 0.3 | (70.0) |

(a) In USD dollars per barrel. Source: Platt's Oilgram.

(b) Source: ECB.

(c) In USD per barrel FOB Mediterranean Brent dated crude oil. Source: Eni calculations based on Platt's Oilgram data.

Group results

Net profit attributable to Eni's shareholders for the second quarter of 2010 was €1,824 million, doubling the profit of the second quarter of 2009 with an increase of €992 million. For the first half of 2010 net profit was €4,046 million, an increase of €1,310 million from the first half of 2009, or 47.9%. The results were driven by an improved operating performance (up by 79% and 43.6% in the second quarter and the first half of 2010, respectively) which was mainly reported by the Exploration & Production division. Also higher profit was reported from equity-accounted entities in both periods, helped by gains on divestments. These additions were partly offset by higher losses on fair-value derivative instruments on currencies, which were recognized through profit and loss as they did not meet the formal criteria to be designated as hedges under IFRS. Finally, Group results were affected by increased income taxes.

Adjusted net profit attributable to Eni's shareholders amounted to €1,625 million for the second quarter of 2010, an increase of €723 million from the second quarter of 2009, up 80.2%. For the first half of 2010 adjusted net profit was €3,447 million, an increase of €786 million from the first half of 2009, or 29.5%. Adjusted net profit for the second quarter was calculated by excluding an inventory holding profit of €250 million and net special losses of €51 million, resulting in an overall adjustment equivalent to a decrease of €199 million. For the first half 2010, an inventory holding profit of €530 million and net special gains of €69 million resulted in an overall adjustment equivalent to a decrease of €599 million.

Special charges of the operating profit mainly related to light impairment charges of oil&gas properties in the Exploration & Production division and capital expenditures for the period on health, safety and environmental upgrades on assets impaired in previous reporting periods in the Refining & Marketing and Petrochemical divisions. Also there were recorded provisions for redundancy incentives and environmental provisions. These special charges were offset by gains from the divestment of certain non-strategic assets in the Exploration & Production division. Special charges of net profit included a currency adjustment amounting to €47 million to the loss provision accrued in the 2009 financial statements to take account of the TSKJ proceeding. Certain special gains were also recorded related to the divestment of a 25% stake in GreenStream (€93 million), including a gain from revaluating the residual interest in the venture, and a 100% interest in the Belgian company DistriRe (€47 million), as well as impairment of the Company's interest in an industrial venture in Venezuela (€20 million)⁴.

Results by division

The increase in the Group adjusted net profit in both the second quarter and first half of 2010 reflected higher adjusted net profit mainly reported by the Exploration & Production, Petrochemical and Engineering & Construction divisions.

Exploration & Production

The Exploration & Production division reported better adjusted net results (up 42.8% in the second quarter and 40.1% in the first half) driven by a better operating performance (up €1,378 million or 66.8% in the second quarter; up €2,323 million or 54.8% in the first half). The main positive trends were higher oil realizations in dollar terms and the depreciation of the euro against the US dollar, predominantly in the second quarter. On the negative side, the adjusted tax rate was up by 4.8 and 3.3 percentage points in the second quarter and in the first half of 2010 respectively.

Petrochemicals

In the second quarter of 2010, the Petrochemical division achieved a remarkable improvement by trimming net loss by approximately 80% (from a loss of €114 million in the second quarter 2010 to a loss of €23 million). In the first half of 2010, net loss was reduced by 68.4% (from €209 million to €66 million). These improvements were driven by better operating performance (up €135 million and up €187 million in the second quarter and the first half of 2010, respectively) due to increased sales volumes up by 11% and 17% respectively (led by the

(4) A further impairment of the Company's interest in the above mentioned industrial venture resulting from the bolivar translation differences was accounted on the Company's equity for a total amount of €29 million.

polymers business area) and cost efficiencies. Profitability continued being negatively impacted by high supply costs of oil-based feedstock that were not fully recovered in sales prices.

Refining & Marketing

In the second quarter of 2010 the Refining & Marketing division reported a reversal in net losses which were trimmed by 80.8% from a year ago (down to €19 million from €99 million) driven by improved refining margins. Decreased results were recorded by marketing activities in Italy due to lower sales of automotive fuels (down 6%). On the contrary, the adjusted net loss for the first half of 2010 increased by 58.1%, from €31 million to €49 million.

Engineering & Construction

The Engineering & Construction division reported improved net profit (up 20.8% in the second quarter and 4.7% in the first half of 2010) driven by a better operating performance (up €46 million in the second quarter and up €63 million in the first half) driven by a growth in revenues and higher profitability of acquired orders.

Gas & Power

The Gas & Power division reported modest changes in adjusted net profit which was €24 million higher in the second quarter (up 4.8%) and €9 million lower in the first half of 2010 (down 0.6%). The Marketing performance was sharply lower in both reporting periods pressured by negative pricing conditions in oil-linked formulae, volume losses in Italy and lowered marketing margins, partly offset by the positive impact associated with supply contract renegotiation and optimization. As a result, operating profit was down by €162 million quarter-on-quarter, or 76.1%, and by €322 million in the first half, or 32.6%. Those negatives were counterbalanced by a robust performance delivered by the Regulated businesses in Italy (up 23% in the quarter and 18% in the first half), as well as higher profit reported by equity-accounted entities.

Liquidity and capital resources

Summarized Group Balance Sheet ⁵

(€ million)

| | Dec. 31, 2009 | March 31, 2010 | June 30, 2010 | Change vs. Dec. 31, 2009 | Change vs. March 31, 2010 |
|---|----------------|----------------|----------------|-----------------------------|------------------------------|
| Fixed assets^(a) | | | | | |
| Property, plant and equipment | 59,765 | 62,033 | 67,477 | 7,712 | 5,444 |
| Inventory - Compulsory stock | 1,736 | 1,873 | 1,997 | 261 | 124 |
| Intangible assets | 11,469 | 11,446 | 11,479 | 10 | 33 |
| Equity-accounted investments and other investments | 6,244 | 6,026 | 6,389 | 145 | 363 |
| Receivables and securities held for operating purposes | 1,261 | 1,300 | 1,976 | 715 | 676 |
| Net payables related to capital expenditures | (749) | (612) | (710) | 39 | (98) |
| | 79,726 | 82,066 | 88,608 | 8,882 | 6,542 |
| Net working capital | | | | | |
| Inventories | 5,495 | 5,517 | 6,641 | 1,146 | 1,124 |
| Trade receivables | 14,916 | 17,803 | 15,493 | 577 | (2,310) |
| Trade payables | (10,078) | (12,001) | (11,536) | (1,458) | 465 |
| Tax payables and provisions for net deferred tax liabilities | (1,988) | (4,003) | (4,059) | (2,071) | (56) |
| Provisions | (10,319) | (10,644) | (10,854) | (535) | (210) |
| Other current assets and liabilities ^(b) | (3,968) | (3,297) | (2,895) | 1,073 | 402 |
| | (5,942) | (6,625) | (7,210) | (1,268) | (585) |
| Provisions for employee post-retirement benefits | (944) | (964) | (1,012) | (68) | (48) |
| Net assets held for sale including related liabilities | 266 | 897 | 331 | 65 | (566) |
| CAPITAL EMPLOYED, NET | 73,106 | 75,374 | 80,717 | 7,611 | 5,343 |
| Shareholders' equity: | | | | | |
| Eni shareholders' equity | 46,073 | 50,099 | 53,379 | 7,306 | 3,280 |
| Non-controlling interest | 3,978 | 4,223 | 3,996 | 18 | (227) |
| | 50,051 | 54,322 | 57,375 | 7,324 | 3,053 |
| Net borrowings | 23,055 | 21,052 | 23,342 | 287 | 2,290 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 73,106 | 75,374 | 80,717 | 7,611 | 5,343 |

(a) For the explanation of IFRIC12 adoption, see the methodology note at pag. 6.

(b) Include receivables and securities for financing operating activities for €496 million (€339 million and €181 million at December 31, 2009 and March 31, 2010, respectively) and securities covering technical reserves of Eni's insurance activities for €266 million (€381 million and €444 million at December 31 2009 and March 31, 2010, respectively).

The Group's balance sheet as of June 30, 2010 was significantly impacted by a large drop in the exchange rate of the euro versus the US dollar, which was down by 14.9% from December 31, 2009 (from 1.441 to 1.227 US dollar per euro as of June 30, 2010). This trend increased net capital employed, net equity and net borrowings by approximately €5,700 million, €5,000 million, and €700 million respectively, as a result of exchange rate translation differences.

Fixed assets amounted to €88,608 million, representing an increase of €8,882 million from December 31, 2009 reflecting exchange rate translation differences and capital expenditures incurred in the period (€7,107 million), partly offset by depreciation, depletion, amortization and impairment charges (€4,459 million).

Net working capital amounted to a negative €7,210 million, representing a decrease of €1,268 million mainly as a result of increased tax payable and provisions for net deferred tax liabilities accrued in the period.

Net assets held for sale including related liabilities (€331 million) mainly related to the following assets: certain oil&gas properties in Italy which were contributed in kind to two subsidiaries Società Padana Energia SpA and Società Adriatica Idrocarburi SpA, and the subsidiary Gas Brasiliano Distribuidora SA.

Shareholders' equity including non-controlling interest increased by €7,324 million to €57,375 million, reflecting comprehensive income earned in the period (€9,524 million). This comprised the first half net profit (€4,358 million) and foreign currency translation differences. Dividend payments to Eni's shareholders (€1,811 million) and minorities (€353 million, particularly by Saipem and Snam Rete Gas) partly reduced the increases.

(5) The summarized group balance sheet aggregates the amount of assets and liabilities derived from the statutory balance sheet in accordance with functional criteria which consider the enterprise conventionally divided into the three fundamental areas focusing on resource investments, operations and financing. Management believes that this summarized group balance sheet is useful information in assisting investors to assess Eni's capital structure and to analyze its sources of funds and investments in fixed assets and working capital. Management uses the summarized group balance sheet to calculate key ratios such as return on capital employed (ROACE) and the proportion of net borrowings to shareholders' equity (leverage) intended to evaluate whether Eni's financing structure is sound and well-balanced.

Summarized Group Cash Flow Statement⁶

(€ million)

| Second Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | | First Half | |
|------------------------|-----------------------|------------------------|--|--------------|--------------|
| | | | | 2009 | 2010 |
| 2,178 | 4,554 | 4,585 | Net cash provided by operating activities | 7,621 | 9,139 |
| (3,697) | (2,779) | (4,328) | Capital expenditures | (6,844) | (7,107) |
| (175) | (39) | (76) | Investments and purchase of consolidated subsidiaries and businesses | (2,214) | (115) |
| 3,093 | 729 | 66 | Disposals | 3,275 | 795 |
| (2,258) | (118) | (88) | Other cash flow related to capital expenditures, investments and disposals | (513) | (206) |
| (859) | 2,347 | 159 | Free cash flow | 1,325 | 2,506 |
| 368 | (88) | 94 | Borrowings (repayment) of debt related to financing activities | 470 | 6 |
| 1,057 | (1,484) | 1,118 | Changes in short and long-term financial debt | (1,323) | (366) |
| (1,069) | 13 | (2,161) | Dividends paid and changes in non-controlling interest and reserves | (1,071) | (2,148) |
| (2) | 49 | 20 | Effect of changes in consolidation and exchange differences | | 69 |
| (505) | 837 | (770) | NET CASH FLOW FOR THE PERIOD | (599) | 67 |

Change in net borrowings

(€ million)

| Second Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | | First Half | |
|------------------------|-----------------------|------------------------|---|--------------|--------------|
| | | | | 2009 | 2010 |
| (859) | 2,347 | 159 | Free cash flow | 1,325 | 2,506 |
| 101 | (357) | (288) | Exchange differences on net borrowings and other changes | (233) | (645) |
| (1,069) | 13 | (2,161) | Dividends paid and changes in non-controlling interest and reserves | (1,071) | (2,148) |
| (1,827) | 2,003 | (2,290) | CHANGE IN NET BORROWINGS | 21 | (287) |

Net cash provided by operating activities amounted to €9,139 million in the first half of 2010. Proceeds from divestments amounted to €795 million. Those cash inflows were used to fund cash outflows relating to capital expenditures totalling €7,107 million and dividend payments amounting to €2,164 million, which included payment of the balance of dividend 2009 to Eni's shareholders (€1,811 million) and to minorities (€353 million, particularly by Saipem and Snam Rete Gas). Net borrowings as of June 30, 2010 increased by a small amount from December 31, 2009 (up €287 million). The divestments related to the sale to Gazprom of a 51% interest in the joint-venture OOO SeverEnergiya (€526 million), non-strategic assets in the Exploration & Production division (€202 million) and of a 25% interest in the GreenStream venture (€75 million).

Other information

Continuing listing standards provided by article No. 36 of Italian exchanges regulation about issuers that control subsidiaries incorporated or regulated in accordance with laws of extra-EU countries

Certain provisions have been recently enacted regulating continuing Italian listing standards of issuers controlling subsidiaries that are incorporated or regulated in accordance with laws of extra-EU countries, also having a material impact on the consolidated financial statements of the parent company. Regarding the aforementioned provisions, as of June 30, 2010 eight of Eni's subsidiaries – Burren Energy (Bermuda) Ltd, Eni Congo SA, Eni Norge AS, Eni Petroleum Co. Inc., NAOC-Nigerian Agip Oil Co. Ltd, Nigerian Agip Exploration Ltd and Trans Tunisian Pipeline Co Ltd, Burren Energy (Congo) Ltd, Eni Finance USA Inc – fall within the scope of the new continuing listing standard. Eni has already adopted adequate procedures to ensure full compliance with the new regulation.

