ENI SPA
Form 6-K
September 02, 2009
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# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

**Form 6-K**

**REPORT OF FOREIGN ISSUER**
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of August 2009

**Eni S.p.A.**
(Exact name of Registrant as specified in its charter)

**Piazzale Enrico Mattei 1 - 00144 Rome, Italy**
(Address of principal executive offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F x Form 40-F o

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2b under the Securities Exchange Act of 1934.)

Yes o No x

(If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): _______)

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorised.

Eni S.p.A.

Name: Antonio Cristodoro
Title: Deputy Corporate Secretary

Date: August 31, 2009

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# Interim consolidated financial report as of June 30, 2009

*Rome, August 7, 2009* - Eni s interim consolidated financial report as of June 30, 2009, approved by Eni Board of Directors on July 30, 2009 is available to the public from today in the Company's principal office and has been filed with the Italian Commission for securities and exchanges and the Italian Exchange. The interim report is accompanied by a report of the independent auditors. Interim results confirm those publicly released on July 31, 2009.

Information about developments occurred in the legal proceeding regarding the TSKJ consortium subsequently to July 30, 2009 is included in the Notes to the condensed consolidated interim financial statements, under the heading "Guarantees, commitments and risks".

Eni's interim consolidated financial report as of June 30, 2009 is downloadable from Eni's website, www.eni.it. Shareholders can receive a hard copy of Eni's interim report, free of charge, by filling in the request form found in Publications section or by emailing a request to segreteriasocietaria.azionisti@eni.it or to investor.relations@eni.it.

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# Interim Consolidated Report as of June 30, 2009

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*"Eni" means the parent company Eni SpA and its consolidated subsidiaries*

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**ENI** OPERATING AND FINANCIAL REVIEW / HIGHLIGHTS

# Highlights

## Financial Highlights

In the first half of 2009 Eni reported net profit of euro 2.74 billion, down 59.5% from a year earlier. On an adjusted basis, net profit amounted to euro 2.66 billion, down 49.8%, driven by a weaker operating performance which was dragged down by the economic downturn.

Cash flow amounting to euro 7.62 billion was used to fund the financing requirements associated with capital expenditure (euro 6.84 billion), the completion of the Distrigas acquisition (euro 2.05 billion) so as to support continued growth in the business and the payment of the remaining dividend for the fiscal year 2008 (euro 2.36 billion). The capital structure is sound as expressed by a level of net borrowings to total equity of 0.37.

Based on the first half of 2009 results and taking into account the projected full-year results and outlook, the interim dividend proposal to Eni Board of Directors will amount to euro 0.50 per share (euro 0.65 in 2008). The interim dividend is payable from September 24, 2009, being the ex-dividend date September 21, 2009.

## Operational Highlights

Oil and natural gas production for the first half of 2009 amounted to 1,756 kboe/d, representing a decrease of 1.6% from the first half of 2008 mainly due to OPEC production cuts (down approximately 30 kboe/d), continuing security issues in West Africa and mature field declines. These negatives were partly offset by organic growth in Angola, Congo, the Gulf of Mexico, Egypt and Venezuela as well as the positive price impact reported in the Company s PSAs.

Eni s worldwide natural gas sales were 52.81 bcm, down 0.26 bcm or 0.5% from a year earlier, reflecting weaker European gas demand, mainly in Italy, caused by the economic downturn. The negative impact of the economic downturn was partly offset by the contribution of Distrigas (up 8.53 bcm).

## Strategic developments

The half year has seen significant progress on a number of fronts, in particular in delivering progress on our stated strategy in Exploration & Production and Gas & Power divisions. Of particular note are developments in Russia, Africa, and in our European Gas business.

### Russia

Eni and Gazprom have agreed upon a new scope of work in the development project of the South Stream pipeline, aimed at increasing its transport capacity from an original amount of 31 billion cubic meters per year to 63 billion cubic meters, as part of a framework agreement signed between Italy and Russia on May 15, 2009. Eni and Gazprom confirmed their full commitment to developing the project which, if the ongoing feasibility study provides a positive outcome, will build a new route to supply Russian gas to Europe, increasing both security and diversification of gas sources to Europe.

On May 15, 2009 Eni and its Italian partner Enel in the 60-40% owned joint-venture OOO SeverEnergia signed a preliminary agreement with Gazprom regarding a call option arrangement on a 51% interest in the venture.
OOO SeverEnergia is the parent company of three Russian upstream companies which are presently engaging in

exploration and development activities of gas reserves in the Yamal Nenets region, in Siberia. On June 5, 2009, the parties signed the relevant binding agreement. Total cash consideration from this transaction is anticipated to amount to $1.5 billion (Eni s share being $900 million) and will be paid by Gazprom in two tranches: (i) the first one is due on the transfer of the shares and is expected to occur in the third quarter of 2009 with the transaction effective from the same date; (ii) the second tranche is due by end of the first quarter of 2010. As a result of the transaction, Eni s interest in OOO SeverEnergia will be equal to 29.4%. The parties also agreed to move forward with the development plan of the Samburskoye field, targeting to achieve first gas by June 2011 and to ramp production up to a plateau of 150,000 boe/d within two years. In the next 90 days, the parties will define a plan to obtain all the authorizations, including the extensions of the mineral licenses by the Russian authority regulating the exploitation of the Country s mineral resources. A number of amendments granting license extension have been already obtained.

On April 7, 2009 Gazprom exercised its call option to purchase a 20% interest in OAO Gazprom Neft held by Eni, based on the existing agreements between the two partners. Total cash consideration amounting to euro 3,070 million ($4,062 million, increasing to approximately euro 3.16 billion or $4.2 billion when including the 2008 dividend) was paid by Gazprom on April 24, 2009. The 20% interest in Gazprom Neft was acquired by Eni on April 4, 2007 as part of a bid procedure for the assets of bankrupt Russian company Yukos. The exercise price of the call option is equal to the bid price ($3.7 billion) as adjusted by subtracting dividends distributed and adding the contractual yearly remuneration of 9.4% on the capital employed and financing collateral expenses. At the same time, Eni and Gazprom signed new cooperation agreements targeting certain development projects to be conducted jointly in Russia and other Countries of interest.

## Africa

On May 12, 2009 Eni and Egypt s Ministry of Petroleum signed a cooperation agreement to develop new hydrocarbon plays. Eni intends to adopt its comprehensive cooperation model in pursuing new ventures whereby the traditional oil business is integrated by activities aimed at satisfying the energy needs of host Countries and supporting them in reaching high standards of social and economic development.

On February 9, 2009 Eni signed three agreements as part of the Memorandum of Understanding signed in August 2008 with Angola s state oil company Sonangol. These agreements provide for: (i) a feasibility study to assess the economics of the utilization of associated gas in feeding a grass-root onshore power plant; (ii) a joint study to evaluate and collect data on certain Angolan onshore basins in view of identifying possible upstream opportunities; (iii) the design of a number of educational and training projects targeting Angolan professionals in the field of development of energy resources.

## European Gas

On March 19, 2009 the mandatory tender offer on the minorities of Distrigas was finalized. Shareholders representing 41.617% of the share capital of Distrigas, including the second largest shareholder Publigaz SCRL with a 31.25% interest, tendered their shares. The squeeze-out of the residual 1.14% of the share capital was finalized on May 4, 2009. Finally, Distrigas shares have been delisted from Euronext Brussels. The total cash consideration amounting to euro 2,045 million was determined based on the same price paid to Distrigas main shareholder, Suez, on October 2008 to acquire the controlling stake of 57.243%. As of June 30, 2009, Eni owns the entire share capital of Distrigas, except for one share with special powers owned by the Belgian State.

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**ENI** OPERATING AND FINANCIAL REVIEW / HIGHLIGHTS

### Other developments: gas developments in USA, Italian oil & gas properties divestment, Pakistan, exploration success and award of new exploratory acreage

On May 18, 2009 Eni signed a strategic alliance with Quicksilver Resources Inc., an independent US natural gas producer. Based on the terms of the agreement, Eni will acquire a 27.5% interest in the Alliance area, in Northern Texas, covering approximately 53 square kilometers, with gas shale reserves at an average depth of 2,300 meters. Quicksilver will retain the 72.5% of the interests and operatorship of the alliance properties. This transaction, effective April 1, 2009, was finalized on June 19, 2009, for cash consideration amounting to $280 million. Expected production from the acquired assets will amount to 4,000 boe/d net to Eni for the full year 2009, ramping up to approximately 10,000 boe/d by 2011.

Eni launched the divestment of marginal upstream assets, expected to be finalized by end of the year.

On March 18, 2009 Eni signed a Protocol for Cooperation with the government of Pakistan to develop a number of important upstream, midstream and downstream projects in the Country. Eni will provide its expertise as well as new technologies developed in the field of exploring for and developing hydrocarbon fields.

Eni continued to achieve exploration success in the Gulf of Mexico, North Sea and offshore Indonesia.

Eni was awarded operatorship and a 40% participating interests in new exploration licenses (PL 533 and PL 529) as well as a 30% interest in the PL 532 license (operated by StatoilHydro) in the Barents Sea.

## Reorganization of the regulated business in the Italian gas sector

On June 30, 2009 the parent company Eni SpA concluded the sale of the entire share capital of its fully-owned subsidiaries Italgas SpA and Stoccaggi Gas Italia SpA to its subsidiary Snam Rete Gas. The transaction, which was approved by the Eni s Board of Directors in February 2009, included cash consideration amounting to euro 4,509 million (euro 2,922 million and euro 1,587 million, respectively). Snam Rete Gas funded the transaction by means of: (i) a share capital increase amounting to euro 3.5 billion, which was entirely subscribed to by minorities and Eni for their respective shares; and (ii) arranging medium and long-term financing. The main impact expected on Eni s consolidated financial statements are: (i) as of June 30, 2009 a decrease of euro 1.54 billion was reported in the Group consolidated net borrowings and a corresponding increase in total equity as a consequence of the pro-quota subscription of the Snam Rete Gas capital increase by minorities; (ii) a decrease in Eni s net profit equal to 45% of the aggregate net profit of Italgas and Stogit is expected to be reported in the consolidated profit and loss for the third quarter of 2009, with a corresponding increase in net profit pertaining to minorities.

