ENI SPA
Form 6-K
November 05, 2007
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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 October 2007

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: Fabrizio Cosco
Title: Company Secretary

Date: October 31, 2007

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Eni and NOC establish the foundations for future joint oil & gas development in Libya

Tripoli, October 16, 2007 - Eni and NOC today signed a wide-ranging agreement, which represents a further step in the consolidation of their long-lasting strategic partnership which began in 1959.

This agreement will boost Eni s growth in gas and oil production in Libya, ensuring greater energy security for Italy and enabling Eni to develop some of Libya s most prolific basins in the long term. The agreement also confirms Eni as the leading foreign operator in the country and further consolidates the good relationship between Italy and Libya.

In a highly competitive framework, NOC and Eni agreed to convert the existing petroleum contracts to the most recent contractual model (EPSA IV), with a renewed duration of 25 years from January 2008, well beyond the present expiry dates. The new expiry dates set by the agreement are 2042 for production of oil and 2047 for gas.

Having recently completed two major hydrocarbon developments in the country, El Feel (Elephant) and Western Libya Gas Project, Eni and NOC have now defined a new plan of strategic initiatives aimed at exploiting the significant oil and gas potential in Libya.

In particular, the parties will focus their efforts on maximising the recovery of their existing oil fields through enhanced programs by applying the most advanced technology for the assisted recovery of hydrocarbons (CO_2 injection and water alternate gas). They will also implement a new drilling campaign at nearby fields.

NOC and Eni will continue to explore the prolific NC41 offshore area, and strengthen the hub of Mellitah by expanding gas export capacity from 8 to 16 billion cubic meters/year. The expansion will be achieved through the upgrading of the GreenStream export line by 3 billion cubic meters/year, which will increase export capacity to Italy, and by the construction of a new LNG plant of 5 billion cubic meters/year for worldwide marketing. Further additional gas production will be made available for industrial use in Libya.

The overall investment associated with the agreed work programs is in the range of US$28 billion over 10 years.

Eni has been present in Libya since 1959 and is currently the major foreign operator in the country, with total average daily operated production in excess of 550,000 boepd (Eni equity of around 250,000 boepd). Eni is operator in some of the country s biggest fields: the oil fields of Abu-Attifel, El Feel and Bouri, and the gas and condensate fields of Bahr Essalam and Wafa which supply the Mellitah treatment plant and the GreenStream export line.

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ENI ANNOUNCES RESULTS FOR THE THIRD QUARTER AND THE FIRST NINE MONTHS OF 2007

Adjusted net profit: down by 27.8% to euro 1.89 billion for the third quarter and down by 15.7% to euro 6.79 billion for the first nine months
Net profit: down by 11.4% to euro 2.15 billion for the third quarter and down by 9% to euro 7 billion for the first nine months
Cash flow: euro 3.37 billion for the third quarter (euro 13.05 billion for the first nine months)
Expenditures on capital and exploration projects for the third quarter were up 46% to euro 2.68 billion (up 41.9% to euro 6.94 billion for the nine months)
Oil and gas production for the third quarter was down by 2.9% to 1.66 million boe/d and down 2.9% for the first nine months. Previous guidance for a production level in line with 2006 reaffirmed, under the assumption of full-year Brent crude oil price at $55 per barrel as per Eni s four-year plan
Gas sales for the third quarter: up 4.4% to 19.74 bcm (down by 3.2% for the first nine months). Previous guidance for light year-on-year sales growth reaffirmed, supported by expansion in target European markets

San Donato Milanese, October 31, 2007 - Eni, the international oil and gas company, today announces its group results for the third quarter and the first nine months of 2007 (unaudited).

Paolo Scaroni, Chief Executive Officer, commented:
Eni has delivered another set of solid results. The third quarter was impacted by the negative effect of the appreciation of the euro against the dollar, which more than offset the benefit of high oil prices, and weaker refining and natural gas margins. Eni continues to strengthen its position in its key markets and in the world s leading oil regions. I am confident that 2007 will be another excellent year for the Company.