Financial and operating information by division for the second quarter and the first half of 2010 is provided in the following pages.

(6) Eni's summarized group cash flow statement derives from the statutory statement of cash flows. It enables investors to understand the link existing between changes in cash and cash equivalents (deriving from the statutory cash flows statement) and in net borrowings (deriving from the summarized cash flow statement) that occurred from the beginning of the period to the end of period. The measure enabling such a link is represented by the free cash flow which is the cash in excess of capital expenditure needs. Starting from free cash flow it is possible to determine either: (i) changes in cash and cash equivalents for the period by adding/deducting cash flows relating to financing debts/receivables (issuance/repayment of debt and receivables related to financing activities), shareholders' equity (dividends paid, net repurchase of own shares, capital issuance) and the effect of changes in consolidation and of exchange rate differences; (ii) change in net borrowings for the period by adding/deducting cash flows relating to shareholders' equity and the effect of changes in consolidation and of exchange rate differences. The free cash flow is a non-GAAP measure of financial performance.

Exploration & Production

| Second Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | % Ch. 2 Q. 10 vs. 09 | RESULTS | (€ million) | First Half | | % Ch. |
|---------------------|--------------------|---------------------|----------------------|---|-------------|---------------|---------------|-------------|
| | | | | | | 2009 | 2010 | |
| 5,683 | 7,385 | 7,184 | 26.4 | Net sales from operations | | 11,828 | 14,569 | 23.2 |
| 1,778 | 3,297 | 3,401 | 91.3 | Operating profit | | 4,152 | 6,698 | 61.3 |
| 286 | (179) | 41 | | Exclusion of special items: | | 85 | (138) | |
| 220 | | 29 | | - asset impairments | | 220 | 29 | |
| (4) | (160) | (7) | | - gains on disposal of assets | | (167) | (167) | |
| 3 | 2 | 6 | | - provision for redundancy incentives | | 5 | 8 | |
| 67 | (21) | 13 | | - re-measurement gains/losses on commodity derivatives | | 27 | (8) | |
| 2,064 | 3,118 | 3,442 | 66.8 | Adjusted operating profit | | 4,237 | 6,560 | 54.8 |
| 50 | (49) | (57) | | Net financial income (expense) ^(a) | | 83 | (106) | |
| 125 | 67 | 199 | | Net income from investments ^(a) | | 113 | 266 | |
| (1,231) | (1,891) | (2,145) | | Income taxes ^(a) | | (2,517) | (4,036) | |
| 55.0 | 60.3 | 59.8 | | Tax rate (%) | | 56.8 | 60.1 | |
| 1,008 | 1,245 | 1,439 | 42.8 | Adjusted net profit | | 1,916 | 2,684 | 40.1 |
| | | | | Results also include: | | | | |
| 1,785 | 1,680 | 1,778 | (0.4) | - amortizations and depreciations | | 3,471 | 3,458 | (0.4) |
| | | | | of which: | | | | |
| 442 | 312 | 318 | (28.1) | exploration expenditure | | 920 | 630 | (31.5) |
| 394 | 231 | 149 | (62.2) | - amortization of exploratory drilling expenditure and other | | 770 | 380 | (50.6) |
| | | | | - amortization of geological and geophysical exploration expenses | | 150 | 250 | 66.7 |
| 48 | 81 | 169 | .. | | | | | |
| 2,759 | 1,964 | 3,186 | 15.5 | Capital expenditures | | 4,907 | 5,150 | 5.0 |
| | | | | of which: | | | | |
| 352 | 256 | 259 | (26.4) | - exploratory expenditure ^(b) | | 732 | 515 | (29.6) |
| | | | | | | | | |
| | | | | Production ^{(c)(d)(e)} | | | | |
| 986 | 1,011 | 980 | (0.6) | Liquids ^(f) | (kboe/d) | 1,000 | 995 | (0.5) |
| 4,290 | 4,615 | 4,319 | 0.8 | Natural gas | (mmcf/d) | 4,344 | 4,466 | 2.4 |
| 1,733 | 1,842 | 1,758 | n.m. | Total hydrocarbons | (kboe/d) | 1,756 | 1,800 | n.m. |
| | | | | Total hydrocarbons net of updating the natural gas conversion rate | | 1,756 | 1,774 | 1.0 |
| 1,733 | 1,816 | 1,732 | (0.1) | Average realizations | | | | |
| 54.43 | 70.93 | 72.33 | 32.9 | Liquids ^(f) | (\$/bbl) | 48.30 | 71.63 | 48.3 |
| 5.03 | 5.73 | 5.81 | 15.5 | Natural gas | (\$/mmcf) | 6.05 | 5.77 | (4.8) |
| 44.20 | 53.48 | 55.06 | 24.6 | Total hydrocarbons | (\$/boe) | 42.83 | 54.26 | 26.7 |
| | | | | Average oil market prices | | | | |
| 58.79 | 76.24 | 78.30 | 33.2 | Brent dated | (\$/bbl) | 51.60 | 77.27 | 49.7 |
| 43.16 | 55.09 | 61.51 | 42.5 | Brent dated | (€/bbl) | 38.74 | 58.19 | 50.2 |
| 59.54 | 78.67 | 77.78 | 30.6 | West Texas Intermediate | (\$/bbl) | 51.26 | 78.23 | 52.6 |
| 131.02 | 181.87 | 152.56 | 16.4 | Gas Henry Hub | (\$/kcm) | 146.20 | 167.39 | 14.5 |

(a) Excluding special items.

(b) Includes exploration bonuses.

(c) Supplementary operating data is provided on page 42.

(d) Includes Eni's share of production of equity-accounted entities.

(e) From April 1, 2010, the conversion rate of natural gas from cubic feet to boe has been updated to 1 barrel of oil = 5,550 cubic feet of gas (it was 1 barrel of oil = 5,742 cubic feet of gas). The effect on production has been 26 kboe/d. For further information see page 6.

(f) Includes condensates.

Results

The Exploration & Production division reported adjusted operating profit amounting to €3,442 million for the **second quarter of 2010**, representing an increase of €1,378 million from the second quarter 2009, up 66.8%, mainly driven by higher oil and gas realizations in dollars (up 32.9% and 15.5%, respectively). In addition, the business reported a positive impact associated with the depreciation of the euro over the US dollar (up approximately €120 million) and lower exploratory expenditure. These positives were partly offset by higher

operating costs and higher amortization charges taken in connection with development activities as new fields were brought into production.

Special charges excluded from the adjusted operating profit amounted to €41 million and mainly regarded negligible impairments of oil&gas properties as well as re-measurement gains recorded on fair value evaluation of the ineffective portion of certain cash flow hedges.

Second-quarter adjusted net profit increased by €431 million to €1,439 million from the second quarter of 2009 due to improved operating performance and higher results from equity-accounted entities. This increase was partly offset by a higher tax rate from 55% to 59.8%, (up 4.8 percentage points) mainly due to a higher share of profit before tax earned in foreign countries with a higher rate of taxes.

Adjusted operating profit for the **first half of 2010** was €6,560 million, an increase of €2,323 million from the first half of 2009, up 54.8%, mainly driven by higher oil realizations in dollars (up 48.3%). Lower expenses were also incurred in connection with exploration activities. These positives were partly offset by rising operating costs and amortization charges taken in connection with development activities as new fields were brought into production, as well as lower gas realizations in dollars (down 4.8%).

Special gains excluded from the adjusted operating profit amounted to €138 million and mainly concerned gains from the divestment of certain exploration and production assets, impairments of oil&gas properties as well as re-measurement gains recorded on fair value evaluation of the ineffective portion of certain cash flow hedges.

Adjusted net profit for the first half of 2010 increased by €768 million to €2,684 million from the first half of 2009 due to an improved operating performance and higher results from equity-accounted entities. These increases were partly offset by a higher tax rate from 56.8% to 60.1%, (up 3.3 percentage points) mainly due to a higher share of profit before tax earned in foreign countries with a higher rate of taxes.

Operating review

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 quarter when excluding the effect of the updated gas conversion rate as disclosed above (see page 6). The performance was positively influenced by organic growth achieved in Nigeria, Congo and Italy as well as new field 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 as well as mature field declines. Also, production was negatively affected by lower gas uplifts in Libya due to oversupply conditions on the European gas market. Finally, the combined negative impact associated with lower entitlements in the Company's PSAs due to higher oil prices net of lower OPEC restrictions (overall down 10 kboe/d) reduced growth by half of a percentage point. The share of oil and natural gas produced outside Italy was 89% (90% in the second quarter of 2009).

Liquids production (980 kbbl/d) decreased by 6 kbbl/d (down 0.6%). The main reductions were recorded for planned facility shutdowns in the North Sea and Kazakhstan as well as the combined negative impact associated with lower entitlements in the Company's PSAs due to higher oil prices net of lower OPEC restrictions. These negatives were partly offset by organic growth achieved in Nigeria, due to the ramp-up of the Oyo project (Eni's interest 40%) and lower impact of disruptions resulting from security issues, Congo, due to the ramp-up of the Awa Paloukou project (Eni's interest 90%) and Italy as a result of the ramp-up of the Val d' Agri phase-2 project (Eni's interest 60.77%).

Gas production (4,319 mmcf/d) increased by 29 mmcf/d from the second quarter of 2009 (up 0.8%). Organic growth in Nigeria, Congo and Italy was partially offset by lower uplifts in Libya and mature field declines.

Eni reported oil and natural gas production for the **first half of 2010** of 1,800 kboe/d. Production grew by 1% in the first half of 2010 when excluding the effect of the updated gas conversion rate as disclosed above (see page 6). Performance was mainly driven by organic growth achieved in Nigeria, Congo and the USA, new field start-ups and production ramp-ups at fields which were started-up in 2009. These positives were partly offset by planned facility shutdowns and mature field declines. Also, production was negatively affected by a combined negative impact associated with lower entitlements in the Company's PSAs due to higher oil prices net of lower OPEC restrictions (down for a cumulative 15 kboe/d approximately). The share of oil and natural gas produced outside Italy was 90% (90% in the first half of 2009).

Liquids production (995 kbb/d) decreased by 5 kbb/d (down 0.5%). The impact of mature field declines, planned facility shutdowns in the North Sea and Kazakhstan as well as the combined negative impact associated with lower entitlements in the Company's PSAs net of lower OPEC restrictions, was partly offset by the organic growth in achieved in Nigeria, Congo and the USA.

Natural gas production (4,466 mmcf/d) increased by 122 mmcf/d from the first half of 2009 (up 2.4%). The main increases were registered in Nigeria, Congo and the USA due to organic growth. Main decreases were registered in the North Sea and Egypt.

In the second quarter of 2010 **liquids realizations** increased on average by 32.9% in dollar terms from the corresponding period a year ago (up 48.3% in the first half of 2010) driven by a favourable market environment (Brent increased by 33.2% and 49.7% in the second quarter and first half of 2010, respectively).

Eni's average liquid realizations decreased by 1.31 \$/bbl in the second quarter of 2010 (1.22 \$/bbl in the first half of 2010) due to the settlement of certain commodity derivatives relating to the sale of 7.1 mmbbl in the quarter (14.2 mmbbl in the first half). This was part of a derivative transaction the Company entered into to hedge exposure to variability in future cash flows expected from the sale of a portion of the Company's proved reserves for an original amount of approximately 125.7 mmbbl in the 2008-2011 period. As of June 30, 2010, the residual amount of that hedging transaction was 23.3 mmbbl.