*Disclaimer*

*This report contains certain forward-looking statements in particular under the section "Outlook" regarding capital expenditures, development and management of oil and gas resources, dividends, share repurchases, allocation of future cash flow from operations, future operating performance, gearing, targets of production and sale 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 of operations and changes in net borrowings for the first half of the year cannot be extrapolated for the full year.*

## Financial highlights

| 2008 | (euro million) | First Half 2008 | First Half 2009 | Change | % Ch. |
|---|---|---|---|---|---|
| 108,082 | Net sales from operations | 55,388 | **42,008** | (13,380) | (24.2) |
| 18,517 | Operating profit | 11,970 | **6,372** | (5,598) | (46.8) |
| 21,608 | Adjusted operating profit [(a)] | 11,471 | **6,303** | (5,168) | (45.1) |
| 8,825 | Net profit [(b)] | 6,758 | **2,736** | (4,022) | (59.5) |
| 10,164 | Adjusted net profit [(a) (b)] | 5,296 | **2,661** | (2,635) | (49.8) |
| 21,801 | Net cash provided by operating activities | 9,950 | **7,621** | (2,329) | (23.4) |
| 14,562 | Capital expenditures | 6,759 | **6,844** | 85 | 1.3 |
| 4,305 | Acquisition of investments and businesses [(c)] | 1,949 | **2,214** | 265 | 13.6 |
| 217 | R&D expenditures | 126 | **117** | (9) | (7.1) |
| 116,673 | Total assets at period end | 109,044 | **112,171** | 3,127 | 2.9 |
| 20,837 | Debts and bonds at period end | 21,323 | **19,873** | (1,450) | (6.8) |
| 48,510 | Shareholders' equity including minority interests at period end | 43,889 | **50,209** | 6,320 | 14.4 |
| 18,376 | Net borrowings at period end | 16,565 | **18,355** | 1,790 | 10.8 |
| 66,886 | Net capital employed at period end | 60,454 | **68,564** | 8,110 | 13.4 |

(a) For a detailed explanation of adjusted profits (net and operating), that do not include inventory gain/loss and special items, see paragraph "Reconciliation of reported operating profit and reported net profit to results on an adjusted basis".
(b) Profit attributable to Eni shareholders.
(c) Net of acquired cash.

## Summary financial data

| 2008 | | | First Half 2008 | First Half 2009 | Change | % Ch. |
|---|---|---|---|---|---|---|
| | Net profit | | | | | |
| 2.43 | - per ordinary share [(a)] | (EUR) | 1.85 | **0.76** | (1.09) | (58.9) |
| 7.15 | - per ADR [(a) (b)] | (USD) | 5.66 | **2.02** | (3.64) | (64.3) |
| | Adjusted net profit | | | | | |
| 2.79 | - per ordinary share [(a)] | (EUR) | 1.45 | **0.73** | (0.72) | (49.7) |
| 8.21 | - per ADR [(a) (b)] | (USD) | 4.44 | **1.94** | (2.50) | (56.3) |
| | Return On Average Capital Employed (ROACE) [(c)] | | | | | |
| 15.7 | - reported | (%) | 23.6 | **8.9** | (14.7) | |
| 17.6 | - adjusted | (%) | 19.7 | **13.0** | (6.7) | |
| 0.38 | Leverage | | 0.38 | **0.37** | (0.01) | |

(a) Fully diluted. Ratio of net profit and average number of shares outstanding in the period. Dollar amounts are converted on the basis of the average EUR/USD exchange rate quoted by ECB for the period presented.
(b) One American Depositary Receipt (ADR) is equal to two Eni ordinary shares.
(c) Calculated on a 12-month period ending on June 30, 2009, on June 30, 2008 and on December 31, 2008.

## Key market indicators

First Half

| 2008 | | | 2008 | **2009** | Change | % Ch. |
|---|---|---|---|---|---|---|
| 96.99 | Average price of Brent dated crude oil [a] | | 109.14 | **51.60** | (57.54) | (52.7) |
| 1.471 | Average EUR/USD exchange rate [b] | | 1.530 | **1.332** | (0.198) | (12.9) |
| 65.93 | Average price in euro of Brent dated crude oil | | 71.33 | **38.74** | (32.59) | (45.7) |
| 6.49 | Average European refining margin [c] | | 5.93 | **4.47** | (1.46) | (24.6) |
| 8.85 | Average European refining margin Brent/Ural [c] | | 8.64 | **5.09** | (3.55) | (41.1) |
| 4.41 | Average European refining margin in euro | | 3.88 | **3.36** | (0.52) | (13.4) |
| 4.6 | Euribor-three-month euro rate | (%) | 4.7 | **1.7** | (3.0) | (63.8) |
| 2.9 | Libor-three-month dollar rate | (%) | 3.0 | **1.0** | (2.0) | (66.7) |

(a) In USD 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.

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**ENI** INTERIM CONSOLIDATED REPORT / STATISTIC RECAP

## Summary operating data

| 2008 | | | First Half 2008 | 2009 | Change | % Ch. |
|---|---|---|---|---|---|---|
| | **Exploration & Production** | | | | | |
| 1,797 | Production of hydrocarbons | (kboe/d) | 1,784 | **1,756** | (28) | (1.6) |
| 1,026 | - Liquids | (kbbl/d) | 1,005 | **1,000** | (5) | (0.5) |
| 4,424 | - Natural gas | (mmcf/d) | 4,472 | **4,344** | (128) | (3.1) |
| | **Gas & Power** | | | | | |
| 104.23 | Worldwide gas sales | (bcm) | 53.07 | **52.81** | (0.26) | (0.5) |
| *6.00* | *- of which E&P sales* [a] | (bcm) | *3.32* | ***2.95*** | *(0.37)* | *(11.1)* |
| 85.64 | Gas volumes transported in Italy | (bcm) | 45.38 | **38.10** | (7.28) | (16.0) |
| 29.93 | Electricity sold | (TWh) | 15.37 | **15.35** | (0.02) | (0.1) |
| | **Refining & Marketing** | | | | | |
| 35.84 | Refining throughputs on own account | (mmtonnes) | 17.65 | **16.65** | (1.00) | (5.7) |
| 58 | Conversion index | (%) | 56 | **59** | 3 | 5.4 |
| 12.67 | Retail sales of petroleum products in Europe [b] | (mmtonnes) | 6.27 | **5.86** | (0.41) | (6.5) |
| 5,956 | Service stations in Europe at period end [b] | (units) | 6,373 | **6,018** | (355) | (5.6) |
| 2,502 | Average throughput of service stations in Europe [b] | (kliters) | 1,210 | **1,206** | (4) | (0.3) |
| | **Petrochemicals** | | | | | |
| 7,372 | Production | (ktonnes) | 4,136 | **3,254** | (882) | (21.3) |
| 4,684 | Sales of petrochemical products | (ktonnes) | 2,677 | **2,118** | (559) | (20.9) |
| 68.6 | Average plant utilization rate | (%) | 77.3 | **66.0** | (11.3) | (14.6) |
| | **Engineering & Construction** | | | | | |
| 13,860 | Orders acquired | (euro million) | 5,471 | **5,068** | (403) | (7.4) |
| 19,105 | Order backlog at period end | (euro million) | 16,191 | **19,015** | 2,824 | 17.4 |
| **78,880** | **Employees at period end** | (units) | **76,360** | **78,268** | **1,908** | **2.5** |

(a) E&P sales include volumes marketed by the Exploration & Production division in Europe (1.83, 1.32 and 3.36 bcm for the first half of 2008, 2009 and the full year 2008, respectively) and in the Gulf of Mexico (1.49, 1.63 and 2.64 bcm for the first half of 2008, 2009 and the full year 2008, respectively).

(b) First half 2008 and full year 2008 data include downstream activities in the Iberian Peninsula divested to Galp in October 2008.

# Exploration & Production

## Key performance indicators [a]

| 2008 | | (euro million) | First Half 2008 | First Half **2009** |
|---|---|---|---|---|
| 33,042 | Net sales from operations [b] | | 17,721 | **11,828** |
| 16,239 | Operating profit | | 9,043 | **4,152** |
| 17,222 | Adjusted operating profit | | 9,252 | **4,237** |
| 7,900 | Adjusted net profit | | 4,073 | **1,916** |
| | Results also include: | | | |
| 7,488 | - amortization and depreciation | | 3,233 | **3,471** |
| | *- of which:* | | | |
| 2,057 | exploration expenditures | | 1,056 | **920** |
| *1,577* | *amortization of exploratory drilling expenditures and other* | | *806* | ***770*** |
| *480* | *amortization of geological and geophysical exploration expenses* | | *250* | ***150*** |
| 9,281 | Capital expenditures | | 4,364 | **4,907** |
| *1,918* | *- of which: exploration expenditures [c]* | | *981* | ***732*** |
| 30,362 | Adjusted capital employed, net | | 22,763 | **30,489** |
| 29.2 | Adjusted ROACE | (%) | 34.2 | **21.6** |
| | **Production** [d] | | | |
| 1,026 | Liquids [e] | (kbbl/d) | 1,005 | **1,000** |
| 4,424 | Natural gas | (mmcf/d) | 4,472 | **4,344** |
| **1,797** | **Total hydrocarbons** | (kboe/d) | **1,784** | **1,756** |
| | **Average realizations** | | | |
| 84.05 | Liquids [e] | ($/bbl) | 95.71 | **48.30** |
| 8.01 | Natural gas | ($/mmcf) | 7.29 | **6.05** |
| **68.13** | **Total hydrocarbons** | ($/boe) | **73.11** | **42.83** |
| 10,891 | Employees at period end | (units) | 10,429 | **11,055** |

(a) From January 1, 2009, results of the gas storage business are reported within the Gas & Power segment reporting unit following restructuring of Eni s regulated gas businesses in Italy. Prior period results have been restated accordingly.
(b) Before elimination of intragroup sales.
(c) Includes exploration bonuses.
(d) Includes Eni s share of equity-accounted entities.
(e) Includes condensates.

# Mineral right portfolio and exploration activities

As of June 30, 2009, Eni s mineral right portfolio consisted of 1,243 exclusive or shared rights for exploration and development in 39 Countries on five and the North Sea. In Italy net acreage (22,655 square kilometers) increased by 2,246 square kilometers mainly due to the new leases acquired.

continents for a total net acreage of 439,605 square kilometers (415,494 at December 31, 2008). Of these 42,367 square kilometers concerned production and development (39,244 at December 31, 2008). Outside Italy net acreage (416,950 square kilometers) increased by 21,865 square kilometers mainly due to the acquisition of new exploration leases in Algeria, Yemen

In the first half of 2009, a total of 37 new exploratory wells were drilled (22 of which represented Eni s share), as compared to 64 exploratory wells completed in the first half of 2008 (31 of which represented Eni s share). Overall commercial success rate was 37% (36.4% net to Eni), as compared to 38.2% (46% net to Eni) in the first half of 2008.