Third quarter 2006	Second quarter 2007	Third quarter 2007	% Ch. 3 Q. 07 vs 3 Q. 06		Nine months 2006	Nine months 2007	% Ch.
				Summary Group results (million euro)			
4,828	4,218	4,379	(9.3)	Operating profit	15,370	13,702	(10.9)
5,127	4,196	4,245	(17.2)	Adjusted operating profit [(a)]	15,714	13,694	(12.9)
2,422	**2,267**	**2,146**	**(11.4)**	**Net profit** [(b)]	**7,697**	**7,001**	**(9.0)**
0.66	0.62	0.59	(10.6)	per ordinary share (euro) [(c)]	2.08	1.91	(8.2)
1.68	1.67	1.62	(3.6)	per ADR ($) [(c) (d)]	5.18	5.13	(1.0)
2,620	**2,220**	**1,892**	**(27.8)**	**Adjusted net profit** [(a) (b)]	**8,057**	**6,792**	**(15.7)**

0.71	0.60	0.52	(26.8)	per ordinary share (euro) [c]	2.17	1.85	(14.7)
1.81	1.62	1.43	(21.0)	per ADR ($) [c] [d]	5.40	4.97	(8.0)

(a) For a detailed explanation of adjusted operating profit and net profit see Reconciliation of reported operating profit and reported net profit to results on an adjusted basis on page 20.
(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.

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Financial highlights

Third quarter of 2007

- Adjusted operating profit was euro 4.25 billion, down 17.2% from the third quarter of 2006. Results in the Exploration & Production division were impacted by the euro s appreciation against the dollar (up 7.9%), lower sold production volumes and rising costs and results in the Refining & Marketing division were impacted by declining refining margins.
- Adjusted net profit was down 27.8% to euro 1.89 billion, mainly as a result of the reduced operating profit, coupled with an increase recorded in the Group tax-rate on an adjusted basis (from 48.8% to 53%) owing mainly to an increase recorded in the upstream business.
- Expenditure on capital and exploratory projects for the third quarter was up 46% from a year ago to euro 2.68 billion and mainly related to the finding and development of oil and gas reserves and the upgrading of international and domestic gas transportation infrastructure and refineries.
- Net borrowings amounting to euro 11.43 billion as of September 30, 2007 increased by euro 2.31 billion in the third quarter due to expenditures on capital and exploratory projects (euro 2.68 billion), and the acquisition of upstream properties offshore in the Gulf of Mexico (approximately euro 3.5 billion) and downstream oil assets (euro 0.2 billion). These cash outflows were partly absorbed by net cash provided by operating activities (euro 3.37 billion).

First nine months of 2007

- Adjusted operating profit for the first nine months was euro 13.69 billion, down 12.9% from a year ago. A weaker operating performance reported by the Exploration & Production and Refining & Marketing divisions was partly offset by the improved operating performance in the Engineering & Construction, Petrochemicals and Gas & Power divisions.
- Adjusted net profit was down 15.7% to euro 6.79 billion, mainly as a result of the decreased operating profit, coupled with an increase recorded in the Group tax-rate on an adjusted basis (from 48.5% to 49.1%).
- Net borrowings at period-end was euro 11.43 billion, up euro 4.66 billion from December 31, 2006. Main cash outflows for the period were: euro 6.94 billion for expenditures on capital and exploratory projects, euro 4.7 billion for the acquisition of upstream and downstream properties, euro 3.73 billion for the acquisition of 20% and 60% interests in OAO Gazprom Neft and three Russian gas companies, respectively, as part of a bid procedure for ex-Yukos assets; euro 2.38 billion for dividend payment and euro 486 million for the repurchase of own shares. These outflows were partly absorbed by net cash provided by operating activities coming in at euro 13.05 billion.
- Return on Average Capital Employed (ROACE)[1] calculated on an adjusted basis for the twelve-month period ending September 30, 2007 was 19.5% (23.9% for the twelve-month period ending September 30, 2006).
- Ratio of net borrowings to shareholders equity including minority interest leverage increased to 0.26 from 0.16 at the end of 2006.