Eni's average gas realizations showed a slower pace of increase (up 15.5% in the second quarter; down 4.8% in the first half) due to time lags in oil-linked pricing formulae and weak demand in areas where gas is sold on a spot basis.

| Second Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | LIQUIDS | First Half | | |
|---------------------------|--------------------------|---------------------------|---|------------|-------|--------|
| | | | | 2009 | 2010 | |
| 94.1 | 85.8 | 86.4 | Volumes sold | (mmbbl) | 187.0 | 172.2 |
| 10.5 | 7.1 | 7.1 | Sales volumes hedged by derivatives (cash flow hedge) | | 21.0 | 14.2 |
| 54.30 | 72.06 | 73.64 | Total price per barrel, excluding derivatives | (\$/bbl) | 47.51 | 72.85 |
| 0.13 | (1.13) | (1.31) | Realized gains (losses) on derivatives | | 0.79 | (1.22) |
| 54.43 | 70.93 | 72.33 | Total average price per barrel | | 48.30 | 71.63 |

Gas & Power

| Second Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | % Ch. 2 Q. 10 vs. 09 | RESULTS | (€ million) | First Half | | |
|---------------------------|--------------------------|---------------------------|----------------------------|--|-------------|---------------|---------------|---------------|
| | | | | | | 2009 | 2010 | % Ch. |
| 5,619 | 8,708 | 5,960 | 6.1 | Net sales from operations | | 17,468 | 14,668 | (16.0) |
| 863 | 1,316 | 592 | (31.4) | Operating profit | | 2,116 | 1,908 | (9.8) |
| 18 | (81) | (25) | | Exclusion of inventory holding (gains) losses | | 294 | (106) | |
| (191) | 32 | 62 | | Exclusion of special items: | | (357) | 94 | |
| 15 | 5 | (1) | | - environmental charges | | 17 | 4 | |
| | 10 | | | - asset impairments | | | 10 | |
| (5) | | 1 | | - gains on disposal of assets | | (5) | 1 | |
| 5 | 6 | 2 | | - provision for redundancy incentives | | 8 | 8 | |
| (206) | 11 | 60 | | - re-measurement gains/losses on commodity derivatives | | (377) | 71 | |
| 690 | 1,267 | 629 | (8.8) | Adjusted operating profit | | 2,053 | 1,896 | (7.6) |
| 213 | 614 | 51 | (76.1) | Marketing | | 987 | 665 | (32.6) |
| 390 | 533 | 481 | 23.3 | Regulated businesses in Italy ^(a) | | 859 | 1,014 | 18.0 |
| 87 | 120 | 97 | 11.5 | International transport | | 207 | 217 | 4.8 |
| (6) | (2) | 9 | | Net finance income (expense) ^(b) | | (12) | 7 | |
| 62 | 100 | 95 | | Net income from investments ^(b) | | 162 | 195 | |
| (249) | (410) | (212) | | Income taxes ^(b) | | (718) | (622) | |
| 33.4 | 30.0 | 28.9 | | Tax rate (%) | | 32.6 | 29.6 | |
| 497 | 955 | 521 | 4.8 | Adjusted net profit | | 1,485 | 1,476 | (0.6) |
| 361 | 310 | 367 | 1.7 | Capital expenditures | | 751 | 677 | (9.9) |
| | | | | Natural gas sales | (bcm) | | | |
| 17.33 | 26.45 | 15.81 | (8.8) | Sales of consolidated subsidiaries | | 45.69 | 42.26 | (7.5) |
| 7.90 | 10.87 | 6.24 | (21.0) | - Italy (includes own consumption) | | 21.11 | 17.11 | (18.9) |
| 9.17 | 15.45 | 9.26 | 1.0 | - Rest of Europe | | 24.20 | 24.71 | 2.1 |
| 0.26 | 0.13 | 0.31 | 19.2 | - Outside Europe | | 0.38 | 0.44 | 15.8 |
| 1.67 | 2.46 | 2.04 | 22.2 | Eni's share of sales of natural gas of affiliates | | 4.17 | 4.50 | 7.9 |
| 19.00 | 28.91 | 17.85 | (6.1) | Total sales and own consumption (G&P) | | 49.86 | 46.76 | (6.2) |
| 1.46 | 1.60 | 1.34 | (8.2) | E&P in Europe and in the Gulf of Mexico | | 2.95 | 2.94 | (0.3) |
| 20.46 | 30.51 | 19.19 | (6.2) | Worldwide gas sales | | 52.81 | 49.70 | (5.9) |
| 17.83 | 23.98 | 19.08 | 7.0 | Gas volumes transported in Italy | (bcm) | 38.11 | 43.06 | 13.0 |
| 7.57 | 9.00 | 9.61 | 26.9 | Electricity sales | (TWh) | 15.35 | 18.61 | 21.2 |

(a) From January 1, 2010, amortization and depreciation in the transportation business segment were determined taking into account an increase in the useful life of pipelines (from 40 to 50 years), which was revised recently by the Authority of Electricity and Gas for tariff purposes. Taking into account the ways of recognizing tariff components linked to new amortisation and depreciation, the Company decided to adjust the useful life of these assets in line with the conventional tariff duration.

(b) Excluding special items.

Results

In the **second quarter of 2010** the Gas & Power division reported adjusted operating profit of €629 million, a decrease of €61 million from the second quarter of 2009, down 8.8%, due to a lower performance delivered by the Marketing business (down 76.1%), partly offset by a better performance of the Italian regulated business (up 23.3%). Results from the Marketing activity were affected by negative trends in pricing conditions associated with oil-linked formulae, and lowered volumes and margins, partly offset by the positive impact associated with supply contract renegotiation and optimization. Also reported results did not take into account certain gains recorded in previous quarters on the settlement of non-hedging commodity derivatives amounting to €61 million which could be associated with the sale of gas and electricity occurred in the quarter. As those derivatives did not meet all the formal criteria to be designated as hedges under IFRS, the Company was barred from applying hedge-accounting and thus bringing forward gains and losses associated with those derivatives to the reporting period when the associated sales occur. However, in assessing the underlying performance of the Marketing business, management calculates the EBITDA pro-forma adjusted which represents those derivatives as being hedges with associated gains and losses recognized in the reporting period when the relevant sales occur. Management believes that disclosing this internally used measure is helpful in assisting investors to understand these business trends (see page 20). The EBITDA pro-forma adjusted delivered by the Marketing business in the second quarter

2010 showed a smaller decline than that of the operating profit compared to the second quarter of 2009, due to the inclusion of the above mentioned gains on those derivatives.

Special charges excluded from operating profit amounted to €62 million for the second quarter of 2010 and €94 million for the first half of 2010. These mainly related to the impact on fair value evaluation of certain non-hedging commodity derivatives in the Marketing business.

Adjusted net profit for the second quarter of 2010 was €521 million, increasing by €24 million from 2009 (up 4.8%) due to higher earnings and other financial gains reported by equity-accounted entities and lower adjusted tax rate (from 33.4% to 28.9%) which more than offset the lowered operating performance.

In the **first half of 2010** the Gas & Power division reported adjusted operating profit of €1,896 million, a decrease of €157 million from the first half of 2009, down 7.6%, due to a lower performance delivered by the Marketing business (down 32.6%), partly offset by a better performance of the Italian regulated businesses (up 18%). Results from the Marketing activity were negatively affected by the same business trends as in the second quarter and did not take into account certain gains recorded in previous quarters on the settlement of non-hedging commodity derivatives amounting to €82 million which could be associated with the sale of gas and electricity occurred in the first half of 2010. In the first half of 2009, those gains amounted to €160 million which were not recognized in the operating profit of that period. Those gains were reflected in calculating the EBITDA pro-forma adjusted which represented those derivatives as being hedges with associated gains recognized in each of the reporting periods where the associated sales occurred (see page 20).

Net adjusted profit for the period amounted to € 1,476 million, unchanged from a year ago due to the same business trends as in the quarter.

Operating review

Marketing

In the **second quarter of 2010**, the marketing business reported adjusted operating profit of €51 million representing a decrease of €162 million from the second quarter of 2009 (down 76%). Considering the impact associated with the above mentioned non-hedging commodity derivatives, the following factors had a negative effect on Marketing results:

- (i) unfavourable trends in energy parameters provided in contractual oil-linked pricing formulae;
- (ii) sharply lower sales volumes in Italy (down 1.66 bcm, or 21%) and declining margins as competitive pressures mounted.

These negatives were partly offset by the renegotiation of a number of long-term supply contracts and supply optimization measures.

In the **first half of 2010** adjusted operating profit was €665 million, a decrease of €322 million from the first half of 2009 due to the same business trends as in the quarterly review.

NATURAL GAS SALES BY MARKET

(bcm)

| Second Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | %Ch. 2 Q. 10 vs. 09 | | First Half 2009 | First Half 2010 | %Ch. |
|---------------------|--------------------|---------------------|---------------------|--|-----------------|-----------------|--------------|
| 7.90 | 10.87 | 6.27 | (20.6) | ITALY | 21.11 | 17.14 | (18.8) |
| 0.94 | 1.93 | 0.65 | (30.9) | - Wholesalers | 3.75 | 2.58 | (31.2) |
| 0.24 | 0.40 | 0.14 | (41.7) | - Gas release | 0.65 | 0.54 | (16.9) |
| 0.29 | 1.04 | 0.71 | .. | - Italian exchange for gas and spot markets | 0.39 | 1.75 | .. |
| 1.97 | 1.58 | 1.51 | (23.4) | - Industries | 4.09 | 3.09 | (24.4) |
| 0.12 | 0.52 | 0.14 | 16.7 | - Medium-sized enterprises and services | 0.60 | 0.66 | 10.0 |
| 2.35 | 0.75 | 0.83 | (64.7) | - Power generation | 5.00 | 1.58 | (68.4) |
| 0.74 | 3.11 | 0.76 | 2.7 | - Residential | 3.87 | 3.87 | .. |
| 1.25 | 1.54 | 1.53 | 22.4 | - Own consumption | 2.76 | 3.07 | 11.2 |
| 12.56 | 19.64 | 12.92 | 2.9 | INTERNATIONAL SALES | 31.70 | 32.56 | 2.7 |
| 10.65 | 17.61 | 10.87 | 2.1 | REST OF EUROPE | 27.83 | 28.48 | 2.3 |
| 2.36 | 3.22 | 2.13 | (9.7) | - Importers in Italy | 5.77 | 5.35 | (7.3) |
| 8.29 | 14.39 | 8.74 | 5.4 | - European markets | 22.06 | 23.13 | 4.9 |
| 1.70 | 1.63 | 1.70 | .. | <i>Iberian Peninsula</i> | 3.25 | 3.33 | 2.5 |
| 0.95 | 1.82 | 1.25 | 31.6 | <i>Germany - Austria</i> | 2.68 | 3.07 | 14.6 |
| 2.16 | 5.22 | 2.64 | 22.2 | <i>Belgium</i> | 7.26 | 7.86 | 8.3 |
| 0.17 | 1.09 | 0.26 | 52.9 | <i>Hungary</i> | 1.46 | 1.35 | (7.5) |
| 1.01 | 1.41 | 0.88 | (12.9) | <i>Northern Europe</i> | 1.98 | 2.29 | 15.7 |
| 1.02 | 0.98 | 0.47 | (53.9) | <i>Turkey</i> | 2.32 | 1.45 | (37.5) |
| 1.02 | 1.77 | 1.24 | 21.6 | <i>France</i> | 2.36 | 3.01 | 27.5 |
| 0.26 | 0.47 | 0.30 | 15.4 | <i>Other</i> | 0.75 | 0.77 | 2.7 |
| 0.45 | 0.43 | 0.71 | 57.8 | Extra European markets | 0.92 | 1.14 | 23.9 |
| 1.46 | 1.60 | 1.34 | (8.2) | E&P in Europe and in the Gulf of Mexico | 2.95 | 2.94 | (0.3) |
| 20.46 | 30.51 | 19.19 | (6.2) | WORLDWIDE GAS SALES | 52.81 | 49.70 | (5.9) |

Sales of natural gas for the **second quarter of 2010** were 19.19 bcm, a decrease of 1.27 bcm from the second quarter of 2009, down 6.2%. This was a result of lower volumes sold on the Italian market reflecting rising competitive pressures, partly offset by steady trends in sales on the European markets. Sales included own consumption, Eni's share of sales made by equity-accounted entities and upstream sales in Europe and in the Gulf of Mexico.

Sales volumes on the Italian market declined by 1.63 bcm, or 20.6%, to 6.27 bcm due to strong competitive pressures, which were exacerbated by oversupply conditions on the marketplace. Eni experienced lower sales in almost all of its segments, including the power generation business (down 1.52 bcm), and in a lesser extent, industrial customers (down 0.46 bcm) and wholesalers (down 0.29 bcm). Sales to the residential sector were nearly unchanged.

International sales were up 0.36 bcm, or 2.9%, to 12.92 bcm, benefiting from organic growth achieved on target markets in the Rest of Europe (up 0.45 bcm, or 5.4%), particularly in Belgium (up 0.48 bcm), Germany/Austria (up 0.30 bcm) and France (up 0.22 bcm). Sales declined in Turkey (down 0.55 bcm) and in Northern Europe (down 0.13bcm).

In the **first half of 2010**, sales of natural gas were 49.70 bcm, down 3.11 bcm or 5.9%, mainly due to unfavourable trends on the Italian market, partly offset by increasing volumes on European markets.

Sales volumes on the Italian market declined by 3.97 bcm, or 18.8%, to 17.14 bcm, due to increasing competitive pressures. Lower sales were recorded in the power generation business (down 3.42 bcm), to wholesalers (down 1.17 bcm) and industrial customers (down 1 bcm). Sales volumes to the residential sector (3.87 bcm) were nearly unchanged, while sales to medium-sized enterprises and services posted a small increase (up 0.06 bcm).

International sales were up 0.86 bcm, or 2.7%, to 32.56 bcm, due to the organic growth achieved in France (up 0.65 bcm), Belgium (up 0.60 bcm), Germany/Austria (up 0.39 bcm) and Northern Europe (up 0.31 bcm). Sales declined in Turkey and Hungary.

Electricity sales for the second quarter of 2010 increased by 26.9% (by 21.2% in the first half of 2010) to 9.61 TWh in the quarter (18.61 TWh in the first half), driven by a slight recovery in electricity demand and mainly related to higher volumes traded on the Italian power exchange (up 1.04 TWh and up 2.06 TWh in the second quarter and the first half of 2010, respectively). Sales on open markets and to industrial plants benefited from a greater availability of power generated by Eni's plants and higher volumes traded.

Regulated Businesses in Italy

In the **second quarter of 2010** these businesses reported an adjusted operating profit of €481 million, up €91 million from the same period a year-ago, or 23.3%, due to improved business trends and synergies achieved by integrating the businesses following the reorganization that took place in 2009. The Transport business increased operating performance by €63 million or 24.3% mainly due to: (i) lower operating costs related to in-kind remuneration of gas used in transport activity; (ii) lower amortization charges, related to the revision of the useful lives of gas pipelines (from 40 to 50 years); and (iii) increased volumes transported on behalf of third parties, due to a slight recovery in domestic demand.

Also the Distribution Business reported improved results (up €26 million) driven by a positive impact associated with a new tariff regime set by the Authority for Electricity and Gas intended to cover amortization charges.

The Storage business reported an adjusted operating profit of €44 million, a slight increase from the second quarter of 2009 (€42 million).