## Oil and natural gas interests

| | December 31, 2008 | June 30, 2009 | | | |
|---|---|---|---|---|---|
| | Gross exploration and development acreage [a] | Gross exploration and development acreage [a] | Net exploration and development acreage [a] | Net development acreage [a] | Number of interests |
| **Italy** | **25,522** | **28,241** | **22,655** | **12,445** | **169** |
| **Outside Italy** | **732,976** | **753,734** | **416,950** | **29,922** | **1,074** |
| **North Africa** | | | | | |
| Algeria | 2,921 | 19,593 | 17,272 | 1,229 | 37 |
| Egypt | 26,335 | 24,256 | 8,918 | 2,549 | 59 |
| Libya | 36,375 | 36,375 | 18,164 | 994 | 13 |
| Mali | 193,200 | 193,200 | 128,801 | | 5 |
| Tunisia | 6,464 | 6,464 | 2,274 | 1,558 | 11 |
| | **265,295** | **279,888** | **175,429** | **6,330** | **125** |
| **West Africa** | | | | | |
| Angola | 20,492 | 20,492 | 3,323 | 1,397 | 55 |
| Congo | 15,655 | 15,589 | 8,189 | 1,013 | 25 |
| Gabon | 7,615 | 7,615 | 7,615 | | 6 |
| Nigeria | 44,049 | 44,049 | 8,574 | 6,533 | 50 |
| | **87,811** | **87,745** | **27,701** | **8,943** | **136** |
| **North Sea** | | | | | |
| Norway | 11,771 | 11,186 | 3,507 | 123 | 51 |
| United Kingdom | 5,207 | 5,472 | 1,557 | 929 | 90 |
| | **16,978** | **16,658** | **5,064** | **1,052** | **141** |
| **Caspian Area** | | | | | |
| Kazakhstan | 4,933 | 4,933 | 880 | 453 | 6 |
| Turkmenistan | 200 | 200 | 200 | 200 | 1 |
| | **5,133** | **5,133** | **1,080** | **653** | **7** |
| **Rest of the world** | | | | | |
| Australia | 60,486 | 49,482 | 20,694 | 891 | 16 |
| Brazil | 1,389 | 1,389 | 1,067 | | 2 |
| China | 899 | 899 | 192 | 103 | 3 |
| Croatia | 1,975 | 1,975 | 988 | 988 | 2 |
| East Timor | 12,224 | 12,224 | 9,779 | | 5 |
| Ecuador | 2,000 | 2,000 | 2,000 | 2,000 | 1 |
| India | 24,425 | 25,749 | 9,630 | 416 | 10 |
| Indonesia | 28,605 | 25,929 | 15,858 | 1,064 | 11 |
| Iran | 1,456 | 1,456 | 820 | 820 | 4 |

| | | | | | |
|---|---|---|---|---|---|
| Pakistan | 35,938 | 35,819 | 18,788 | 615 | 21 |
| Russia | 6,636 | 6,504 | 3,812 | 3,812 | 5 |
| Saudi Arabia | 51,687 | 51,687 | 25,844 | | 1 |
| Trinidad & Tobago | 382 | 382 | 66 | 66 | 1 |
| United States | 11,478 | 11,251 | 6,526 | 907 | 556 |
| Venezuela | 1,556 | 1,556 | 614 | 145 | 3 |
| Yemen | 3,911 | 23,296 | 20,560 | | 2 |
| | **245,047** | **251,598** | **137,238** | **11,827** | **643** |
| Other countries | 6,311 | 6,311 | 1,363 | 1,117 | 9 |
| Other countries with only exploration activity | 106,401 | 106,401 | 69,075 | | 13 |
| **Total** | **758,498** | **781,975** | **439,605** | **42,367** | **1,243** |

(a) Square kilometers.

# Production

Oil and natural gas production for the first half of 2009 (1,756 kboe/d) decreased by 28 kboe/d from the first half of 2008 (down 1.6%) mainly due to OPEC production cuts (down approximately 30 kboe/d), continuing security issues in Nigeria, lower production uplifts associated with weak European gas demand and mature field declines. Those negatives were partially offset by continuing production ramp-up in Angola, Congo, the Gulf of Mexico, Egypt and Venezuela, and the positive price impact reported in the Company s PSAs (up approximately 60 kboe/d).

The share of oil and natural gas produced outside Italy was 90% (89% in the first half of 2008).

Liquids production was 1,000 kbbl/d, a decrease of 5 kbbl/d from the first half of 2008, or 0.5%. Mature fields declines, mainly in Italy and in the North Sea, were partly offset by production increases achieved in Angola, benefiting from production ramp-up at the Saxi-Batuque fields (Eni s interest 20%), Congo, due to the development of the Ikalou-Ikalou Sud (Eni s interest 100%) and Awa Paloukou fields (Eni s interest 90%), and Venezuela, due to the Corocoro (Eni s interest 26%) production start-up, as well as higher entitlements reported in the Company PSAs as a result of lower oil prices.

Natural gas production (4,344 mmcf/d) decreased by 128 mmcf/d, or 3.1%, mainly in Italy, Nigeria and Libya. Increases were recorded in the Gulf of Mexico, due to lower facility downtime, and in Congo, due to the start-up of the M Boundi field gas project (Eni operator with a 83% interest).

Oil and gas production sold amounted to 308.4 mmboe. The difference over production (317.8 mmboe) reflected volumes of natural gas consumed in operations (9.4 mmboe).

| | | First Half | | | |
|---|---|---|---|---|---|
| 2008 | | 2008 | 2009 | Change | % Ch. |
| | **Production of oil and natural gas** [(a) (b)] | | | | |
| **1,797** | (kboe/d) | **1,784** | **1,756** | **(28)** | **(1.6)** |
| 199 | Italy | 205 | **171** | (34) | (16.6) |
| 645 | North Africa | 639 | **581** | (58) | (9.1) |
| 335 | West Africa | 315 | **337** | 22 | 7.0 |
| 237 | North Sea | 243 | **237** | (6) | (2.5) |
| 123 | Caspian Area | 131 | **133** | 2 | 1.5 |
| 258 | Rest of the world | 251 | **297** | 46 | 18.3 |
| **632.0** | **Oil and natural gas sold** [(a)] | **313.9** | **308.4** | **(5.5)** | **(1.8)** |

| | | First Half | | | |
|---|---|---|---|---|---|
| 2008 | | 2008 | 2009 | Change | % Ch. |
| | **Production of liquids** [(a)] | | | | |
| **1,026** | (kbbl/d) | **1,005** | **1,000** | **(5)** | **(0.5)** |
| 68 | Italy | 71 | **55** | (16) | (22.5) |
| 338 | North Africa | 340 | **297** | (43) | (12.6) |
| 289 | West Africa | 269 | **299** | 30 | 11.2 |
| 140 | North Sea | 143 | **134** | (9) | (6.3) |
| 81 | Caspian Area | 86 | **86** | | |
| 110 | Rest of the world | 96 | **129** | 33 | 34.4 |

| 2008 | | First Half 2008 | First Half 2009 | Change | % Ch. |
|---|---|---|---|---|---|
| | **Production of natural gas** [(a) (b)] | | | | |
| **4,424** | (mmcf/d) | **4,472** | **4,344** | **(128)** | **(3.1)** |
| 750 | Italy | 770 | **666** | (104) | (13.6) |
| 1,762 | North Africa | 1,718 | **1,632** | (86) | (6.1) |
| 261 | West Africa | 261 | **220** | (41) | (25.0) |
| 558 | North Sea | 574 | **588** | 14 | 6.3 |
| 245 | Caspian Area | 261 | **269** | 8 | 14.3 |
| 849 | Rest of the world | 888 | **969** | 81 | 8.0 |

(a) Includes Eni s share of production of equity-accounted entities.
(b) Includes production volumes of natural gas consumed in operations (299 and 284 mmcf/d in the first half of 2009 and 2008, respectively, and 281 mmcf/d in 2008).

# Main exploration and development projects

## NORTH AFRICA

*Algeria* In 2009, relevant authorities confirmed the acquisition of the operatorship of the Kerzaz exploration area (Blocks 319a, 321a and 316b) covering a gross acreage of 16,000 square kilometers. Activity start-up is expected in 2009.
Main projects underway are the following: (a) the MLE and CAFC integrated project for the development of Block 405b (Eni s interest 75%) purchased in 2008 from Canadian company First Calgary. The project provides for the construction of a treatment plant with a capacity of 350 mmcf/d of NGL and 35 kbbl/d of oil. Production start-up is expected in 2011 with a production plateau of approximately 30 kboe/d net to Eni by 2012; (b) the Rom Integrated project, designed to develop the reserves of the Rom Main, ZEA and ROM Nord fields. The project provides for the construction of a new oil treatment plant with start-up in 2012. Current production of 14 kboe/d is expected to reach 32 kboe/d by 2012; (c) the El Merk Synergy project (Eni s interest 12.25%), with the construction of a new treatment plant with a capacity of 600 mmcf/d of NGL and 65 kbbl/d of oil on two trains and production plateau of about 11 kbbl/d net to Eni. In the first half of 2009 nearly all EPC contracts of the project have been awarded. Start-up is expected in 2012.
The Algerian hydrocarbon Law No. 05 of 2007 introduced a higher tax burden for the national oil company Sonatrach that requested to renegotiate the economic terms of certain PSAs in order to restore the initial economic equilibrium. Eni signed an agreement for Block 403 while negotiations are ongoing for production Blocks 401a/402a (Eni s interest 55%) and development Block 208 (Eni s interest 12.25%). At present, management is not able to foresee the final outcome of such renegotiations.

*Egypt* In May 2009, Eni and Egypt s Ministry of Petroleum signed a cooperation agreement to increase and widen cooperation in development activities and start joint activities in training and knowledge management. The agreement has extended the terms of the Belayim field (Eni s interest 100%) in the Gulf of Suez till 2030. The two partners have also agreed to jointly evaluate a number of industrial initiatives to production facilities. Production is expected to peak at 81 mmcf/d in 2009.
Main projects underway are the following: (i) the second phase at the Denise field through the drilling of additional wells to be linked to the dedicated Denise B platform; (ii) the finalization of the basic engineering for the upgrading of facilities at the Belayim field to recover residual reserves.
Upgrading of the el Gamil compression plant progressed by adding new capacity.
Eni and the partners of the Damietta LNG plant have planned to double the capacity of this facility through the construction of a second train with a treatment capacity of 265 bcf/y of gas. Eni will provide 88 bcf/y to the second train for a period of twenty years. The project is awaiting to be sanctioned by the Egyptian authorities. The reserves have been already identified which are destined to feed the second train, including any additional amounts that must be developed to meet the Country s domestic requirements under existing laws.

*Libya* The plans for the monetization of gas reserves ratified in the strategic agreements between Eni and NOC are underway: (i) upgrading of plants and facilities of the Western Libyan Gas project (Eni s interest 50%) in order to increase gas production by 35 bcf/y. Additional 71 bcf/y will be on-stream by 2014 through the installation of a new platform on structure A and an upgrading of the Mellitah plant; (ii) maintaining production profiles at the Wafa and Bahr Essalam fields through increasing compression capacity and drilling additional wells.
Other ongoing development activities concern the A-NC118 field (Eni s interest 50%) linking it via pipelines to the Wafa/Mellitah plant and the valorization of associated gas of the Bouri field (Eni s interest 50%). Purified gas will be shipped by sealine to the nearby Sabratha platform, from here to the Mellitah plant and exported through the GreenStream pipeline.

*Tunisia* Development activities progressed at the production platform of the Maamoura (Eni s interest 49%) and Baraka (Eni s interest 49%) fields. Start-up is expected in 2009 with production peaking at 11 kboe/d in 2011.

monetize the natural gas reserves at high depths.
In 2009, in the offshore area of the Nile Delta the Thekah gas field was started up by linking it to existing

The ongoing development projects mainly regarded the optimization of production at the Adam (Eni s interest 25%), Djebel Grouz (Eni s interest 50%) and Oued Zar (Eni s interest 50%) fields, located in the Southern desert area.

## WEST AFRICA

*Angola* In February 2009, Eni signed three agreements as part of the Memorandum of Understanding signed in August 2008 with Angola s state oil company Sonangol. These agreements provide for: (i) a feasibility study to assess the economics of the utilization of associated gas in feeding a grass-root onshore power plant; (ii) a joint study to evaluate and collect data on certain Angolan onshore basins in view of identifying possible upstream opportunities; (iii) the design of a number of educational and training projects targeting Angolan professionals in the field of development of energy resources.

In May 2009 the Mafumeira field located in Block 0 in Cabinda-Area A (Eni s interest 9.8%) was started up with production peaking at 33 kbbl/d in 2012.

Within the activities for reducing gas flaring, projects progressed at the Takula and Nemba fields in Block 0. Flaring-down on Takula is expected in to be completed in 2009. Gas currently flared will be re-injected in the field; condensates will be shipped via a new pipeline to the Malongo treatment plant to be converted into LPG. Development activities at the Nemba field are planned including the drilling of gas injection wells and the installation of a new production platform. Start-up is expected in 2011.

Development at the Landana and Tombua oil fields in offshore Block 14 (Eni s interest 20%) progressed. Early production is ongoing in the north area of Landana that was linked to the Benguela/Belize-Lobito/Tomboco facilities. Production is expected to peak at 135 kbbl/d (24 net to Eni) in 2011 at the end of drilling program.

*Congo* In June 2009, Eni acquired a 2.9% stake in the M Boundi operated field (Eni s interest 83%) from Courrat company. Activities on this field moved forward with the revision of the production schemes and layout to plan application of advanced recovery techniques and a design to monetize associated gas. In the first half of 2009, Eni signed a long term agreement to supply associated gas from M Boundi field to fire the Koilou potassium plant owned by Canadian company MagIndustries and doubled the existing Djeno power plant (Eni s interest 50%).

In addition a new 450 MW power station (Eni s interest 20%) will be fired with the associated natural gas from M Boundi as foreseen in the cooperation agreement signed by Eni and the Republic of Congo in 2008.

plant (Eni s interest 10.4%), the development of gas reserves continued for increasing capacity at the Obiafu/Obrikom plant as well as the installation of a new treatment plant and transport facilities for carrying 155 mmcf/d net to Eni of feed gas for 20 years. To the same end the development plan of the Tuomo gas field has been progressing along with its linkage to the Ogbainbiri treatment plant.

In Blocks OML 120/121 (Eni operator with a 40% interest), the Oyo oil discovery is under development. The project provides for the installation of an FPSO unit with treatment capacity of 40 kbbl/d and storage capacity of 1 mmbbl. Production start-up is expected in 2009.

Development of the Forcados/Yokri oil and gas field progressed as part of the integrated associated gas gathering project aimed at supplying gas to the Bonny liquefaction plant. Completion is expected in 2009.

## NORTH SEA

*Norway* Exploration activities yielded positive results in Prospecting License 128 (Eni s interest 11.5%) with the Dompap gas discovery at a depth of approximately 2,750 meters. Appraisal activities are underway.

In May 2009 following an international bid procedure Eni was awarded the operatorship of exploration licenses PL 533 (Eni s interest 40%) and PL 529 (Eni s interest 40%) in addition to a 30% stake in PL 532 in the Barents Sea.

In January 2009, production of the Yttergyta field (Eni s interest 9.8%) started-up at 81 mmcf/d with the completion of development activities.

In July 2009, the Tyrihans field (Eni s interest 6.23%) was started up through synergies with the production facilities of Kristin (Eni s interest 8.25%). Current production of 3 kboe/d was reached in coincidence with the production decline of Kristin which makes spare capacity available to process production from Tyrihans.

In Prospecting License 229 (Eni operator with a 65% interest) appraisal activities of the Goliath oil discovery are underway. The project is progressing according to schedule. Start-up is expected in 2013 with production plateau at 100 kbbl/d. The final investment decision is expected in the second half of 2009.

*United Kingdom* Exploration activities yielded positive results in Block 22/25a (Eni s interest 16.95%) with the

*Nigeria* In Blocks OML 60, 61, 62 and 63 (Eni operator with a 20% interest) within the activities aimed at guaranteeing production to feed the Bonny liquefaction

gas and condensate Culzean discovery near the Elgin/Franklin producing field (Eni s interest 21.87%). Study of development activities is underway. Development activities concerned: (i) infilling actions at the Elgin/Franklin, Mac Culloch (Eni s interest 40%), Jade (Eni s interest 7%) and Magnus (Eni s interest 5%) fields

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targeted to maintain production levels; (ii) progressing activities at the Burgley discovery (Eni s interest 21.92%) with start-up expected in 2010.
Pre-development activities are underway at the following discoveries: (i) the Jasmine gas field in the J-Block (Eni s interest 33%) with expected start-up in 2012; (ii) the Laggan-Tormore gas field (Eni s interest 20%) located in the Shetland Islands with expected start-up in 2013; (iii) the Kinnoul oil and gas field in Block 16/23 (Eni s interest 16.67%) to be developed in synergy with the production facilities of the Andrew field (Eni s interest 16.21%) with expected start-up in 2011.

## CASPIAN AREA

*Kazakhstan - Karachaganak* Ongoing development activities concerned: (i) the completion of the fourth treatment unit which will enable to increase export of oil volumes to European markets. Currently non-stabilized oil production is delivered to the Orenburg terminal; (ii) the construction of the Uralsk Gas Pipeline. This new infrastructure, with a length of 150 kilometers, will link the Karachaganak field to the Kazakhstan gas network. Start-up is expected in 2009.
In 2008, the Kazakh authorities approved a tax decree enacting a new duty tax on crude oil exports. In January 2009 the rate applied for the determination of that charge was cleared. In the same month the authorities enacted a new tax code that does not affect the profitability of this project taking into account that certain clauses in the PSA regulating the activities at the field provide the stability of the tax burden for the ventures.

## REST OF WORLD

*Australia* Development activities are underway at the Blacktip gas field (Eni operator with a 100% interest). The development strategy envisages installation of a platform that will be linked to an onshore treatment plant. Start-up is expected in the second half of 2009, peaking at 26 bcf/y in 2010. Natural gas production is destined to supply a power station.

*Indonesia* Exploration activity yielded positive results with the Jangkrik discovery located in the Muara Bukay Block (Eni s interest 55%) in the offshore of Borneo. Eni is also involved in the ongoing joint development of develop a number of important upstream, midstream and downstream projects in the Country. The deal is part of Eni s growth strategy by identifying new resources. Eni will provide its expertise as well as new technologies developed in the field of exploring for and developing hydrocarbon fields.

*Russia* On April 7, 2009 Gazprom exercised its call option to purchase a 20% interest in OAO Gazprom Neft held by Eni based on the existing agreements between the two partners. Total cash consideration amounting to euro 3,070 million ($4,062 million at the exchange rate of that date) (for further details on this deal, see paragraph "Net working capital" in the balance sheet section of the financial review and trend information).
On May 15, 2009, Eni and its Italian partner Enel in the 60-40% owned joint-venture OOO SeverEnergia signed a preliminary agreement with Gazprom regarding a call option arrangement on a 51% interest in the venture. OOO SeverEnergia is the parent company of three Russian upstream companies which are presently engaging in exploration and development activities of gas reserves in the Yamal Nenets region, in Siberia. On June 5, 2009, the parties signed the relevant binding agreement. Total cash consideration from this transaction is anticipated to amount to $1.5 billion (Eni s share being $900 million) and will be paid by Gazprom in two tranches (for further details on this deal, see paragraph "Fixed assets" in the balance sheet section of the financial review and trend information).
The parties also agreed to move forward with the development plan of the Samburskoye field, targeting to achieve first gas by June 2011 and to ramp production up to a plateau of 150 kboe/d within two years. In the next 90 days, the parties will define a plan to obtain all the authorizations, including the extensions of the mineral licenses, from the Russian authority regulating the exploitation of the Country s mineral resources. The amendments for some licenses have been issued.
Eni and Gazprom signed new cooperation agreements targeting certain development projects to be conducted jointly in Russia and other Countries of interest.

*United States - Gulf of Mexico* Offshore exploration activities yielded positive results in the following blocks: (i) Block Green Canyon 859 (Eni s interest 12.5%) with the oil and gas Heidelberg-1 discovery at a the five discoveries in the Kutei Deep Water Basin area (Eni s interest 20%). Gas production will be treated at the Bontang LNG plant.

*Pakistan* In March 2009, Eni signed a Protocol for Cooperation with the government of Pakistan to

depth of 9,163 meters; (ii) near to the Longhorn field (Eni s interest 75%) with the Leo appraisal well that will be linked to the existing production facilities.

In May 2009, Eni signed a strategic alliance with

Quicksilver Resources Inc, an independent US natural gas producer, to acquire a 27.5% interest in the Alliance area, in the Fort Worth basin, in Texas. The acquisition for cash consideration amounting to $280 million includes gas shale[1] production assets with 40 mmbbl of resources base. Production plateau at 10 kboe/d net to Eni is expected in 2011.

The development plan of the Appaloosa discovery (Eni s interest 100%) was sanctioned. Start-up is expected in 2010 with production peaking at 7 kboe/d.

In July 2009, production started-up at the Thunderhawk field, in block Mississippi Canyon 734 (Eni s interest 25%), through the drilling of underwater wells and linkage to a semi submersible production unit with a treatment capacity of 45 kbbl/d of oil and about 71 mmcf/d of natural gas.

Development activities are nearing completion at the Longhorn field (Eni s interest 75%) with the installation of a fixed platform linked to 3 underwater wells. Start-up is expected in the third quarter of 2009 with production peaking at 29 kboe/d (about 20 net to Eni).

*United States - Alaska* Ongoing activities concerned the phased development plan of the Nikaitchuq field (Eni s interest 100%). The project provides for the drilling of onshore and offshore wells and linkage to a treatment plant to be built at Olitok point. First oil is expected in 2010 with production plateau at 26 kboe/d.

Italy Development activities concerned in particular: (i) optimization of producing fields by means of sidetrack and work over activities (Cervia, Giovanna, Antares, Luna and Barbara fields); (ii) continuation of drilling in the Val d Agri concession.

Other development activities were: (i) linkage to the Val d Agri oil treatment plant of the first 3 wells in the Cerro Falcone area. Start-up is expected in October 2009 at approximately 6 kboe/d; (ii) the development of the Annamaria B and Tresauro fields. Start-up of Annamaria B is expected in 2009 with production peaking at 4 kboe/d at Annamaria B. Start-up is expected in the second half of 2009 at Tresauro field; (iii) the development of the Guendalina field with start-up in 2010 and production peaking at 3 kboe/d.

(1) Shale gas is a continuous natural gas reservoir contained within fine grained rocks, dominated by shale.