In the **first half of 2010**, these businesses reported an adjusted operating profit of €1,014 million, up €155 million, or 18% mainly due to the improved results achieved by the Transport (€121 million) and Distribution (up €26 million) due to the same factors described above.

Adjusted operating profit of the Storage business was €134 million for the first half of 2010 (€126 million for the first half of 2009).

Volumes of gas transported in Italy (19.08 bcm in the first quarter of 2010 and 43.06 bcm in the first half of 2010) increased by 1.25 bcm from the first quarter or 7% (up 4.95 bcm from the first half of 2009 or 13%) reflecting a recovery in domestic gas demand.

In the first half of 2010, 3.81 bcm of gas were inputted to Company's storage deposits (down 0.49 bcm from the first half of 2009) while 4.84 bcm were supplied, a decrease of 1.21 bcm compared to the same period of 2009. Storage capacity amounted to 14.2 bcm, of which 5 were destined to strategic storage.

International Transport

This business reported an adjusted operating profit of €97 million for the **second quarter of 2010** (€217 million for the first half) representing an increase of €10 million from the second quarter of 2009, or 11.5%, (up €10 million, or 4.8%, from the first half of 2009).

Other performance indicators

Follows a breakdown of the pro-forma adjusted EBITDA by business:

(€ million)

| Second Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | % Ch. 2 Q. 10 vs. 09 | | First Half 2009 | First Half 2010 | % Ch. |
|---------------------|--------------------|---------------------|----------------------|--|-----------------|-----------------|---------------|
| 821 | 1,432 | 825 | 0.5 | Pro-forma adjusted EBITDA | 2,541 | 2,257 | (11.2) |
| 374 | 856 | 299 | (20.1) | Marketing | 1,558 | 1,155 | (25.9) |
| (15) | 21 | 61 | | <i>of which: +/- adjustment on commodity derivatives</i> | 160 | 82 | |
| 301 | 379 | 350 | 16.3 | Regulated businesses in Italy | 644 | 729 | 13.2 |
| 146 | 197 | 176 | 20.5 | International transport | 339 | 373 | 10.0 |

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization charges) on an adjusted basis is calculated by adding amortization and depreciation charges to adjusted operating profit which is also modified to take into account the impact associated with certain derivatives instruments as discussed below. This performance indicator includes the adjusted EBITDA of Eni's wholly owned subsidiaries and Eni's share of adjusted EBITDA generated by certain associates which are accounted for under the equity method for IFRS purposes. Snam Rete Gas' EBITDA is included according to Eni's share of equity (55.57% as of June 30, 2010, which takes into account the amount of own shares held in treasury by the subsidiary itself) although this Company is fully consolidated when preparing consolidated financial statements in accordance with IFRS, due to its listed company status. Italgas SpA and Stoccaggi Gas Italia SpA results are also included according to the same share of equity as Snam Rete Gas, due to the closing of the restructuring deal which involved Eni's regulated business in the Italian gas sector. The parent company Eni SpA divested the entire share capital of the two subsidiaries to Snam Rete Gas. In order to calculate the EBITDA pro-forma adjusted, the adjusted operating profit of the Marketing business has been modified to take into account the impact of the settlement of certain commodity and exchange rate derivatives that do not meet the formal criteria to be classified as hedges under the IFRS. These are entered into by the Company in view of certain amounts of gas and electricity that the Company expects to supply at fixed prices during future periods. The impact of those derivatives has been allocated to the EBITDA pro-forma adjusted relating to the reporting periods during which those supplies at fixed prices are recognized. Management believes that the EBITDA pro-forma adjusted is an important alternative measure to assess the performance of Eni's Gas & Power division, taking into account evidence that this division is comparable to European utilities in the gas and power generation sector. This measure is provided in order 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. The EBITDA pro-forma adjusted is a non-GAAP measure under IFRS.

Refining & Marketing

| Second Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | % Ch. 2 Q. 10 vs. 09 | | (€ million) | First Half | | % Ch. |
|------------------------|-----------------------|------------------------|----------------------------|--|-------------|---------------|---------------|---------------|
| | | | | | | 2009 | 2010 | |
| 7,735 | 9,346 | 10,909 | 41.0 | RESULTS | | | | |
| 47 | 105 | 255 | .. | Net sales from operations | | 14,121 | 20,255 | 43.4 |
| (258) | (232) | (305) | | Operating profit^(a) | | 287 | 360 | 25.4 |
| 105 | 33 | (2) | | Exclusion of inventory holding (gains) losses | | (467) | (537) | |
| 15 | 17 | 17 | | Exclusion of special items: | | 129 | 31 | |
| 46 | 22 | 11 | | - environmental charges | | 22 | 34 | |
| 2 | (10) | | | - asset impairments | | 52 | 33 | |
| 15 | | | | - gains on disposal of assets | | 1 | (10) | |
| 3 | 2 | 4 | | - risk provisions | | 15 | | |
| 24 | 2 | (34) | | - provision for redundancy incentives | | 8 | 6 | |
| (106) | (94) | (52) | 50.9 | - re-measurement gains/losses on commodity derivatives | | 31 | (32) | |
| 4 | 45 | 21 | | Adjusted operating profit | | (51) | (146) | .. |
| 3 | 19 | 12 | | Net income from investments ^(b) | | 39 | 66 | |
| .. | .. | .. | | Income taxes ^(b) | | (19) | 31 | |
| (99) | (30) | (19) | 80.8 | Tax rate (%) | | .. | .. | |
| 132 | 118 | 149 | 12.9 | Adjusted net profit | | (31) | (49) | (58.1) |
| | | | | Capital expenditures | | 217 | 267 | 23.0 |
| | | | | Global indicator refining margin | | | | |
| 3.61 | 2.40 | 3.39 | (6.1) | Brent | (\$/bbl) | 4.47 | 2.90 | (35.1) |
| 2.65 | 1.74 | 2.66 | 0.4 | Brent | (€/bbl) | 3.36 | 2.18 | (35.1) |
| 3.90 | 3.20 | 4.48 | 14.9 | Brent/Ural | (\$/bbl) | 5.09 | 3.84 | (24.6) |
| | | | | REFINING THROUGHPUTS AND SALES | (mmttonnes) | | | |
| 5.90 | 5.86 | 6.54 | 10.8 | Refining throughputs of wholly-owned refineries | | 11.62 | 12.40 | 6.7 |
| 7.11 | 6.88 | 7.42 | 4.4 | Refining throughputs on own account Italy | | 14.16 | 14.30 | 1.0 |
| 1.21 | 1.26 | 1.31 | 8.3 | Refining throughputs on own account Rest of Europe | | 2.49 | 2.57 | 3.2 |
| 8.32 | 8.14 | 8.73 | 4.9 | Refining throughputs on own account | | 16.65 | 16.87 | 1.3 |
| 2.31 | 2.01 | 2.17 | (6.1) | Retail sales Italy | | 4.41 | 4.18 | (5.2) |
| 0.76 | 0.67 | 0.77 | 1.3 | Retail sales Rest of Europe | | 1.45 | 1.44 | (0.7) |
| 3.07 | 2.68 | 2.94 | (4.2) | Total retail sales in Europe | | 5.86 | 5.62 | (4.1) |
| 2.25 | 2.04 | 2.33 | 3.6 | Wholesale Italy | | 4.66 | 4.37 | (6.2) |
| 0.85 | 0.86 | 0.97 | 14.1 | Wholesale Rest of Europe | | 1.76 | 1.83 | 4.0 |
| 3.10 | 2.90 | 3.30 | 6.5 | Total wholesale in Europe | | 6.42 | 6.20 | (3.4) |
| 0.12 | 0.09 | 0.11 | (8.3) | Wholesale other | | 0.21 | 0.20 | (4.8) |
| 4.87 | 5.20 | 5.42 | 11.3 | Other sales | | 9.64 | 10.62 | 10.2 |
| 11.16 | 10.87 | 11.77 | 5.5 | TOTAL SALES | | 22.13 | 22.64 | 2.3 |
| | | | | Refined product sales by region | | | | |
| 6.72 | 6.17 | 6.82 | 1.5 | Italy | | 12.90 | 12.99 | 0.7 |
| 1.61 | 1.53 | 1.74 | 8.1 | Rest of Europe | | 3.21 | 3.27 | 1.9 |
| 2.83 | 3.17 | 3.21 | 13.4 | Rest of World | | 6.02 | 6.38 | 6.0 |

(a) From January 1, 2010, management has reviewed the residual useful lives of refineries and related facilities due to a change in the expected pattern of consumption of the expected future economic benefit embodied in those assets. In doing so, the Company has aligned with practices prevailing among integrated oil companies, particularly the European companies. Management's conclusions have been supported by an independent technical review.

(b) Excluding special item.

Results

In the **second quarter of 2010** the Refining & Marketing reported a remarkable improvement, with operating losses being almost halved from a year ago. The Division operating loss was reduced by €54 million (from a loss of €106 million to €52 million) compared to the second quarter of 2009, up 50.9%, driven by improved refining margins on complex throughputs. The main trend behind this was the re-opening of light-heavy crude differentials in the Mediterranean area. Also results were helped by the positive impact of the appreciation of the dollar over the euro.

On the negative side, profitability of simple throughputs was influenced by lowered relative prices of products to

oil feedstock costs due to weak industry fundamentals. Quarterly results were also affected by a lower operating performance delivered by Marketing activities in Italy, due to lower volumes sold driven by weak domestic demand for automotive fuels.

Special charges excluded from adjusted operating loss mainly related to environmental provisions, impairment of capital expenditures on assets impaired in previous reporting periods, the re-measurement impacts recorded on fair value evaluation of certain non-hedging commodity derivatives.

Adjusted net loss for the second quarter of 2010 amounted to €19 million, a decrease of €80 million, due to an improved operating performance and increased earnings reported by equity-accounted entities.

In the **first half of 2010**, the division reported an adjusted operating loss amounting to €146 million, increasing by €95 million from a year ago. This trend reflected lower refining margins due to weak industry fundamentals, mainly in the first quarter of the year.

In the first half of 2010, special charges excluded from adjusted operating loss (€31 million) mainly related to environmental provisions, impairment of capital expenditures on assets impaired in previous reporting periods and the re-measurement impacts recorded on fair value evaluation of certain non-hedging commodity derivatives.

In the first half of 2010, adjusted net loss was €49 million (down €18 million from the first half of 2009) mainly due to a lower operating performance partly offset by higher earnings reported by equity-accounted entities.

Operating review

Eni's refining throughputs for the second quarter of 2010 were 8.73 mmt tonnes (16.87 mmt tonnes in the first half of 2010) up 4.9% from the second quarter of 2009 (up 1.3% from the first half of 2009). Higher volumes were processed in Italy reflecting increased volumes processed at Eni's plants in Livorno and Gela mainly due to re-scheduling of maintenance activities to capture upsides relating to a more favourable scenario in the second quarter.

Volumes processed outside Italy increased by 8.3% in the second quarter (up 3.2% from the first half of 2009) mainly at Eni's plants in the Czech Republic in response to the recovery of market demand.

Retail sales in Italy (2.17 mmt tonnes in the second quarter and 4.18 mmt tonnes in the first half of 2010) decreased by approximately 140 ktonnes, down 6.1% from the second quarter of 2009 (approximately 230 ktonnes, down 5.2% from the first half of 2009). These reductions were mainly due to lower domestic demand for gasoline.

Eni's retail market share for the quarter was 30.2%, down 1.4 percentage point (30.3% for the first half, down 1.3 percentage point) from the corresponding period of 2009 (31.6%).

Wholesale sales in Italy (2.33 mmt tonnes) increased by 80 ktonnes, or 3.6% from the second quarter of 2009 despite lower demand reflecting challenging economic conditions. In the first half of 2010, wholesale sales in Italy slightly decreased by 290 ktonnes from the first half of 2009, down 6.2%, mainly relating to fuel oil sales.

Retail sales in the rest of Europe were 770 ktonnes in the second quarter of 2010 (1.44 mmt tonnes in the first half of 2010), almost in line with the same periods in 2009.

Wholesale sales in the Rest of Europe were 970 ktonnes (1.83 mmt tonnes in the first half of 2010) and reported a slight increase.

Summarized Group profit and loss account

(€ million)

| Second Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | %Ch. 2 Q. 10 vs. 09 | | First Half | | |
|---------------------------|--------------------------|---------------------------|---------------------------|---|--------------|--------------|-------------|
| | | | | | 2009 | 2010 | % Ch. |
| 18,267 | 24,804 | 22,902 | 25.4 | Net sales from operations | 42,008 | 47,706 | 13.6 |
| 141 | 285 | 252 | 78.7 | Other income and revenues | 501 | 537 | 7.2 |
| (13,624) | (18,096) | (16,569) | (21.6) | Operating expenses | (31,597) | (34,665) | (9.7) |
| 31 | 38 | (5) | .. | Other operating income (expense) | 48 | 33 | (31.3) |
| (2,410) | (2,184) | (2,275) | 5.6 | Depreciation, depletion, amortization and impairments | (4,588) | (4,459) | 2.8 |
| 2,405 | 4,847 | 4,305 | 79.0 | Operating profit | 6,372 | 9,152 | 43.6 |
| (189) | (245) | (356) | (88.4) | Finance expense | (219) | (601) | .. |
| 214 | 225 | 447 | .. | Net income from investments | 358 | 672 | 87.7 |
| 2,430 | 4,827 | 4,396 | 80.9 | Profit before income taxes | 6,511 | 9,223 | 41.7 |
| (1,390) | (2,408) | (2,457) | (76.8) | Income taxes | (3,361) | (4,865) | (44.7) |
| 57.2 | 49.9 | 55.9 | | Tax rate (%) | 51.6 | 52.7 | |
| 1,040 | 2,419 | 1,939 | 86.4 | Net profit | 3,150 | 4,358 | 38.3 |
| 832 | 2,222 | 1,824 | 119.2 | - Net profit attributable to Eni's shareholders | 2,736 | 4,046 | 47.9 |
| 208 | 197 | 115 | (44.7) | - Net profit attributable to non-controlling interest | 414 | 312 | (24.6) |
| 832 | 2,222 | 1,824 | 119.2 | Net profit attributable to Eni's shareholders | 2,736 | 4,046 | 47.9 |
| (143) | (280) | (250) | | Exclusion of inventory holding (gains) losses | (52) | (530) | |
| 213 | (120) | 51 | | Exclusion of special items | (23) | (69) | |
| 902 | 1,822 | 1,625 | 80.2 | Adjusted net profit attributable to Eni's shareholders^(a) | 2,661 | 3,447 | 29.5 |

(a) For a detailed explanation of adjusted operating profit and adjusted net profit see the paragraph "Reconciliation of reported operating profit and reported net profit to results on an adjusted basis".