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# Capital expenditures

Capital expenditures of the Exploration & Production division (euro 4,907 million) concerned development of oil and gas reserves (euro 3,651 million) directed mainly outside Italy, in particular Kazakhstan, Egypt, Congo, the United States and Angola. Development expenditures in Italy concerned well drilling program and facilities upgrading in Val d Agri as well as sidetrack and infilling activities in mature fields.
About 96% of exploration expenditures that amounted to euro 732 million were directed outside Italy in particular Libya, the United States, Egypt and Indonesia. In Italy, exploration activities were conducted mainly in the offshore of Sicily.
Acquisition of proved and unproved property concerned mainly the acquisition of a 27.5% stake in the Quicksilver Resources assets and the extension of Eni s mineral rights in Egypt, following the agreement signed in May 2009 with Egypt s Ministry of Petroleum.

As compared to the first half of 2008, capital expenditures increased by euro 543 million, up 12.4%, due to higher development expenditures mainly in the United States, Australia, Congo, Italy and Kazakhstan.

| | (euro million) | First Half | | | |
|---|---|---|---|---|---|
| 2008 | | 2008 | 2009 | Change | % Ch. |
| **836** | **Acquisition of proved and unproved property** | **621** | **477** | **(144)** | **(23.2)** |
| 626 | North Africa | 601 | **225** | | |
| 210 | West Africa | 13 | **73** | | |
| | Rest of world | 7 | **179** | | |
| **1,918** | **Exploration** | **981** | **732** | **(249)** | **(25.4)** |
| 135 | Italy | 71 | **26** | (45) | (63.4) |
| 398 | North Africa | 213 | **234** | 21 | 9.9 |
| 460 | West Africa | 139 | **117** | (22) | (15.8) |
| 214 | North Sea | 148 | **57** | (91) | (61.5) |
| 28 | Caspian Area | 7 | **15** | 8 | .. |
| 683 | Rest of world | 403 | **283** | (120) | (29.8) |
| **6,429** | **Development** | **2,729** | **3,651** | **922** | **33.8** |
| 570 | Italy | 259 | **359** | 100 | 38.6 |
| 1,246 | North Africa | 542 | **674** | 132 | 24.4 |
| 1,717 | West Africa | 780 | **931** | 151 | 19.4 |
| 505 | North Sea | 212 | **265** | 53 | 25.0 |
| 997 | Caspian Area | 435 | **529** | 94 | 21.6 |
| 1,394 | Rest of world | 501 | **893** | 392 | 78.2 |
| **98** | **Other expenditures** | **33** | **47** | **14** | **42.4** |
| **9,281** | | **4,364** | **4,907** | **543** | **12.4** |

# Gas & Power

## Key performance indicators [a]

| 2008 | | | First Half 2008 | First Half 2009 |
|---|---|---|---|---|
| | | (euro million) | | |
| 37,062 | Net sales from operations [b] | | 16,971 | **17,468** |
| 4,030 | Operating profit | | 2,425 | **2,116** |
| 3,564 | Adjusted operating profit | | 2,295 | **2,053** |
| *1,309* | *Marketing* | | *1,106* | ***987*** |
| *1,732* | *Regulated businesses in Italy* | | *933* | ***859*** |
| *523* | *International transport* | | *256* | ***207*** |
| 2,655 | Adjusted net profit | | 1,659 | **1,485** |
| 4,310 | Adjusted pro-forma EBITDA | | 2,583 | **2,541** |
| *2,271* | *Marketing* | | *1,534* | ***1,558*** |
| *1,284* | *Regulated businesses in Italy* | | *680* | ***644*** |
| *755* | *International transport* | | *369* | ***339*** |
| 2,058 | Capital expenditures | | 969 | **751** |
| 22,273 | Adjusted capital employed, net | | 20,892 | **23,614** |
| 12.2 | Adjusted ROACE | (%) | 15.4 | **11.1** |
| 104.23 | Worldwide gas sales | (bcm) | 53.07 | **52.81** |
| 6.00 | *of which:* E&P sales [c] | | 3.32 | **2.95** |
| 85.64 | Gas volumes transported in Italy | (bcm) | 45.38 | **38.10** |
| 29.93 | Electricity sold | (TWh) | 15.37 | **15.35** |
| 11,692 | Employees at period end | (units) | 11,685 | **11,623** |

(a) From January 1, 2009, results of the gas storage business are reported within the Gas & Power segment reporting unit, within the regulated businesses results, following restructuring of Eni regulated gas businesses in Italy. As of that date, the results of the regulated businesses in Italy, therefore include results of the Transport, Distribution, Regasification and Storage activities in Italy. Results of the Power generation activity are reported within the Marketing business as it is ancillary to the latter. Prior period results have been restated accordingly.
(b) Before elimination of intragroup sales.
(c) Exploration & Production sales in Europe and in the Gulf of Mexico.

## NATURAL GAS

### Supply of natural gas

In the first half of 2009 Eni s consolidated subsidiaries, including Distrigas share amounting to 8.22 bcm, supplied 44.07 bcm of natural gas with a 1 bcm decrease from the first half of 2008, down 2.2%. Excluding the contribution of Distrigas, lower gas sales in particular in Italy related to the economic downturn, determined a decline in gas volumes supplied outside Italy of 8.66 bcm mainly (i) from Russia (down 2.74 bcm); (ii) from Algeria (down 2.63 bcm); (iii) supplies destined to the Hungarian market (down 1.33 bcm); (iv) from the Netherlands (down 1.09 bcm). Supplies in Italy (3.48 bcm) declined by 0.56 bcm from the first half of 2008, or 13.9%, due to lower domestic production.

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## Supply of natural gas

| 2008 | (bcm) | First Half 2008 | 2009 | Change | % Ch. |
|---|---|---|---|---|---|
| **8.00** | **ITALY** | **4.04** | **3.48** | **(0.56)** | **(13.9)** |
| 22.91 | Russia | 12.65 | **9.91** | (2.74) | (21.7) |
| 19.22 | Algeria (including LNG) | 10.65 | **8.02** | (2.63) | (24.7) |
| 9.87 | Libya | 5.02 | **4.83** | (0.19) | (3.8) |
| 9.83 | Netherlands | 4.25 | **5.39** | 1.14 | 26.8 |
| 6.97 | Norway | 2.98 | **6.10** | 3.12 | .. |
| 3.12 | United Kingdom | 1.47 | **1.50** | 0.03 | 2.0 |
| 2.84 | Hungary | 1.67 | **0.34** | (1.33) | (79.6) |
| 0.71 | Qatar (LNG) | | **1.50** | 1.50 | .. |
| 4.07 | Other supplies of natural gas | 1.39 | **2.35** | 0.96 | 69.1 |
| 2.11 | Other supplies of LNG | 0.95 | **0.65** | (0.30) | (31.6) |
| **81.65** | **OUTSIDE ITALY** | **41.03** | **40.59** | **(0.44)** | **(1.1)** |
| **89.65** | **Total supplies of Eni's consolidated subsidiaries** | **45.07** | **44.07** | **(1.00)** | **(2.2)** |
| (0.08) | Offtake from (input to) storage | 0.33 | **1.75** | 1.42 | .. |
| (0.25) | Network losses and measurement difference | (0.12) | **(0.13)** | (0.01) | 8.3 |
| **89.32** | **AVAILABLE FOR SALE BY ENI'S CONSOLIDATED SUBSIDIARIES** | **45.28** | **45.69** | **0.41** | **0.9** |
| **8.91** | **Available for sale by Eni's affiliates** | **4.47** | **4.17** | **(0.30)** | **(6.7)** |
| **6.00** | **E&P volumes** | **3.32** | **2.95** | **(0.37)** | **(11.1)** |
| **104.23** | **TOTAL AVAILABLE FOR SALE** | **53.07** | **52.81** | **(0.26)** | **(0.5)** |

## Take-or-pay

In order to meet the medium and long-term demand for natural gas, in particular in the Italian market, Eni entered into long-term purchase contracts with producing Countries. The residual average life of the Company s supply portfolio currently amounts to approximately 20.5 years. Such contracts, which generally contain take-or-pay clauses, will ensure a total of approximately 62.4 bcm/y of natural gas by 2010. Despite the fact that an increasing portion of natural gas volumes is planned to be sold outside Italy, management believes that in the long-term unfavorable trends in Italian natural gas demand and supply, also due to the increase in import capacity (pipeline upgrading and new LNG plants) that took place in 2008 and the closing of projects in progress or publicly announced by Eni and third parties, as well as the evolution of Italian regulations in the natural gas sector, represent risk factors to the fulfillment of Eni s obligations in connection with its take-or-pay supply contracts (see "Risk factors and uncertainties" below).

## Sales of natural gas

In the first half of 2009 natural gas sales were 52.81 bcm, a decrease of 0.26 bcm from the first half of 2008, down 0.5%, driven by lower gas demand in Europe, particularly in Italy, caused by the economic downturn. This negative was partly offset by the contribution of the Distrigas acquisition (up 8.53 bcm). 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 7.49 bcm, or 26.2%, to 21.11 bcm driven by significantly lower supplies to the power generation business (down 4.04 bcm) and, to a lesser extent, to industrial customers (down 1.12 bcm) dragged down by a deep fall in industrial production, and to wholesalers (down 0.70 bcm) due also to competitive pressure. Lower sales to power generation customers were also caused by greater use of water basins in the production of electricity thus replacing gas-fired production. Sales volumes to the

The purchase of Belgian company Distrigas (for details on this deal see "Main development projects for the first half of 2009" below) has entailed a significant expansion of Eni s supply portfolio with an addition of long-term supplies of approximately 14.7 bcm (Norway, the Netherlands and Qatar) having a residual life of a maximum of 19 years.

residential sector registered a slight increase (up 0.15 bcm).

International sales were up 7.23 bcm, or 29.5%, to 31.70 bcm, mainly benefiting from the contribution of Distrigas (up 8.53 bcm). Organic growth was achieved in the French market (up 0.62 bcm) where ongoing marketing initiatives and a growing customer base helped boost sales, and in Northern Europe (up 0.51 bcm). Lower sales volumes resulted from lower sales to importers in Italy (down 1.07 bcm) reflecting the economic downturn in the domestic market and lower consumption in Europe, in particular in the Iberian Peninsula (down 0.38 bcm), Turkey (down 0.32 bcm) and Hungary (down 0.13 bcm).

Sales to markets outside Europe (0.92 bcm) declined by 0.22 bcm from the first half of 2008.

E&P sales in Europe and in the United States (2.95 bcm) decreased by 0.37 bcm, down 11.1%, in particular in Europe.

## Gas sales by market

| 2008 | (bcm) | First Half 2008 | 2009 | Change | % Ch. |
|---|---|---|---|---|---|
| **52.87** | **ITALY** | **28.60** | **21.11** | **(7.49)** | **(26.2)** |
| 7.52 | Wholesalers | 4.45 | **3.75** | (0.70) | (15.7) |
| 3.28 | Gas release | 2.12 | **0.65** | (1.47) | (69.3) |
| 1.89 | Italian gas exchange and spot markets | 0.52 | **0.39** | (0.13) | (25.0) |
| 10.64 | Industries | 5.80 | **4.69** | (1.11) | (19.1) |
| *9.59* | *Industries* | *5.21* | ***4.09*** | *(1.12)* | *(21.5)* |
| *1.05* | *Medium-sized enterprises and services* | *0.59* | ***0.60*** | *0.01* | *1.7* |
| 17.69 | Power generation | 9.04 | **5.00** | (4.04) | (44.7) |
| 6.22 | Residential | 3.72 | **3.87** | 0.15 | 4.0 |
| 5.63 | Own consumption | 2.95 | **2.76** | (0.19) | (6.4) |
| **51.36** | **INTERNATIONAL SALES** | **24.47** | **31.70** | **7.23** | **29.5** |
| **43.03** | **Rest of Europe** | **20.01** | **27.83** | **7.82** | **39.1** |
| 11.25 | Importers in Italy | 6.84 | **5.77** | (1.07) | (15.6) |
| 31.78 | European markets | 13.17 | **22.06** | 8.89 | 67.5 |
| *7.44* | *Iberian Peninsula* | *3.63* | ***3.25*** | *(0.38)* | *(10.5)* |
| *5.29* | *Germany-Austria* | *2.65* | ***2.68*** | *0.03* | *1.1* |
| *4.57* | *Belgium* | | ***7.26*** | *7.26* | *..* |
| *2.82* | *Hungary* | *1.59* | ***1.46*** | *(0.13)* | *(8.2)* |
| *3.21* | *Northern Europe* | *1.47* | ***1.98*** | *0.51* | *34.7* |
| *4.93* | *Turkey* | *2.64* | ***2.32*** | *(0.32)* | *(12.1)* |
| *2.66* | *France* | *1.03* | ***2.36*** | *1.33* | *..* |
| *0.86* | *Other* | *0.16* | ***0.75*** | *0.59* | *..* |
| **2.33** | **Extra European markets** | **1.14** | **0.92** | **(0.22)** | **(19.3)** |
| **6.00** | **E&P in Europe and in the Gulf of Mexico** | **3.32** | **2.95** | **(0.37)** | **(11.1)** |
| **104.23** | **WORLDWIDE GAS SALES** | **53.07** | **52.81** | **(0.26)** | **(0.5)** |

## Gas sales by entity

| 2008 | (bcm) | First Half 2008 | 2009 | Change | % Ch. |
|---|---|---|---|---|---|
| **89.32** | **Total sales of subsidiaries** | **45.28** | **45.69** | **0.41** | **0.9** |
| 52.82 | Italy (including own consumption) | 28.57 | **21.11** | (7.46) | (26.1) |

| | | | | | |
|---|---|---|---|---|---|
| 35.61 | Rest of Europe | 16.32 | **24.20** | 7.88 | 48.3 |
| 0.89 | Outside Europe | 0.39 | **0.38** | (0.01) | (2.6) |
| **8.91** | **Total sales of Eni's affiliates** (net to Eni) | **4.47** | **4.17** | **(0.30)** | **(6.7)** |
| 0.05 | Italy | 0.03 | | (0.03) | .. |
| 7.42 | Rest of Europe | 3.69 | **3.63** | (0.06) | (1.6) |
| 1.44 | Outside Europe | 0.75 | **0.54** | (0.21) | (28.0) |
| **6.00** | **E&P in Europe and in the Gulf of Mexico** | **3.32** | **2.95** | **(0.37)** | **(11.1)** |
| **104.23** | **WORLDWIDE GAS SALES** | **53.07** | **52.81** | **(0.26)** | **(0.5)** |

Contents



# POWER

## Power Generation

Eni s electricity generation sites are located in Ferrera Erbognone, Ravenna, Livorno, Taranto, Mantova, Brindisi and Ferrara.

In the first half of 2009, electricity production was 11.22 TWh, down 1.06 TWh or 8.6% from the first half of 2008, due mainly to lower production at the Ferrera Erbognone, Ravenna, Brindisi and Livorno plants, affected by lower demand on the domestic market (down 8%) related to the economic downturn. These declines were offset in part by increased production at the Ferrara plant (Eni s interest 51%), in connection with the coming on line of two new 390 megawatt combined cycle units, and at the Mantova plant.

Power available in the first half of 2009 was substantially in line with the same period of 2008 due to the effect of the growth in electricity trading activity (up 1.04 TWh from the first half of 2008 or 33.7%) as a consequence of lower purchase prices.

At June 30, 2009, installed capacity was 5.3 GW.

## Electricity sales

In the first half of 2009, sales of electricity (15.35 TWh) were substantially in line with the first half of 2008 (down 0.02 TWh or 0.1%) and were directed to the free market (81%), the Italian electricity exchange (10%) and industrial sites (9%). Increased marketing activities, contrasting declines in production, supported increased sales on the free market that concerned in particular sales to wholesalers and, to a lower extent, to retail customers. These increases were offset by a decline in sales to large customers due to the economic downturn.

### Purchases and availability of electricity

| | | | First Half | | | |
|---|---|---|---|---|---|---|
| 2008 | | | 2008 | **2009** | Change | % Ch. |
| 4,530 | Purchases of natural gas | (mmcm) | 2,350 | **2,202** | (148) | (6.3) |
| 560 | Purchases of other fuels | (ktoe) | 302 | **251** | (51) | (16.9) |
| 23.33 | Power generation | (TWh) | 12.28 | **11.22** | (1.06) | (8.6) |
| 10,584 | Steam | (ktonnes) | 5,410 | **5,067** | (343) | (6.3) |

### Electricity sales

| | (TWh) | First Half | | | |
|---|---|---|---|---|---|
| 2008 | | 2008 | **2009** | Change | % Ch. |
| 23.33 | Power generation | 12.28 | **11.22** | (1.06) | (8.6) |
| 6.60 | Trading of electricity | 3.09 | **4.13** | 1.04 | 33.7 |
| **29.93** | | **15.37** | **15.35** | **(0.02)** | **(0.1)** |
| 22.89 | Free market | 11.76 | **12.44** | 0.68 | 5.8 |
| 3.82 | Italian Exchange for electricity | 1.80 | **1.48** | (0.32) | (17.8) |
| 2.71 | Industrial plants | 1.39 | **1.43** | 0.04 | 2.9 |
| 0.51 | Other | 0.42 | | (0.42) | .. |
| **29.93** | **Electricity sales** | **15.37** | **15.35** | **(0.02)** | **(0.1)** |

# Transport and regasification of natural gas

Volumes of gas transported in Italy (38.10 bcm) decreased by 7.28 bcm, or 16.0%, from the first half of 2008 due to lower demand for gas, whose effects were offset in part by higher amounts input in the domestic network destined to domestic storage.

**Gas volumes transported in Italy**

| | (bcm) | First Half | | | |
|---|---|---|---|---|---|
| 2008 | | 2008 | **2009** | Change | % Ch. |
| 51.80 | Eni | 27.23 | **20.04** | (7.19) | (26.4) |
| 33.84 | On behalf of third parties | 18.15 | **18.06** | (0.09) | (0.5) |
| **85.64** | | **45.38** | **38.10** | **(7.28)** | **(16.0)** |

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Natural gas volumes transported on behalf of third parties (18.06 bcm) declined slightly (down 0.09 bcm) from the first half of 2008 or 0.5%.

In the first half of 2009, the LNG terminal in Panigaglia (La Spezia) regasified 0.64 bcm of natural gas (0.91 bcm in the first half of 2008).

## Storage

In the first half of 2009, the share of modulation capacity used by third parties was 64%. A total of 4.3 bcm of natural gas were injected into Company s storage system (up 0.9 bcm from the first half of 2008), while 6.1 bcm were withdrawn (up 2.4 bcm from the first half of 2008).

# Main development projects for the first half of 2009

## Marketing

NATURAL GAS

### Finalization of the acquisition of Distrigas

On March 19, 2009, the mandatory tender offer on the minorities of Distrigas was finalized. Shareholders representing 41.617% of the share capital of Distrigas, including the second larger shareholder Publigaz SCRL with a 31.25% interest, tendered their shares. The squeeze-out of the residual 1.14% of the share capital was finalized on May 4, 2009. Finally, Distrigas shares have been delisted from Euronext Brussels. The total cash consideration amounting to euro 2,045 million was determined based on the same price paid to Distrigas main shareholder, Suez, on October 2008 to acquire the controlling stake of 57.243%.
As of June 30, 2009, Eni owns the entire share capital of Distrigas, except for one share with special powers owned by the Belgian State.

### Projects in the Hewett area

Following the recent acquisition of an interest in Hewett Unit, pre-development activities continued for the offshore storage of gas in the Hewett area (Eni s interest 89%) located in the Southern Gas Basin in the North Sea, near the Bacton terminal. Maximum working gas reachable is estimated at 5.6 bcm with a production of

LNG

**USA**

*Cameron* Eni acquired from US company Sempra a share of the regasification capacity of the Cameron plant located on the banks of the Calcasieu River, approximately 15 miles south of Lake Charles in Louisiana. The capacity entitlement amounts to 6.5 bcm/y, equal to a 40% share of the total plant capacity for a duration of 20 years. Production start up is expected in the third quarter of 2009. This transaction will allow Eni to market the natural gas reserves that it is developing in North Africa and Nigeria on the North American market.

*Pascagoula* Within the upstream project related to the construction of an LNG plant in Angola designed to produce 5.2 mmtonnes of LNG (approximately 7.3 bcm/y) for the North American market, Eni signed a 20-year contract to buy 5.8 bcm/y on the regasification capacity of the plant under construction near Pascagoula in Mississippi, with start up expected within 2011.
At the same time Eni Usa Gas Marketing Llc entered a 20-year contract for the purchase of approximately 0.9 bcm/y of regasified gas downstream the terminal owned by Angola Supply Services, a company whose partners also own Angola LNG.

## Regulated businesses in Italy

### Sale of Stogit and Italgas to Snam Rete Gas

On June 30, 2009 the parent company Eni SpA concluded the sale of the entire share capital of its fully-owned subsidiaries Italgas SpA and Stoccaggi Gas Italia SpA to its subsidiary Snam Rete Gas. The transaction, which was approved by Eni s Board of Directors in February 2009, included cash consideration amounting to euro 4,509 million (euro 2,922 million and euro 1,587 million, respectively). Snam Rete Gas funded the transaction by means of: (i) a share capital increase amounting to euro 3.5 billion, which was entirely subscribed to by minorities and Eni for their respective shares; and (ii) arranging medium and long-term financing. The main impact expected on Eni s consolidated financial statements are: (i) as of June 30, 2009 a decrease of euro 1.54 billion was reported in the Group consolidated net borrowings and a corresponding increase in total equity as a consequence of the pro-quota subscription of the Snam Rete Gas capital approximately 60 mmcm/d. Between the end of 2009 and the beginning of 2010 an appraisal well will be drilled whose outcome will provide data to confirm those estimates. The project sanction is expected in the first half of 2010 with start up in 2015.

increase by minorities; (ii) a decrease in Eni s net profit equal to 45% of the aggregate net profit of Italgas and Stogit is expected to be reported in the consolidated profit and loss for the

third quarter of 2009, with a corresponding increase in net profit pertaining to minorities.
As of June 30, 2009 Eni s interest in Snam Rete Gas is equal to 52.54%.