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. Furthermore, finance charges on finance debt, interest income, gains or losses deriving from the 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, excluding commodity derivatives), and exchange rate differences are all excluded when determining adjusted net profit of each business segment. The taxation effect of the items excluded from adjusted operating or net profit is determined based on the specific rate of taxes applicable to each of them. The Italian statutory tax rate is applied to finance charges and income (34% is applied to charges recorded by companies in the energy sector, whilst a tax rate of 27.5% is applied to all other companies). 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 that 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 significant 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. Also, special items include gains and losses on re-measurement at fair value of certain non-hedging commodity derivatives, including the ineffective portion of cash flow hedges.

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 the aforementioned derivative financial instruments, excluding commodity derivatives, 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.

(€ million)

First Half 2010

| | E&P | G&P | R&M | Petrochemicals | Engineering & Construction | Other activities | Corporate and financial companies | Impact of unrealized intragroup profit elimination | Group |
|---|--------------|--------------|--------------|----------------|-------------------------------|------------------|---|--|--------------|
| Reported operating profit | 6,698 | 1,908 | 360 | 53 | 625 | (153) | (174) | (165) | 9,152 |
| Exclusion of inventory holding (gains) losses | | (106) | (537) | (134) | | | | | (777) |
| Exclusion of special items: | | | | | | | | | |
| environmental charges | | 4 | 34 | | | 31 | 22 | | 91 |
| asset impairments | 29 | 10 | 33 | 9 | | 8 | | | 89 |
| gains on disposal of assets | (167) | 1 | (10) | | | | | | (176) |
| risk provisions | | | | | | 6 | | | 6 |
| provision for redundancy incentives | 8 | 8 | 6 | 2 | 7 | 1 | 12 | | 44 |
| re-measurement gains/losses on commodity derivatives | (8) | 71 | (32) | | | | | | 31 |
| other | | | | | | (1) | | | (1) |
| Special items of operating profit | (138) | 94 | 31 | 11 | 7 | 45 | 34 | | 84 |
| Adjusted operating profit | 6,560 | 1,896 | (146) | (70) | 632 | (108) | (140) | (165) | 8,459 |
| Net finance (expense) income ^(a) | (106) | 7 | | | 47 | (10) | (492) | | (554) |
| Net income from investments ^(a) | 266 | 195 | 66 | 2 | (3) | (4) | (1) | | 521 |
| Income taxes ^(a) | (4,036) | (622) | 31 | 2 | (206) | | 102 | 62 | (4,667) |
| Tax rate (%) | 60.1 | 29.6 | .. | | 30.5 | | | | 55.4 |
| Adjusted net profit | 2,684 | 1,476 | (49) | (66) | 470 | (122) | (531) | (103) | 3,759 |
| <i>of which:</i> | | | | | | | | | |
| - Adjusted net profit of non-controlling interest | | | | | | | | | 312 |
| - Adjusted net profit attributable to Eni's shareholders | | | | | | | | | 3,447 |
| Reported net profit attributable to Eni's shareholders | | | | | | | | | 4,046 |
| Exclusion of inventory holding (gains) losses | | | | | | | | | (530) |
| Exclusion of special items | | | | | | | | | (69) |
| Adjusted net profit attributable to Eni's shareholders | | | | | | | | | 3,447 |

(a) Excluding special items.

(€ million)

First Half 2009

| | E&P | G&P | R&M | Petrochemicals | Engineering & Construction | Other activities | Corporate and financial companies | Impact of unrealized intragroup profit elimination | Group |
|---|--------------|--------------|-------------|----------------|-------------------------------|------------------|---|--|--------------|
| Reported operating profit | 4,152 | 2,116 | 287 | (454) | 580 | (177) | (187) | 55 | 6,372 |
| Exclusion of inventory holding (gains) losses | | 294 | (467) | 108 | | | | | (65) |
| Exclusion of special items: | | | | | | | | | |
| environmental charges | | 17 | 22 | | | 45 | | | 84 |
| asset impairments | 220 | | 52 | 89 | | 4 | | | 365 |
| gains on disposal of assets | (167) | (5) | 1 | | (1) | (2) | | | (174) |
| risk provisions | | | 15 | | | (4) | | | 11 |
| provision for redundancy incentives | 5 | 8 | 8 | 3 | | 2 | 12 | | 38 |
| re-measurement gains/losses on commodity derivatives | 27 | (377) | 31 | (3) | (10) | | | | (332) |
| other | | | | | | 4 | | | 4 |
| Special items of operating profit | 85 | (357) | 129 | 89 | (11) | 49 | 12 | | (4) |
| Adjusted operating profit | 4,237 | 2,053 | (51) | (257) | 569 | (128) | (175) | 55 | 6,303 |
| Net finance (expense) income ^(a) | 83 | (12) | | | | 28 | (318) | | (219) |
| Net income from investments ^(a) | 113 | 162 | 39 | | 19 | | | | 333 |
| Income taxes ^(a) | (2,517) | (718) | (19) | 48 | (139) | | 27 | (24) | (3,342) |
| Tax rate (%) | 56.8 | 32.6 | .. | | 23.6 | | | | 52.1 |
| Adjusted net profit | 1,916 | 1,485 | (31) | (209) | 449 | (100) | (466) | 31 | 3,075 |
| <i>of which:</i> | | | | | | | | | |
| - Adjusted net profit of non-controlling interest | | | | | | | | | 414 |
| - Adjusted net profit attributable to Eni's shareholders | | | | | | | | | 2,661 |
| Reported net profit attributable to Eni's shareholders | | | | | | | | | 2,736 |
| Exclusion of inventory holding (gains) losses | | | | | | | | | (52) |
| Exclusion of special items | | | | | | | | | (23) |
| Adjusted net profit attributable to Eni's shareholders | | | | | | | | | 2,661 |

(a) Excluding special items.

(€ million)

Second Quarter 2010

| | E&P | G&P | R&M | Petrochemicals | Engineering & Construction | Other activities | Corporate and financial companies | Impact of unrealized intragroup profit elimination | Group |
|---|--------------|------------|-------------|----------------|-------------------------------|------------------|---|--|--------------|
| Reported operating profit | 3,401 | 592 | 255 | 17 | 334 | (93) | (104) | (97) | 4,305 |
| Exclusion of inventory holding (gains) losses | | (25) | (305) | (38) | | | | | (368) |
| Exclusion of special items: | | | | | | | | | |
| environmental charges | | (1) | 17 | | | 31 | 22 | | 69 |
| asset impairments | 29 | | 11 | 9 | | 8 | | | 57 |
| gains on disposal of assets | (7) | 1 | | | | | | | (6) |
| risk provisions | | | | | | 6 | | | 6 |
| provision for redundancy incentives | 6 | 2 | 4 | 1 | 7 | | 7 | | 27 |
| re-measurement gains/losses on commodity derivatives | 13 | 60 | (34) | | 2 | | | | 41 |
| other | | | | | | (3) | | | (3) |
| Special items of operating profit | 41 | 62 | (2) | 10 | 9 | 42 | 29 | | 191 |
| Adjusted operating profit | 3,442 | 629 | (52) | (11) | 343 | (51) | (75) | (97) | 4,128 |
| Net finance (expense) income ^(a) | (57) | 9 | | | 47 | (10) | (298) | | (309) |
| Net income from investments ^(a) | 199 | 95 | 21 | 2 | (5) | | (1) | | 311 |
| Income taxes ^(a) | (2,145) | (212) | 12 | (14) | (112) | | 45 | 36 | (2,390) |
| Tax rate (%) | 59.8 | 28.9 | .. | | 29.1 | | | | 57.9 |
| Adjusted net profit | 1,439 | 521 | (19) | (23) | 273 | (61) | (329) | (61) | 1,740 |
| <i>of which:</i> | | | | | | | | | |
| - Adjusted net profit of non-controlling interest | | | | | | | | | 115 |
| - Adjusted net profit attributable to Eni's shareholders | | | | | | | | | 1,625 |
| Reported net profit attributable to Eni's shareholders | | | | | | | | | 1,824 |
| Exclusion of inventory holding (gains) losses | | | | | | | | | (250) |
| Exclusion of special items | | | | | | | | | 51 |
| Adjusted net profit attributable to Eni's shareholders | | | | | | | | | 1,625 |

(a) Excluding special items.

(€ million)

Second Quarter 2009

| | E&P | G&P | R&M | Petrochemicals | Engineering & Construction | Other activities | Corporate and financial companies | Impact of unrealized intragroup profit elimination | Group |
|---|--------------|--------------|--------------|----------------|-------------------------------|------------------|---|--|--------------|
| Reported operating profit | 1,778 | 863 | 47 | (287) | 310 | (122) | (124) | (60) | 2,405 |
| Exclusion of inventory holding (gains) losses | | 18 | (258) | 50 | | | | | (190) |
| Exclusion of special items: | | | | | | | | | |
| environmental charges | | 15 | 15 | | | 45 | | | 75 |
| asset impairments | 220 | | 46 | 89 | | 3 | | | 358 |
| gains on disposal of assets | (4) | (5) | 2 | | (1) | (1) | | | (9) |
| risk provisions | | | 15 | | | (4) | | | 11 |
| provision for redundancy incentives | 3 | 5 | 3 | 2 | | 2 | 7 | | 22 |
| re-measurement gains/losses on commodity derivatives | 67 | (206) | 24 | | (12) | | | | (127) |
| other | | | | | | 4 | | | 4 |
| Special items of operating profit | 286 | (191) | 105 | 91 | (13) | 49 | 7 | | 334 |
| Adjusted operating profit | 2,064 | 690 | (106) | (146) | 297 | (73) | (117) | (60) | 2,549 |
| Net finance (expense) income ^(a) | 50 | (6) | | | | (2) | (231) | | (189) |
| Net income from investments ^(a) | 125 | 62 | 4 | | 11 | | | | 202 |
| Income taxes ^(a) | (1,231) | (249) | 3 | 32 | (82) | | 56 | 19 | (1,452) |
| Tax rate (%) | 55.0 | 33.4 | .. | | 26.6 | | | | 56.7 |
| Adjusted net profit | 1,008 | 497 | (99) | (114) | 226 | (75) | (292) | (41) | 1,110 |
| <i>of which:</i> | | | | | | | | | |
| - Adjusted net profit of non-controlling interest | | | | | | | | | 208 |
| - Adjusted net profit attributable to Eni's shareholders | | | | | | | | | 902 |
| Reported net profit attributable to Eni's shareholders | | | | | | | | | 832 |
| Exclusion of inventory holding (gains) losses | | | | | | | | | (143) |
| Exclusion of special items | | | | | | | | | 213 |
| Adjusted net profit attributable to Eni's shareholders | | | | | | | | | 902 |

(a) Excluding special items.

(€ million)

First Quarter 2010

| | E&P | G&P | R&M | Petrochemicals | Engineering & Construction | Other activities | Corporate and financial companies | Impact of unrealized intragroup profit elimination | Group |
|---|--------------|--------------|-------------|----------------|-------------------------------|------------------|---|--|--------------|
| Reported operating profit | 3,297 | 1,316 | 105 | 36 | 291 | (60) | (70) | (68) | 4,847 |
| Exclusion of inventory holding (gains) losses | | (81) | (232) | (96) | | | | | (409) |
| Exclusion of special items: | | | | | | | | | |
| environmental charges | | 5 | 17 | | | | | | 22 |
| asset impairments | | 10 | 22 | | | | | | 32 |
| gains on disposal of assets | (160) | | (10) | | | | | | (170) |
| provision for redundancy incentives | 2 | 6 | 2 | 1 | | 1 | 5 | | 17 |
| re-measurement gains/losses on commodity derivatives | (21) | 11 | 2 | | (2) | | | | (10) |
| other | | | | | | 2 | | | 2 |
| Special items of operating profit | (179) | 32 | 33 | 1 | (2) | 3 | 5 | | (107) |
| Adjusted operating profit | 3,118 | 1,267 | (94) | (59) | 289 | (57) | (65) | (68) | 4,331 |
| Net finance (expense) income ^(a) | (49) | (2) | | | | | (194) | | (245) |
| Net income from investments ^(a) | 67 | 100 | 45 | | 2 | (4) | | | 210 |
| Income taxes ^(a) | (1,891) | (410) | 19 | 16 | (94) | | 57 | 26 | (2,277) |
| Tax rate (%) | 60.3 | 30.0 | .. | | 32.3 | | | | 53.0 |
| Adjusted net profit | 1,245 | 955 | (30) | (43) | 197 | (61) | (202) | (42) | 2,019 |
| <i>of which:</i> | | | | | | | | | |
| - Adjusted net profit of non-controlling interest | | | | | | | | | 197 |
| - Adjusted net profit attributable to Eni's shareholders | | | | | | | | | 1,822 |
| Reported net profit attributable to Eni's shareholders | | | | | | | | | 2,222 |
| Exclusion of inventory holding (gains) losses | | | | | | | | | (280) |
| Exclusion of special items | | | | | | | | | (120) |
| Adjusted net profit attributable to Eni's shareholders | | | | | | | | | 1,822 |

(a) Excluding special items.