### Gas distribution activity in the Rome area

Following the sale by the French company Suez SA (now GdF-Suez SA after their merger) of its Belgium subsidiary Distrigas, Eni agreed to sell to Suez, on the basis of preliminary negotiations with Italgas, the latter s distribution activities in the Rome urban area together with other gas and electricity business assets. On May 29, 2008, the related preliminary agreements were signed, including the sales terms for the gas distribution activities. The final agreement for such gas distribution activities was entered into by Italgas and GdF-Suez on October 30, 2008.
The transaction relates to the business unit which distributes gas in the municipalities of Rome, Fiumicino, Ciampino, Marino, Grottaferrata, Rocca di Papa and Frascati (the concession for Rome expires on December 31, 2009), including the distribution networks (spanning roughly 5,300 km) and the related systems, approximately 1.3 million delivery points (equal to approximately 28% of the users served), together with roughly 800 employees.
The set price, as of December 31, 2008, is euro 1,018 million.
The contract provides that execution of the transaction shall take place with the transfer by Italgas of the business unit to Rete Gas Roma Srl (a newco set up on November 26, 2008 wholly owned by Italgas) and is subject to attainment of approval by the Rome municipal authorities of transfer of the concession before June 30, 2009, which date the buyer may extend to August 31, 2009.
The Rome municipal authorities agreed to the transfer of the concession contract to Rete Gas Roma with its communication No. 1231 of June 25, 2009, acknowledging Italgas intention to transfer its entire investment in this company to GdF-Suez. The concession covers the distribution of gas in Rome.
On July 6, 2009, the mayor of Rome subsequently specified that this communication is the sole document necessary to legitimately and effectively express the municipal authority s consent to the transaction and that the town council would be informed thereof.
However, on July 13, 2009, GdF-Suez informed Italgas that it did not believe that the conditions for transfer of the Rome urban area gas distribution activities had been met in the established timeframe. Therefore, it decided not to continue with finalization of the acquisition as set out in the contract agreed by the parties on October 30, 2008.
Snam Rete Gas is evaluating the contract s content to assess what actions could be taken to best protect its interests.

## International Transport

### TAG - Russia

The TAG gasline is undergoing an upgrade designed to increase its transport capacity by 6.5 bcm/y from the current 37.4 bcm/y. A first 3.2 bcm/y portion of the upgrade started-up in October 2008 and was assigned to third parties. The second portion of 3.3 bcm/y is expected to start operating in the fourth quarter of 2009. The allocation of additional capacity for 6.5 bcm has been finalized.

### Agreement with Gazprom: the South Stream project

On May 15, 2009, based on agreements between Italy and Russia, the original scope of work of the project to build the South Stream pipeline has been enlarged. If the ongoing feasibility study provides a positive outcome the pipeline will import gas from Russia to Europe through the Black Sea. The new agreement between Eni and Gazprom provides for an increase in transport capacity from 31 to 63 bcm/y.
The South Stream pipeline is expected to be composed by two sections: (i) an offshore section crossing the Black Sea from the Russian coast at Beregovaya (the same starting point of the Blue Stream pipeline) to the Bulgarian coast at Varna; (ii) an onshore section crossing Bulgaria for which two options are currently being evaluated: one pointing North West and another one pointing South West. The second option envisages crossing Greece and the Adriatic Sea before linking to the Italian network.

### Accident at the TMPC pipeline

Work is ongoing to restore full operations at one of the TMPC five lines damaged by an oil tanker anchor crossing the Sicily channel on December 19, 2008.

Transport continued on the remaining lines. Settlements and repayment of damage under current insurance are being defined.

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## Regulatory framework

### Resolution ARG/gas 159/2008: Tariffs criteria for the 2009-2012 regulated period for the service of gas distribution and measurement and transitional rules for 2009

With resolution ARG 159/2008, the Authority for Electricity and Gas approved a new methodology for determining revenues to natural gas distributing companies that operate through local low pressure networks and serve final customers in the residential and tertiary sector. Starting from January 1, 2009 and for the duration of the three-year regulated period, i.e. until 2012, the resolution provides for the recognition of total revenues for each regulated year amounting to a value that the Authority will set at the time of approving the operators requests for distribution tariffs and defined as total revenue cap, representing the maximum remuneration recognized by the Authority to each operator for covering costs borne.

In previous years, revenues were determined by applying tariffs set by the Authority to volumes actually distributed to selling companies in the relevant year.

The resolution also provides for any positive or negative difference between the total revenue cap and revenues resulting from invoices for actually distributed volumes to be regulated through an equalization device making use of credit/debit cards lodged with the Electricity Equalization Exchange.

As a result of the new mechanism, revenues are no longer related to the seasonality of volumes distributed but are constantly apportioned during the year.

The introduction of this new mechanism does not cause a decline in total revenues on a yearly basis.

### Legislative Decree No. 78/2009

Within the framework of measures approved to counter the economic downturn, on June 26, 2009, the Italian Council of Ministers approved the so called "Anti-crisis Decree" whose article 3 concerns measures for reducing the cost of energy for companies and households and introduces the obligation for Eni to make new sales at the virtual exchange point for a total of 5 bcm of gas (so called gas release).

In particular the decree provides for these sales to be made under non discriminatory competitive procedures (bids) at the terms and conditions decided with proposal of the Authority for Electricity and Gas. The price paid to Eni will be determined with a decree of the Ministry for Economic Development, as suggested by the Authority, taking into account the average prices on the most relevant European markets and the structure of supply costs borne by Eni. Any positive difference between the sale price determined by the procedure of volume allocation and that determined by the Ministry and the Authority will be destined to industrial final customers that showed a high use rate of gas withdrawals in the past three years according to criteria determined by the Ministry.

The decree provides also that the Authority within 90 days from the entry into force of the same decree: (i) introduces degressive elements in transport tariffs for the next regulated period; (ii) reforms the balancing methods by adopting flexibility mechanisms providing advantages to all final customers, including industrial customers; (iii) promotes the supply of peak services and storage for industrial and power generation customers.

# Capital expenditures

In the first half of 2009, capital expenditures in the Gas & Power segment totaled euro 751 million and mainly related to: (i) developing and upgrading Eni s transport network in Italy (euro 400 million); (ii) developing and upgrading Eni s distribution network in Italy (euro 144 million); (iii) developing and upgrading Eni s storage capacity in Italy (euro 132 million); (iv) completion of construction of combined cycle power plants (euro 29 million), in particular at the Ferrara site; (v) upgrading plan of international pipelines (euro 20 million).

| **Capital expenditures** | (euro million) | First Half | | | |
|---|---|---|---|---|---|
| 2008 | | 2008 | **2009** | Change | % Ch. |
| 1,750 | Italy | 766 | **710** | (56) | (7.3) |
| 308 | Outside Italy | 203 | **41** | (162) | (79.8) |
| **2,058** | | **969** | **751** | **(218)** | **(22.5)** |
| **198** | **Marketing** | **82** | **55** | **(27)** | **(32.9)** |
| 91 | Marketing | 41 | **26** | (15) | (36.6) |
| *16* | *Italy* | *13* | ***5*** | *(8)* | *(61.5)* |
| *75* | *Outside Italy* | *28* | ***21*** | *(7)* | *(25.0)* |
| 107 | Power generation | 41 | **29** | (12) | (29.3) |
| **1,627** | **Regulated businesses in Italy** | **712** | **676** | **(36)** | **(5.1)** |
| 1,130 | Transport | 529 | **400** | (129) | (24.4) |
| 233 | Distribution | 85 | **144** | 59 | 69.4 |
| 264 | Storage | 98 | **132** | 34 | 34.7 |
| **233** | **International transport** | **175** | **20** | **(155)** | **(88.6)** |
| **2,058** | | **969** | **751** | **(218)** | **(22.5)** |

# Refining & Marketing

## Key performance indicators

| 2008 | | (euro million) | First Half 2008 | First Half **2009** |
|---|---|---|---|---|
| 45,017 | Net sales from operations [(a)] [(b)] | | 24,240 | **14,121** |
| (988) | Operating profit | | 776 | **287** |
| 580 | Adjusted operating profit | | 109 | **(51)** |
| 521 | Adjusted net profit | | 124 | **(31)** |
| 965 | Capital expenditures | | 350 | **217** |
| 8,260 | Adjusted capital employed, net | | 8,490 | **8,539** |
| 6.5 | Adjusted ROACE | (%) | 2.6 | **4.1** |
| 35.84 | Refinery throughputs on own account | (mmtonnes) | 17.65 | **16.65** |
| 58 | Conversion index | (%) | 56 | **59** |
| 737 | Balanced capacity of refineries | (kbbl/d) | 747 | **757** |
| 12.67 | Retail sales of petroleum products in Europe [(c)] | (mmtonnes) | 6.27 | **5.86** |
| 5,956 | Service stations in Europe at period end [(c)] | (units) | 6,373 | **6,018** |
| 2,502 | Average throughput per service station in Europe [(c)] | (kliters) | 1,210 | **1,206** |
| 8,327 | Employees at year end | (units) | 9,468 | **8,371** |

(a) From January 1, 2009 Eni adopted IFRIC 13 "Customer Loyalty Programmes" that requires that the award points granted to clients within the related loyalty programmes be accounted as a separate component of the basic transaction, evaluated at their fair value and recognized as revenues when effectively used. Prior period results have been restated accordingly.
(b) Before elimination of intragroup sales.
(c) First half 2008 and full year 2008 data include downstream activities in the Iberian Peninsula divested to Galp in October 2008.

## Supply and trading

In the first half of 2009, a total of 32.72 mmtonnes of crude were purchased by the Refining & Marketing division (28.77 mmtonnes in the first half of 2008), of which 17.07 mmtonnes from Eni s Exploration & Production division. Volumes amounting to 9.28 mmtonnes were purchased under long-term supply contracts with producing countries, while 6.37 mmtonnes were purchased on the spot market. Approximately 27% of crude purchased in the first half of 2009 came from West Africa, 20% from European and Asian Russia, 15% from the Middle East, 13% from North Africa, 11% from the North Sea, 5% from Italy,

Approximately 17.22 mmtonnes of crude purchased in the first half of 2009 were resold, up 32.2% from the same period of 2008. In addition, 1.54 mmtonnes of intermediate products were purchased (1.51 mmtonnes in the first half of 2008) to be used as feedstock in conversion plants and 6.97 mmtonnes of refined products (7.42 mmtonnes in the first half of 2008) were purchased to be sold on markets outside Italy (5.67 mmtonnes) and on the domestic market (1.29 mmtonnes) as a complement to available production.

and 9% from other areas.