Breakdown of special items

(€ million)

| Second Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | | First Half | |
|---------------------|--------------------|---------------------|--|-------------|-------------|
| | | | | 2009 | 2010 |
| | | | Special charges (income): | | |
| 358 | 32 | 57 | asset impairments | 365 | 89 |
| 75 | 22 | 69 | environmental charges | 84 | 91 |
| (9) | (170) | (6) | gains on disposal of assets | (174) | (176) |
| 11 | | 6 | risk provisions | 11 | 6 |
| 22 | 17 | 27 | provisions for redundancy incentives | 38 | 44 |
| (127) | (10) | 41 | re-measurement gains/losses on commodity derivatives | (332) | 31 |
| 4 | 2 | (3) | other | 4 | (1) |
| 334 | (107) | 191 | | (4) | 84 |
| | | 47 | Finance (income) expense | | 47 |
| 2 | | (118) | Net income from investments | (8) | (118) |
| | | | <i>of which:</i> | | |
| | | (140) | - gains on disposal of interests | | (140) |
| | | 20 | - impairments | | 20 |
| (123) | (13) | (69) | Income taxes | (11) | (82) |
| | | | <i>of which:</i> | | |
| (27) | | | Effects of LD No. 112/2008 | (27) | |
| (96) | (13) | (69) | Tax impact on special items of operating profit | 16 | (82) |
| 213 | (120) | 51 | Total special items of net profit | (23) | (69) |

Adjusted operating profit

(€ million)

| Second Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | % Ch. 2 Q. 10 vs. 09 | | First Half | | |
|---------------------|--------------------|---------------------|----------------------|--|--------------|--------------|-------------|
| | | | | | 2009 | 2010 | % Ch. |
| 2,064 | 3,118 | 3,442 | 66.8 | Exploration & Production | 4,237 | 6,560 | 54.8 |
| 690 | 1,267 | 629 | (8.8) | Gas & Power | 2,053 | 1,896 | (7.6) |
| (106) | (94) | (52) | 50.9 | Refining & Marketing | (51) | (146) | .. |
| (146) | (59) | (11) | 92.5 | Petrochemicals | (257) | (70) | 72.8 |
| 297 | 289 | 343 | 15.5 | Engineering & Construction | 569 | 632 | 11.1 |
| (73) | (57) | (51) | 30.1 | Other activities | (128) | (108) | 15.6 |
| (117) | (65) | (75) | 35.9 | Corporate and financial companies | (175) | (140) | 20.0 |
| (60) | (68) | (97) | | Impact of unrealized intragroup profit elimination | 55 | (165) | |
| 2,549 | 4,331 | 4,128 | 61.9 | | 6,303 | 8,459 | 34.2 |

Net sales from operations

(€ million)

| Second Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | % Ch. 2 Q. 10 vs. 09 | | First Half | | |
|---------------------|--------------------|---------------------|----------------------|--|---------------|---------------|-------------|
| | | | | | 2009 | 2010 | % Ch. |
| 5,683 | 7,385 | 7,184 | 26.4 | Exploration & Production | 11,828 | 14,569 | 23.2 |
| 5,619 | 8,708 | 5,960 | 6.1 | Gas & Power | 17,468 | 14,668 | (16.0) |
| 7,735 | 9,346 | 10,909 | 41.0 | Refining & Marketing | 14,121 | 20,255 | 43.4 |
| 1,027 | 1,476 | 1,698 | 65.3 | Petrochemicals | 1,905 | 3,174 | 66.6 |
| 2,466 | 2,512 | 2,496 | 1.2 | Engineering & Construction | 4,881 | 5,008 | 2.6 |
| 21 | 25 | 27 | 28.6 | Other activities | 47 | 52 | 10.6 |
| 302 | 302 | 332 | 9.9 | Corporate and financial companies | 611 | 634 | 3.8 |
| (5) | 64 | (171) | | Impact of unrealized intragroup profit elimination | (19) | (107) | |
| (4,581) | (5,014) | (5,533) | | Consolidation adjustment | (8,834) | (10,547) | |
| 18,267 | 24,804 | 22,902 | 25.4 | | 42,008 | 47,706 | 13.6 |

Operating expenses

(€ million)

| Second Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | % Ch. 2 Q. 10 vs. 09 | | First Half | | |
|---------------------------|--------------------------|---------------------------|----------------------------|---|---------------|---------------|------------|
| | | | | | 2009 | 2010 | % Ch. |
| 12,537 | 17,051 | 15,415 | 23.0 | Purchases, services and other | 29,520 | 32,466 | 10.0 |
| 101 | 37 | 60 | | <i>of which other special items</i> | 110 | 97 | |
| 1,087 | 1,045 | 1,154 | 6.2 | Payroll and related costs | 2,077 | 2,199 | 5.9 |
| 22 | 17 | 27 | | <i>of which provision for redundancy incentives</i> | 38 | 44 | |
| 13,624 | 18,096 | 16,569 | 21.6 | | 31,597 | 34,665 | 9.7 |

Gains and losses on non-hedging commodity derivate instruments

(€ million)

| Second Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | | First Half | |
|---------------------------|--------------------------|---------------------------|--------------------------------------|--------------|-------------|
| | | | | 2009 | 2010 |
| (66) | 21 | (14) | Exploration & Production | (22) | 7 |
| 1 | | (1) | - settled transactions | 5 | (1) |
| (67) | 21 | (13) | - re-measurement gains/losses | (27) | 8 |
| 149 | 19 | (30) | Gas & Power | 113 | (11) |
| (57) | 30 | 30 | - settled transactions | (264) | 60 |
| 206 | (11) | (60) | - re-measurement gains/losses | 377 | (71) |
| (66) | (5) | 45 | Refining & Marketing | (63) | 40 |
| (42) | (3) | 11 | - settled transactions | (32) | 8 |
| (24) | (2) | 34 | - re-measurement gains/losses | (31) | 32 |
| 1 | 1 | | Petrochemicals | 10 | 1 |
| 1 | 1 | | - settled transactions | 7 | 1 |
| | | | - re-measurement gains/losses | 3 | |
| 16 | 2 | (6) | Engineering & Construction | 13 | (4) |
| 4 | | (4) | - settled transactions | 3 | (4) |
| 12 | 2 | (2) | - re-measurement gains/losses | 10 | |
| (3) | | | Corporate and financial companies | (3) | |
| (3) | | | - settled transactions | (3) | |
| | | | - re-measurement gains/losses | | |
| 31 | 38 | (5) | Total | 48 | 33 |
| (96) | 28 | 36 | - settled transactions | (284) | 64 |
| 127 | 10 | (41) | - re-measurement gains/losses | 332 | (31) |

Depreciation, depletion, amortization and impairments

(€ million)

| Second Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | % Ch. 2 Q. 10 vs. 09 | | First Half | | |
|---------------------------|--------------------------|---------------------------|----------------------------|---|--------------|--------------|--------------|
| | | | | | 2009 | 2010 | % Ch. |
| 1,576 | 1,680 | 1,749 | 11.0 | Exploration & Production | 3,262 | 3,429 | 5.1 |
| 237 | 244 | 226 | (4.6) | Gas & Power | 477 | 470 | (1.5) |
| 98 | 80 | 87 | (11.2) | Refining & Marketing | 197 | 167 | (15.2) |
| 24 | 19 | 20 | (16.7) | Petrochemicals | 48 | 39 | (18.8) |
| 109 | 114 | 122 | 11.9 | Engineering & Construction | 216 | 236 | 9.3 |
| 1 | 1 | | .. | Other activities | 1 | 1 | |
| 21 | 18 | 19 | (9.5) | Corporate and financial companies | 40 | 37 | (7.5) |
| (3) | (4) | (5) | | Impact of unrealized intragroup profit elimination | (7) | (9) | |
| 2,063 | 2,152 | 2,218 | 7.5 | Total depreciation, depletion and amortization | 4,234 | 4,370 | 3.2 |
| 347 | 32 | 57 | | Impairments | 354 | 89 | |
| 2,410 | 2,184 | 2,275 | (5.6) | | 4,588 | 4,459 | (2.8) |

Net income from investments

(€ million)

| First Half 2010 | Exploration & Production | Gas & Power | Refining & Marketing | Engineering & Construction | Other activities | Group |
|---|--------------------------|-------------|----------------------|----------------------------|------------------|------------|
| Share of gains (losses) from equity-accounted investments | 66 | 187 | 46 | (4) | (3) | 292 |
| Dividends | 205 | 7 | 30 | | | 242 |
| Net gains on disposal | | 140 | 2 | | 1 | 143 |
| Other income (expense), net | (5) | | | 1 | (1) | (5) |
| | 266 | 334 | 78 | (3) | (3) | 672 |

Income taxes

(€ million)

| Second Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | | First Half | | Change |
|---------------------|--------------------|---------------------|-----------------------------------|--------------|--------------|--------------|
| | | | | 2009 | 2010 | |
| | | | Profit before income taxes | | | |
| 467 | 1,151 | 690 | Italy | 2,062 | 1,841 | (221) |
| 1,963 | 3,676 | 3,706 | Outside Italy | 4,449 | 7,382 | 2,933 |
| 2,430 | 4,827 | 4,396 | | 6,511 | 9,223 | 2,712 |
| | | | Income taxes | | | |
| 341 | 450 | 393 | Italy | 1,007 | 843 | (164) |
| 1,049 | 1,958 | 2,064 | Outside Italy | 2,354 | 4,022 | 1,668 |
| 1,390 | 2,408 | 2,457 | | 3,361 | 4,865 | 1,504 |
| | | | Tax rate (%) | | | |
| 73.0 | 39.1 | 57.0 | Italy | 48.8 | 45.8 | (3.0) |
| 53.4 | 53.3 | 55.7 | Outside Italy | 52.9 | 54.5 | 1.6 |
| 57.2 | 49.9 | 55.9 | | 51.6 | 52.7 | 1.1 |

Leverage and net borrowings

Leverage is a measure used by management to assess the Company's level of indebtedness. It is calculated as ratio of net borrowings – which is calculated by excluding cash and cash equivalents and certain very liquid assets from financial debt to shareholders' equity, including minority interest. Management periodically reviews leverage in order to assess the soundness and efficiency of the Group balance sheet in terms of optimal mix between net borrowings and net equity, and to carry out benchmark analysis with industry standards.

(€ million)

| | Dec. 31, 2009 | March 31, 2010 | June 30, 2010 | Change vs. Dec. 31, 2009 | Change vs. March 31, 2010 |
|---|------------------|-------------------|------------------|--------------------------------|---------------------------------|
| Total debt | 24,800 | 23,723 | 25,151 | 351 | 1,428 |
| Short-term debt | 6,736 | 7,708 | 6,749 | 13 | (959) |
| Long-term debt | 18,064 | 16,015 | 18,402 | 338 | 2,387 |
| Cash and cash equivalents | (1,608) | (2,445) | (1,675) | (67) | 770 |
| Securities held for non-operating purposes | (64) | (57) | (70) | (6) | (13) |
| Financing receivables for non-operating purposes | (73) | (169) | (64) | 9 | 105 |
| Net borrowings | 23,055 | 21,052 | 23,342 | 287 | 2,290 |
| Shareholders' equity including non-controlling interest | 50,051 | 54,322 | 57,375 | 7,324 | 3,053 |
| Leverage | 0.46 | 0.39 | 0.41 | (0.05) | 0.02 |

Bonds maturing in the 18-month period starting on June 30, 2010

(€ million)

| Issuing entity | Amount at June 30, 2010 ^(a) |
|----------------------------|---|
| Eni Coordination Center SA | 399 |
| | 399 |

(a) Amounts include interest accrued and discount on issue.

Bonds issued in the first half of 2010

| Issuing entity | Nominal amount (million) | Currency | Amount at June 30, 2010 ^(a) (€ million) | Maturity | Rate | % |
|----------------|-----------------------------|----------|--|----------|-------|------|
| Eni SpA | 1,000 | euro | 997 | 2020 | fixed | 4.00 |
| | | | 997 | | | |

(a) Amounts include interest accrued and discount on issue.

ROACE (Return On Average Capital Employed)

Return on Average Capital Employed for the Group, on an adjusted basis is the return on the Group average capital invested, calculated as ratio of net adjusted profit before minority interest, plus net finance charges on net borrowings net of the related tax effect, to net average capital employed. The tax rate applied on finance charges is the Italian statutory tax rate (34% is applied to charges recorded by companies in the energy sector, whilst a tax rate of 27.5% is applied to all other companies). The capital invested as of period end used for the calculation of net average capital invested is obtained by deducting inventory gains or losses in the period, net of the related tax effect. ROACE by division is determined as ratio of adjusted net profit to net average capital invested pertaining to each division and rectifying the net capital invested as of period-end, from net inventory gains or losses (after applying the division specific tax rate).