## Purchases

| 2008 | (mmtonnes) | First Half 2008 | 2009 | Change | % Ch. |
|---|---|---|---|---|---|
| | **Equity crude oil** | | | | |
| 26.14 | Eni's production outside Italy | 12.23 | **15.62** | 3.39 | 27.7 |
| 3.57 | Eni's production in Italy | 1.79 | **1.45** | (0.34) | (19.0) |
| **29.71** | | **14.02** | **17.07** | **3.05** | **21.8** |
| | **Other crude oil** | | | | |
| 12.09 | Purchases on spot markets | 8.67 | **6.37** | (2.30) | (26.5) |
| 16.11 | Purchases under long-term contracts | 6.08 | **9.28** | 3.20 | 52.6 |
| **28.20** | | **14.75** | **15.65** | **0.90** | **6.1** |
| **57.91** | **Total crude oil purchases** | **28.77** | **32.72** | **3.95** | **13.7** |
| 3.39 | Purchases of intermediate products | 1.51 | **1.54** | 0.03 | 2.0 |
| 17.42 | Purchases of products | 7.42 | **6.97** | (0.45) | (6.1) |
| **78.72** | **TOTAL PURCHASES** | **37.70** | **41.23** | **3.53** | **9.4** |
| (1.00) | Consumption for power generation | (0.54) | **(0.46)** | 0.08 | (14.8) |
| (1.04) | Other changes (a | (0.57) | **(1.42)** | (0.85) | .. |
| **76.68** | | **36.59** | **39.35** | **2.76** | **7.5** |

(a) Includes change in inventories, decrease in transportation, consumption and losses.

# Refining

## Availability of refined products

| 2008 | (mmtonnes) | First Half 2008 | 2009 | Change | % Ch. |
|---|---|---|---|---|---|
| | **ITALY** | | | | |
| 25.59 | At wholly-owned refineries | 12.69 | **11.62** | (1.07) | (8.4) |
| (1.37) | Less input on account of third parties | (0.74) | **(0.25)** | 0.49 | (66.2) |
| 6.17 | At affiliated refineries | 2.96 | **2.79** | (0.17) | (5.7) |
| **30.39** | **Refinery throughputs on own account** | **14.91** | **14.16** | **(0.75)** | **(5.0)** |
| (1.61) | Consumption and losses | (0.79) | **(0.80)** | (0.01) | 1.3 |
| **28.78** | **Products available for sale** | **14.12** | **13.36** | **(0.76)** | **(5.4)** |
| 2.56 | Purchases of refined products and change in inventories | 1.59 | **1.17** | (0.42) | (26.4) |
| (1.42) | Products transferred to operations outside Italy | (0.86) | **(1.17)** | (0.31) | 36.0 |
| (1.00) | Consumption for power generation | (0.54) | **(0.46)** | 0.08 | (14.8) |
| **28.92** | **Sales of products** | **14.31** | **12.90** | **(1.41)** | **(9.9)** |
| | **OUTSIDE ITALY** | | | | |
| **5.45** | **Refinery throughputs on own account** | **2.74** | **2.49** | **(0.25)** | **(9.1)** |
| (0.25) | Consumption and losses | (0.13) | **(0.13)** | | |
| **5.20** | **Products available for sale** | **2.61** | **2.36** | **(0.25)** | **(9.6)** |
| 15.14 | Purchases of refined products and change in inventories | 5.78 | **5.70** | (0.08) | (1.4) |
| 1.42 | Products transferred from Italian operations | 0.86 | **1.17** | 0.31 | 36.0 |
| **21.76** | **Sales of products** | **9.25** | **9.23** | **(0.02)** | **(0.2)** |
| **35.84** | **Refinery throughputs on own account** | **17.65** | **16.65** | **(1.00)** | **(5.7)** |
| *6.98* | *of which: refinery throughputs of equity crude on own account* | *3.52* | ***2.67*** | *(0.85)* | *(24.1)* |

| | | | | | |
|---|---|---|---|---|---|
| **50.68** | **Total sales of refined products** | **23.56** | **22.13** | **(1.43)** | **(6.1)** |
| **26.00** | **Crude oil sales** | **13.03** | **17.22** | **4.19** | **32.2** |
| **76.68** | **TOTAL SALES** | **36.59** | **39.35** | **2.76** | **7.5** |

In the first half of 2009, refining throughputs on own account in Italy and outside Italy were 16.65 mmtonnes, down 1 mmtonnes from the first half of 2008, or 5.7%. Volumes processed in Italy decreased by 0.75 mmtonnes, or 5%, mainly at the Gela plant due to the extension of planned refinery downtime, and at the Livorno plant as refinery operations were rescheduled to take account of the weak demand for products. Volumes processed outside Italy declined by 250 ktonnes in particular in the Czech Republic and in Germany due to lower utilization of plant capacity in response to weak market conditions and the restructuring of the Ingolstadt facility in Germany. Total throughputs in wholly-owned refineries (11.62 mmtonnes) decreased 1.07 mmtonnes, down 8.4%, from the first half of 2008. Approximately 17.9% of volumes of processed crude was supplied by Eni s Exploration & Production segment (21.8% in the first half of 2008) representing a 3.9 percentage points decrease from 2008, equivalent to a lower volume of 0.85 mmtonnes.

# Marketing

In the first half of 2009, sales volumes of refined products (22.13 mmtonnes) were down 1.43 mmtonnes from the first half of 2008, or 6.1%, mainly due to the impact of the divestment to Galp of marketing activities in the Iberian Peninsula late in 2008 (down 1.04 mmtonnes). Excluding this effect, sales volumes of refined products were down approximately 390 ktonnes, or 1.7%, due to lower wholesale sales on the domestic market.

### Retail sales in Italy

Despite a decrease recorded in domestic consumption, in the first half of 2009, retail sales on the Italian network (4.41 mmtonnes) were up approximately 170 ktonnes from the first half of 2008, or 4%, mainly due to marketing activities ("Iperself" sales and fidelity programmes) that sustained a 1.8 percentage point growth in market share from 29.8% to 31.6%. Higher sales mainly regarded gasoil sales, while gasoline sales were substantially in line with the previous period. At June 30, 2009, Eni s retail network in Italy consisted of 4,461 service stations, 52 more than at December 31, 2008 (4,409 service stations), resulting from the positive balance of acquisitions/releases of lease concessions (67 units), the opening of new service stations (5 units), partly offset by the closing of service stations with low throughput (12 units) and the release of 8 service stations under highway concession.

Average throughput related to gasoline and gasoil (1,216 kliters) registered an increase of 33 kliters from the first half of 2008.

In the first half of 2009, fuel sales of the Blu line high performance and low environmental impact fuel declined due to the sensitivity of demand to prices of these products in an environment of economic downturn and high fuel prices on average. Sales of BluDiesel and its reformulated version BluDieselTech amounted to 290 ktonnes (344 mmliters), and represented 10.2% of gasoil sales on Eni s retail network. At June 30, 2009, service stations marketing BluDiesel totaled 4,105 units (4,095 at 2008 year end) covering approximately 92% of Eni s network. Retail sales of BluSuper amounted to 40 ktonnes (53 mmliters), were in line with the first half of 2008 and covered 2.6% of gasoline sales on Eni s retail network. At June 30, 2009, service stations marketing BluSuper totaled 2,674 units (2,631 at December 31, 2008), covering approximately 60% of Eni s network.

Under the "You&Agip" promotional campaign, launched in March 2007 and lasting 3 years, at June 30, 2009, the number of customers that actively used the card in the first half of 2009 amounted to approximately 4.5 million. The average number of cards active each

**Products sales in Italy and outside Italy by market**

| 2008 | (mmtonnes) | First Half 2008 | First Half 2009 | Change | % Ch. |
|---|---|---|---|---|---|
| 8.81 | Retail | 4.24 | **4.41** | 0.17 | 4.0 |
| 11.15 | Wholesale | 5.36 | **4.66** | (0.70) | (13.1) |
| 1.70 | Petrochemicals | 0.95 | **0.63** | (0.32) | (33.7) |
| 7.26 | Other sales | 3.76 | **3.20** | (0.56) | (14.9) |
| **28.92** | **Sales in Italy** | **14.31** | **12.90** | **(1.41)** | **(9.9)** |
| 3.22 | Retail rest of Europe | 1.61 | **1.45** | (0.16) | (9.9) |
| 3.94 | Wholesale rest of Europe | 1.92 | **1.76** | (0.16) | (8.3) |
| 0.56 | Wholesale outside Italy | 0.28 | **0.21** | (0.07) | (25.0) |
| 12.52 | Other sales | 4.40 | **5.81** | 1.41 | 32.0 |
| **20.24** | **Sales outside Italy** | **8.21** | **9.23** | **1.02** | **12.4** |

| | | | | | |
|---|---|---|---|---|---|
| **49.16** | | **22.52** | **22.13** | **(0.39)** | **(1.7)** |
| 1.52 | Iberian Peninsula | 1.04 | | (1.04) | .. |
| *0.64* | *of which: Retail* | *0.42* | | *(0.42)* | .. |
| *0.88* | *Wholesale* | *0.62* | | *(0.62)* | .. |
| **50.68** | **TOTAL SALES** | **23.56** | **22.13** | **(1.43)** | **(6.1)** |

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## Retail and wholesale sales of refined products

| 2008 | (mmtonnes) | First Half 2008 | 2009 | Change | % Ch. |
|---|---|---|---|---|---|
| **19.96** | **Italy** | **9.60** | **9.07** | **(0.53)** | **(5.5)** |
| **8.81** | **Retail sales** | **4.24** | **4.41** | **0.17** | **4.0** |
| 3.11 | Gasoline | 1.50 | **1.50** | | |
| 5.50 | Gasoil | 2.65 | **2.80** | 0.15 | 5.7 |
| 0.19 | LPG | 0.09 | **0.10** | 0.01 | 11.1 |
| 0.01 | Lubricants | | **0.01** | 0.01 | .. |
| **11.15** | **Wholesale sales** | **5.36** | **4.66** | **(0.70)** | **(13.1)** |
| 4.52 | Gasoil | 2.12 | **2.04** | (0.08) | (3.8) |
| 0.85 | Fuel Oil | 0.42 | **0.39** | (0.03) | (7.1) |
| 0.38 | LPG | 0.18 | **0.19** | 0.01 | 5.6 |
| 0.15 | Gasoline | 0.06 | **0.06** | | |
| 0.12 | Lubricants | 0.06 | **0.04** | (0.02) | (33.3) |
| 1.70 | Bunker | 0.81 | **0.67** | (0.14) | (17.3) |
| 3.43 | Other | 1.71 | **1.27** | (0.44) | (25.7) |
| **7.72** | **Outside Italy (retail+wholesale)** | **3.81** | **3.42** | **(0.39)** | **(10.2)** |
| 2.12 | Gasoline | 1.05 | **0.89** | (0.16) | (15.2) |
| 3.80 | Gasoil | 1.87 | **1.75** | (0.12) | (6.4) |
| 0.47 | Jet fuel | 0.02 | **0.17** | 0.15 | .. |
| 0.23 | Fuel Oil | 0.11 | **0.17** | 0.06 | 54.5 |
| 0.11 | Lubricants | 0.06 | **0.05** | (0.01) | (16.7) |
| 0.52 | LPG | 0.26 | **0.24** | (0.02) | (7.7) |
| 0.47 | Other | | | | |