(€ million)

| Calculated on a 12-month period ending on June 30, 2010 | Exploration & Production | Gas & Power | Refining & Marketing | Group |
|--|--------------------------|---------------|----------------------|---------------|
| Adjusted net profit | 4,646 | 2,907 | (215) | 6,841 |
| Exclusion of after-tax finance expenses/interest income | - | - | - | 341 |
| Adjusted net profit unlevered | 4,646 | 2,907 | (215) | 7,182 |
| Adjusted capital employed, net | | | | |
| - at the beginning of period | 30,489 | 23,614 | 7,359 | 68,564 |
| - at the end of period | 38,847 | 25,539 | 7,932 | 80,048 |
| Adjusted average capital employed, net | 34,668 | 24,577 | 7,646 | 74,306 |
| Adjusted ROACE (%) | 13.4 | 11.8 | (2.8) | 9.7 |

(€ million)

| Calculated on a 12-month period ending on June 30, 2009 | Exploration & Production | Gas & Power | Refining & Marketing | Group |
|--|--------------------------|---------------|----------------------|---------------|
| Adjusted net profit | 5,743 | 2,481 | 366 | 8,207 |
| Exclusion of after-tax finance expenses/interest income | - | - | - | 243 |
| Adjusted net profit unlevered | 5,743 | 2,481 | 366 | 8,450 |
| Adjusted capital employed, net | | | | |
| - at the beginning of period | 22,763 | 21,017 | 9,466 | 60,454 |
| - at the end of period | 30,489 | 23,614 | 8,539 | 70,018 |
| Adjusted average capital employed, net | 26,626 | 22,316 | 9,003 | 65,236 |
| Adjusted ROACE (%) | 21.6 | 11.1 | 4.1 | 13.0 |

(€ million)

| Calculated on a 12-month period ending on December 31, 2009 | Exploration & Production | Gas & Power | Refining & Marketing | Group |
|--|--------------------------|---------------|----------------------|---------------|
| Adjusted net profit | 3,878 | 2,916 | (197) | 6,157 |
| Exclusion of after-tax finance expenses/interest income | - | - | - | 283 |
| Adjusted net profit unlevered | 3,878 | 2,916 | (197) | 6,440 |
| Adjusted capital employed, net | | | | |
| - at the beginning of period | 30,362 | 22,547 | 7,379 | 66,886 |
| - at the end of period | 32,455 | 25,024 | 7,560 | 72,915 |
| Adjusted average capital employed, net | 31,409 | 23,786 | 7,470 | 69,901 |
| Adjusted ROACE (%) | 12.3 | 12.3 | (2.6) | 9.2 |

GROUP BALANCE SHEET

(€ million)

| | Dec. 31, 2009 | March 31, 2010 | June 30, 2010 |
|--|------------------|-------------------|------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 1,608 | 2,445 | 1,675 |
| Other financial assets held for trading or available for sale | 348 | 346 | 336 |
| Trade and other receivables | 20,348 | 23,660 | 22,285 |
| Inventories | 5,495 | 5,517 | 6,641 |
| Current tax assets | 753 | 371 | 174 |
| Other current tax assets | 1,270 | 937 | 941 |
| Other current assets | 1,307 | 1,362 | 1,338 |
| | 31,129 | 34,638 | 33,390 |
| Non-current assets | | | |
| Property, plant and equipment | 59,765 | 62,033 | 67,477 |
| Inventory - compulsory stock | 1,736 | 1,873 | 1,997 |
| Intangible assets | 11,469 | 11,446 | 11,479 |
| Equity-accounted investments | 5,828 | 5,592 | 5,930 |
| Other investments | 416 | 434 | 459 |
| Other financial assets | 1,148 | 1,077 | 1,664 |
| Deferred tax assets | 3,558 | 3,603 | 3,703 |
| Other non-current receivables | 1,938 | 2,004 | 2,144 |
| | 85,858 | 88,062 | 94,853 |
| Assets held for sale | 542 | 1,253 | 570 |
| TOTAL ASSETS | 117,529 | 123,953 | 128,813 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current liabilities | | | |
| Short-term debt | 3,545 | 4,535 | 4,299 |
| Current portion of long-term debt | 3,191 | 3,173 | 2,450 |
| Trade and other payables | 19,174 | 20,383 | 21,103 |
| Income taxes payable | 1,291 | 1,619 | 1,508 |
| Other taxes payable | 1,431 | 2,162 | 2,001 |
| Other current liabilities | 1,856 | 1,925 | 1,794 |
| | 30,488 | 33,797 | 33,155 |
| Non-current liabilities | | | |
| Long-term debt | 18,064 | 16,015 | 18,402 |
| Provisions for contingencies | 10,319 | 10,644 | 10,854 |
| Provisions for employee benefits | 944 | 964 | 1,012 |
| Deferred tax liabilities | 4,907 | 5,106 | 5,455 |
| Other non-current liabilities | 2,480 | 2,749 | 2,321 |
| | 36,714 | 35,478 | 38,044 |
| Liabilities directly associated with assets held for sale | 276 | 356 | 239 |
| TOTAL LIABILITIES | 67,478 | 69,631 | 71,438 |
| SHAREHOLDERS' EQUITY | | | |
| Non-controlling interest | 3,978 | 4,223 | 3,996 |
| Eni shareholders' equity | | | |
| Share capital | 4,005 | 4,005 | 4,005 |
| Reserves | 46,269 | 50,629 | 52,085 |
| Treasury shares | (6,757) | (6,757) | (6,757) |
| Interim dividend | (1,811) | | |
| Net profit | 4,367 | 2,222 | 4,046 |
| Total Eni shareholders' equity | 46,073 | 50,099 | 53,379 |
| TOTAL SHAREHOLDERS' EQUITY | 50,051 | 54,322 | 57,375 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 117,529 | 123,953 | 128,813 |

Group profit and loss account

(€ million)

| Second Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | | First Half | |
|---------------------------|--------------------------|---------------------------|--|---------------|---------------|
| | | | | 2009 | 2010 |
| | | | REVENUES | | |
| 18,267 | 24,804 | 22,902 | Net sales from operations | 42,008 | 47,706 |
| 141 | 285 | 252 | Other income and revenues | 501 | 537 |
| 18,408 | 25,089 | 23,154 | Total revenues | 42,509 | 48,243 |
| | | | OPERATING EXPENSES | | |
| 12,537 | 17,051 | 15,415 | Purchases, services and other | 29,520 | 32,466 |
| 1,087 | 1,045 | 1,154 | Payroll and related costs | 2,077 | 2,199 |
| 31 | 38 | (5) | OTHER OPERATING INCOME (EXPENSE) | 48 | 33 |
| 2,410 | 2,184 | 2,275 | DEPRECIATION, DEPLETION, AMORTIZATION AND IMPAIRMENTS | 4,588 | 4,459 |
| 2,405 | 4,847 | 4,305 | OPERATING PROFIT | 6,372 | 9,152 |
| | | | FINANCE INCOME (EXPENSE) | | |
| 1,608 | 1,363 | 2,297 | Finance income | 3,695 | 3,660 |
| (1,867) | (1,422) | (2,508) | Finance expense | (3,962) | (3,930) |
| 70 | (186) | (145) | Derivative financial instruments | 48 | (331) |
| (189) | (245) | (356) | | (219) | (601) |
| | | | INCOME (EXPENSE) FROM INVESTMENTS | | |
| 92 | 184 | 108 | - Share of profit (loss) of equity-accounted investments | 205 | 292 |
| 122 | 41 | 339 | - Other gain (loss) from investments | 153 | 380 |
| 214 | 225 | 447 | | 358 | 672 |
| 2,430 | 4,827 | 4,396 | PROFIT BEFORE INCOME TAXES | 6,511 | 9,223 |
| (1,390) | (2,408) | (2,457) | Income taxes | (3,361) | (4,865) |
| 1,040 | 2,419 | 1,939 | Net profit: | 3,150 | 4,358 |
| 832 | 2,222 | 1,824 | - Net profit attributable to Eni's shareholders | 2,736 | 4,046 |
| 208 | 197 | 115 | - Net profit attributable to non-controlling interest | 414 | 312 |
| 1,040 | 2,419 | 1,939 | | 3,150 | 4,358 |
| | | | Earnings per share attributable to Eni's shareholders (€ per share) | | |
| 0.23 | 0.61 | 0.51 | - Basic | 0.76 | 1.12 |
| 0.23 | 0.61 | 0.51 | - Diluted | 0.76 | 1.12 |

Comprehensive income

(€ million)

| | First Half | |
|--|--------------|--------------|
| | 2009 | 2010 |
| Net profit | 3,150 | 4,358 |
| Other items of comprehensive income: | | |
| - foreign currency translation differences | (443) | 4,974 |
| - change in the fair value of cash flow hedging derivatives | (465) | 342 |
| - share of "Other comprehensive income" on equity-accounted entities | 2 | (16) |
| - taxation | 191 | (134) |
| Other comprehensive income | (715) | 5,166 |
| Total comprehensive income | 2,435 | 9,524 |
| Attributable to: | | |
| - Eni's shareholders' equity | 2,035 | 9,118 |
| - Non-controlling interest | 400 | 406 |
| | 2,435 | 9,524 |

Changes in shareholders' equity

(€ million)

| | |
|---|---------------|
| Shareholders' equity including non-controlling interest at December 31, 2009 | 50,051 |
| Total comprehensive income | 9,524 |
| Dividends paid to Eni shareholders | (1,811) |
| Dividends paid by consolidated subsidiaries to non-controlling interest | (353) |
| Effect of GreenStream deconsolidation | (37) |
| Rights cancelled stock option - 2007 plan | (6) |
| Current cost of assigned options | 4 |
| Other changes | 3 |
| Total changes | 7,324 |
| Shareholders' equity including non-controlling interest at June 30, 2010 | 57,375 |
| Attributable to: | |
| - Eni's shareholders' equity | 53,379 |
| - Non-controlling interest | 3,996 |

Group cash flow statement

(€ million)

| Second Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | | First Half | |
|---------------------------|--------------------------|---------------------------|--|----------------|----------------|
| 2009 | 2010 | 2010 | | 2009 | 2010 |
| 1,040 | 2,419 | 1,939 | Net profit | 3,150 | 4,358 |
| | | | <i>Adjustments to reconcile net profit to net cash provided by operating activities</i> | | |
| 2,063 | 2,152 | 2,218 | Depreciation, depletion and amortization | 4,234 | 4,370 |
| 347 | 32 | 57 | Impairments of tangible and intangible assets, net | 354 | 89 |
| (318) | (184) | (108) | Share of profit (loss) of equity-accounted investments | (205) | (292) |
| (8) | (169) | (75) | Gain on disposal of assets, net | (165) | (244) |
| (119) | (43) | (199) | Dividend income | (136) | (242) |
| (28) | (39) | (25) | Interest income | (268) | (64) |
| 81 | 145 | 129 | Interest expense | 296 | 274 |
| 1,390 | 2,408 | 2,457 | Income taxes | 3,361 | 4,865 |
| (135) | (95) | 322 | Other changes | (450) | 227 |
| | | | <i>Changes in working capital:</i> | | |
| (1,149) | (120) | (1,070) | - inventories | 192 | (1,190) |
| 3,670 | (2,724) | 2,810 | - trade receivables | 3,556 | 86 |
| (873) | 1,801 | (854) | - trade payables | (2,053) | 947 |
| 71 | 56 | (2) | - provisions for contingencies | 77 | 54 |
| (965) | 617 | (401) | - other assets and liabilities | 218 | 216 |
| 754 | (370) | 483 | <i>Cash flow from changes in working capital</i> | 1,990 | 113 |
| 25 | (4) | 13 | Net change in the provisions for employee benefits | 15 | 9 |
| 319 | 35 | 353 | Dividends received | 336 | 388 |
| 184 | 47 | 27 | Interest received | 259 | 74 |
| (124) | (143) | (265) | Interest paid | (245) | (408) |
| (3,293) | (1,637) | (2,741) | Income taxes paid, net of tax receivables received | (4,905) | (4,378) |
| 2,178 | 4,554 | 4,585 | Net cash provided by operating activities | 7,621 | 9,139 |
| | | | <i>Investing activities:</i> | | |
| (3,245) | (2,447) | (3,968) | - tangible assets | (5,926) | (6,415) |
| (452) | (332) | (360) | - intangible assets | (918) | (692) |
| (29) | | | - consolidated subsidiaries and businesses | (29) | |
| (92) | (39) | (76) | - investments | (140) | (115) |
| (6) | (4) | (9) | - securities | (7) | (13) |
| (95) | (366) | (270) | - financing receivables | (771) | (636) |
| (2,045) | (104) | 64 | - change in payables and receivables in relation to investments and capitalized depreciation | (251) | (40) |
| (5,964) | (3,292) | (4,619) | <i>Cash flow from investments</i> | (8,042) | (7,911) |
| | | | <i>Disposals:</i> | | |
| 15 | 203 | 10 | - tangible assets | 42 | 213 |
| 9 | | 5 | - intangible assets | 154 | 5 |
| | | 48 | - consolidated subsidiaries and businesses | | 48 |
| 3,069 | 526 | 3 | - investments | 3,079 | 529 |
| 41 | 6 | 20 | - securities | 128 | 26 |
| 208 | 306 | 189 | - financing receivables | 819 | 495 |
| | | | - change in payables and receivables in relation to investments and capitalized depreciation | 39 | (32) |
| 7 | (44) | 12 | <i>Cash flow from disposals</i> | 4,261 | 1,284 |
| 3,349 | 997 | 287 | | | |
| (2,615) | (2,295) | (4,332) | Net cash used in investing activities ^(*) | (3,781) | (6,627) |

Group cash flow statement (continued)

(€ million)

| Second Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | | First Half | |
|---------------------------|--------------------------|---------------------------|--|----------------|----------------|
| | | | | 2009 | 2010 |
| 1,365 | 22 | 346 | Proceeds from long-term debt | 3,232 | 368 |
| 231 | (2,198) | 1,051 | Repayments of long-term debt | (2,487) | (1,147) |
| (539) | 692 | (279) | Increase (decrease) in short-term debt | (2,068) | 413 |
| 1,057 | (1,484) | 1,118 | | (1,323) | (366) |
| 1,544 | | | Net capital contributions by non-controlling interest | 1,542 | |
| | 13 | 3 | Net acquisition of treasury shares different from Eni SpA | | 16 |
| (54) | | | Acquisition of additional interests in consolidated subsidiaries | (2,045) | |
| (2,355) | | (1,811) | Dividends paid to Eni's shareholders | (2,355) | (1,811) |
| (258) | | (353) | Dividends paid by consolidated subsidiaries to non-controlling interest | (258) | (353) |
| (66) | (1,471) | (1,043) | Net cash used in financing activities | (4,439) | (2,514) |
| (2) | 49 | 20 | Effect of exchange rate changes on cash and cash equivalents and other changes | | 69 |
| (505) | 837 | (770) | Net cash flow for the period | (599) | 67 |
| 1,845 | 1,608 | 2,445 | Cash and cash equivalents - beginning of the period | 1,939 | 1,608 |
| 1,340 | 2,445 | 1,675 | Cash and cash equivalents - end of the period | 1,340 | 1,675 |

(*) Net cash used in investing activities included investments in certain financial assets to absorb temporary surpluses of cash or as a part of our ordinary management of financing activities. Due to their nature and the circumstance that they are very liquid, these financial assets are netted against finance debt in determining net borrowings. Cash flows of such investments were as follows:

(€ million)

| Second Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | | First Half | |
|---------------------------|--------------------------|---------------------------|---|-------------|-------------|
| | | | | 2009 | 2010 |
| | | | Financing investments: | | |
| (1) | | (13) | - securities | (2) | (13) |
| 172 | (106) | 104 | - financing receivables | (11) | (2) |
| 171 | (106) | 91 | | (13) | (15) |
| | | | Disposal of financing investments: | | |
| 9 | 6 | 2 | - securities | 81 | 8 |
| 188 | 12 | 1 | - financing receivables | 402 | 13 |
| 197 | 18 | 3 | | 483 | 21 |
| 368 | (88) | 94 | Net cash flows from financing activities | 470 | 6 |

Supplemental information

(€ million)

| Second Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | | First Half | |
|---------------------------|--------------------------|---------------------------|---|------------|------------|
| | | | | 2009 | 2010 |
| | | | Effect of investment of companies included in consolidation and businesses | | |
| 3 | | 72 | Current assets | 3 | 72 |
| 20 | | 2 | Non-current assets | 20 | 2 |
| 8 | | 11 | Net borrowings | 8 | 11 |
| (1) | | (63) | Current and non-current liabilities | (1) | (63) |
| 30 | | 22 | Net effect of investments | 30 | 22 |
| (22) | | (11) | Fair value of investments held before the acquisition of control | | (11) |
| 8 | | 11 | Purchase price | 30 | 11 |
| | | | less: | | |
| (1) | | (11) | <i>Cash and cash equivalents</i> | (1) | (11) |
| 7 | | | Cash flow on investments | 29 | |
| | | | Effect of disposal of consolidated subsidiaries and businesses | | |
| | | 80 | Current assets | | 80 |
| | | 696 | Non-current assets | | 696 |
| | | (282) | Net borrowings | | (282) |
| | | (136) | Current and non-current liabilities | | (136) |
| | | 358 | Net effect of disposals | | 358 |
| | | (149) | Fair value of non-controlling interests retained after disposals | | (149) |
| | | 140 | Gain on disposal | | 140 |
| | | (46) | Non-controlling interest | | (46) |
| | | 303 | Selling price | | 303 |
| | | | less: | | |
| | | (255) | <i>Cash and cash equivalents</i> | | (255) |
| | | 48 | Cash flow on disposals | | 48 |

Capital expenditures

(€ million)

| Second Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | % Ch. 2 Q. 10 vs. 09 | | First Half | | |
|---------------------|--------------------|---------------------|----------------------|--|--------------|--------------|------------|
| | | | | | 2009 | 2010 | % Ch. |
| 2,759 | 1,964 | 3,186 | 15.5 | Exploration & Production | 4,907 | 5,150 | 5.0 |
| 361 | 310 | 367 | 1.7 | Gas & Power | 751 | 677 | (9.9) |
| 132 | 118 | 149 | 12.9 | Refining & Marketing | 217 | 267 | 23.0 |
| 36 | 26 | 45 | 25.0 | Petrochemicals | 45 | 71 | 57.8 |
| 393 | 412 | 380 | (3.3) | Engineering & Construction | 888 | 792 | (10.8) |
| 8 | 9 | 10 | 25.0 | Other activities | 14 | 19 | 35.7 |
| 12 | 17 | 33 | .. | Corporate and financial companies | 22 | 50 | .. |
| (4) | (77) | 158 | | Impact of unrealized intragroup profit elimination | | 81 | |
| 3,697 | 2,779 | 4,328 | 17.1 | | 6,844 | 7,107 | 3.8 |

In the first half of 2010, capital expenditures amounting to €7,107 million (€4,328 million in the second quarter of 2010) related mainly to:

- development activities deployed mainly in Congo, Kazakhstan, the United States, Algeria, Angola, Egypt, Italy and Norway and exploratory activities of which 98% was spent outside Italy, primarily in the United States, Angola, Indonesia, Ghana and Pakistan;
- upgrading of the fleet used in the Engineering & Construction division (€792 million).
- development and upgrading of Eni's natural gas transport network in Italy (€342 million) and distribution network (€123 million), as well as development and increase of storage capacity (€96 million);
- projects aimed at improving the conversion capacity and flexibility of refineries (€201 million), as well as building and upgrading service stations in Italy and outside Italy (€57 million).

Follows a breakdown of the capital expenditures by division:

EXPLORATION & PRODUCTION

(€ million)

| Second Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | | First Half | |
|---------------------|--------------------|---------------------|-----------------------|--------------|--------------|
| | | | | 2009 | 2010 |
| 201 | 152 | 175 | Italy | 398 | 327 |
| 200 | 177 | 254 | Rest of Europe | 362 | 431 |
| 636 | 445 | 1,247 | North Africa | 1,134 | 1,692 |
| 675 | 588 | 635 | West Africa | 1,142 | 1,223 |
| 281 | 223 | 284 | Kazakhstan | 521 | 507 |
| 136 | 116 | 136 | Rest of Asia | 346 | 252 |
| 452 | 247 | 385 | Americas | 699 | 632 |
| 178 | 16 | 70 | Australia and Oceania | 305 | 86 |
| 2,759 | 1,964 | 3,186 | | 4,907 | 5,150 |

GAS & POWER

(€ million)

| Second Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | | First Half | |
|---------------------|--------------------|---------------------|--------------------------------|------------|------------|
| | | | | 2009 | 2010 |
| 31 | 42 | 68 | Marketing and Power generation | 55 | 110 |
| 319 | 268 | 293 | Regulated businesses in Italy | 676 | 561 |
| 163 | 164 | 178 | - Transport | 400 | 342 |
| 79 | 58 | 65 | - Distribution | 144 | 123 |
| 77 | 46 | 50 | - Storage | 132 | 96 |
| 11 | | 6 | International transport | 20 | 6 |
| 361 | 310 | 367 | | 751 | 677 |

REFINING & MARKETING

(€ million)

| Second Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | | First Half | |
|---------------------|--------------------|---------------------|-------------------------------|------------|------------|
| | | | | 2009 | 2010 |
| 87 | 95 | 106 | Refining, Supply and Logistic | 135 | 201 |
| 39 | 17 | 40 | Marketing | 65 | 57 |
| 6 | 6 | 3 | Other activities | 17 | 9 |
| 132 | 118 | 149 | | 217 | 267 |

Exploration & Production

PRODUCTION OF OIL AND NATURAL GAS BY REGION

| Second Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | | | First Half | |
|---------------------------|--------------------------|---------------------------|--|----------|--------------|--------------|
| | | | | | 2009 | 2010 |
| 1,733 | 1,842 | 1,758 | Production of oil and natural gas ^{(a)(b)(c)} | (kboe/d) | 1,756 | 1,800 |
| 169 | 182 | 185 | Italy | | 171 | 184 |
| 246 | 243 | 208 | Rest of Europe | | 251 | 225 |
| 567 | 589 | 583 | North Africa | | 581 | 586 |
| 343 | 402 | 388 | West Africa | | 337 | 395 |
| 121 | 121 | 107 | Kazakhstan | | 120 | 114 |
| 138 | 122 | 123 | Rest of Asia | | 144 | 123 |
| 133 | 159 | 139 | Americas | | 134 | 149 |
| 16 | 24 | 25 | Australia and Oceania | | 18 | 24 |
| 1,733 | 1,816 | 1,732 | Production of oil and natural gas net of updating the natural gas conversion rate | | 1,756 | 1,774 |
| 154.2 | 158.6 | 154.1 | Production sold ^(a) | (mmbse) | 308.4 | 312.7 |
| 154.2 | 156.3 | 152.0 | Production sold net of updating the natural gas conversion rate ^(a) | | 308.4 | 308.3 |

PRODUCTION OF LIQUIDS BY REGION

| Second quarter 2009 | First quarter 2010 | Second quarter 2010 | | | First Half | |
|---------------------------|--------------------------|---------------------------|---|-----------|--------------|------------|
| | | | | | 2009 | 2010 |
| 986 | 1,011 | 980 | Production of liquids ^(a) | (kbbbl/d) | 1,000 | 995 |
| 56 | 58 | 63 | Italy | | 55 | 61 |
| 130 | 132 | 113 | Rest of Europe | | 135 | 122 |
| 289 | 287 | 306 | North Africa | | 297 | 296 |
| 304 | 341 | 318 | West Africa | | 299 | 329 |
| 75 | 72 | 63 | Kazakhstan | | 73 | 68 |
| 60 | 36 | 39 | Rest of Asia | | 66 | 37 |
| 64 | 77 | 69 | Americas | | 65 | 73 |
| 8 | 8 | 9 | Australia and Oceania | | 10 | 9 |

PRODUCTION OF NATURAL GAS BY REGION

| Second Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | | | First Half | |
|---------------------------|--------------------------|---------------------------|--|----------|--------------|--------------|
| | | | | | 2009 | 2010 |
| 4,290 | 4,615 | 4,319 | Production of natural gas ^{(a)(b)} | (mmcf/d) | 4,344 | 4,466 |
| 648 | 687 | 676 | Italy | | 666 | 682 |
| 665 | 618 | 530 | Rest of Europe | | 669 | 573 |
| 1,593 | 1,679 | 1,539 | North Africa | | 1,632 | 1,609 |
| 230 | 339 | 390 | West Africa | | 220 | 364 |
| 262 | 272 | 241 | Kazakhstan | | 269 | 256 |
| 450 | 479 | 471 | Rest of Asia | | 448 | 475 |
| 397 | 453 | 386 | Americas | | 396 | 420 |
| 45 | 88 | 86 | Australia and Oceania | | 44 | 87 |

(a) Includes Eni's share of production of equity-accounted entities.

(b) Includes volumes of gas consumed in operations (307 and 295 mmcf/d in the second quarter 2010 and 2009, respectively, 312 and 299 mmcf/d in the first half 2010 and 2009 respectively and 316 mmcf/d in the first quarter 2010).

(c) From April 1, 2010, the conversion rate of natural gas from cubic feet to boe has been updated to 1 barrel of oil = 5,550 cubic feet of gas (it was 1 barrel of oil = 5,742 cubic feet of gas). The effect on production has been 26 kboe/d. For further information see page 6.

Petrochemicals

| Second Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | | | First Half | |
|---------------------|--------------------|---------------------|--|-------------|--------------|--------------|
| | | | | | 2009 | 2010 |
| | | | Sales of petrochemical products | (€ million) | | |
| 475 | 673 | 810 | Basic petrochemicals | | 816 | 1,483 |
| 510 | 758 | 838 | Polymers | | 995 | 1,596 |
| 42 | 45 | 50 | Other revenues | | 94 | 95 |
| 1,027 | 1,476 | 1,698 | | | 1,905 | 3,174 |
| | | | Production | (ktonnes) | | |
| 1,156 | 1,241 | 1,295 | Basic petrochemicals | | 2,175 | 2,536 |
| 559 | 607 | 605 | Polymers | | 1,079 | 1,212 |
| 1,715 | 1,848 | 1,900 | | | 3,254 | 3,748 |

Engineering & Construction

(€ million)

| Second Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | | | First Half | |
|---------------------|--------------------|---------------------|------------------------|--|--------------|--------------|
| | | | | | 2009 | 2010 |
| | | | Orders acquired | | | |
| 1,303 | 1,105 | 818 | Offshore construction | | 1,864 | 1,923 |
| 719 | 1,247 | 3,534 | Onshore construction | | 2,340 | 4,781 |
| 15 | 140 | 9 | Offshore drilling | | 331 | 149 |
| 513 | 186 | 20 | Onshore drilling | | 533 | 206 |
| 2,550 | 2,678 | 4,381 | | | 5,068 | 7,059 |

(€ million)

| | Dec. 31, 2009 | June 30, 2010 |
|----------------------|---------------|---------------|
| Order backlog | 18,730 | 20,404 |