Operational highlights and trading environment

Third quarter 2006	Second quarter 2007	Third quarter 2007	% Ch. 3 Q. 07 vs 3 Q. 06			Nine months 2006	Nine months 2007	% Ch.
				Key statistic				
1,709	**1,736**	**1,659**	**(2.9)**	**Production of hydrocarbons**	(kboe/d)	**1,761**	**1,710**	**(2.9)**
1,041	1,026	975	(6.3)	Liquids	(kbbl/d)	1,080	1,010	(6.5)
3,834	4,082	3,927	2.4	Natural gas	(mmcf/d)	3,911	4,017	2.7
18.90	**20.43**	**19.74**	**4.4**	**Worldwide gas sales**	(bcm)	**70.55**	**68.31**	**(3.2)**

0.81	*0.87*	*0.67*	*(17.3)*	*of which: upstream sales*		*3.01*	*2.61*	*(13.3)*
7.85	**8.86**	**8.67**	**10.4**	**Electricity sold**	(TWh)	**23.24**	**24.91**	**7.2**
3.27	**3.18**	**3.30**	**0.9**	**Retail sales of refined products in Europe**	(mmtonnes)	**9.35**	**9.37**	**0.2**

(1) 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.

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Third quarter of 2007

- Oil and natural gas production for the third quarter averaged 1.659 mmboe/d, a decrease of 2.9% compared with the third quarter of 2006 mainly due to disruptions in Nigeria owing to continuing social unrest, unplanned facility shutdowns and technical issues particularly in the North Sea, also as a result of an accident that occurred to the CATS pipeline in the United Kingdom, as well as mature field declines. Partially offsetting these effects was the benefit of the acquired assets in the Gulf of Mexico and in Congo as well as the organic growth achieved in Libya and Kazakhstan.
- Eni s worldwide natural gas sales were 19.74 bcm, up 4.4%, driven by higher sales volumes achieved in international markets, particularly in Spain, Germany/Austria and France, and in LNG sales in both the Asian and North American markets.
- The trading environment was unfavorable, despite the fact that higher Brent crude prices were recorded averaging $74.87 per barrel, up 7.7% compared to the third quarter 2006. The benefit of higher oil prices was more than offset by the appreciation of the euro over the dollar (up 7.9%). Also, realized refining margins decreased significantly due to the worsening of the ratio between prices of main distillates and Brent quotations (the margin on Brent was down 5.4%) in addition to the narrowing of price differentials between light and heavy crude qualities that penalized Eni s complex throughputs by reducing the competitive advantage to process low-cost feedstock. Gas selling margins decreased due to an unfavorable trading environment reflecting indexation mechanisms of purchase/selling prices.

First nine months of 2007

- Oil and natural gas production for the first nine months averaged 1.71 mmboe/d, a decrease of 2.9% compared with the first nine months of 2006. Production performance was impacted by events in Nigeria, unplanned shutdowns, and mature field declines. The first nine months production was also affected by the loss of production at the Venezuelan Dación oilfield as a consequence of the unilateral cancellation of the service agreement for the field exploitation by the Venezuelan State Oil Company PDVSA which took effect on April 1, 2006. Partially offsetting these effects was the benefit of the acquired assets in the Gulf of Mexico and in Congo as well as the organic growth achieved in Libya and Kazakhstan.
- Eni s worldwide natural gas sales were down 3.2% to 68.31 bcm due to lower European gas demand in the first quarter from the unusually mild winter weather.
- Overall the trading environment was unfavorable due to the appreciation of the euro over the dollar (up 8.0%), lower realized refining margins, in particular on complex throughputs, and lower gas selling margins due to adverse trends in energy parameters to which purchase and selling prices are indexed. In the first nine months a slight increase in oil prices (up 0.3%) was recorded with Brent crude prices averaging $67.13 per barrel; when converted to euros, crude oil prices recorded a 7.2% drop.

Strategic agreement with the Libyan National Oil Company

As part of Eni s strategic partnership with the Libyan National Oil Company, on October 16, 2007, both parties signed a major industrial agreement aimed at:

- Extending the duration of Eni s mineral rights in Libya by a 25-year term, with the possibility of a further five-year extension for oil properties till 2042 and a ten-year extension for gas properties till 2047. This will enable Eni to develop its long-life producing fields over a longer time frame by applying its advanced techniques for maximizing the recoverability of hydrocarbons;
- Monetizing additional and substantial gas reserves by expanding Libya s gas export capacity by 8 bcm/y. The planned expansion will be achieved through the upgrading of the GreenStream export line by 3 bcm/y, which will increase export capacity to Italy, and through the construction of a new LNG plant of 5 bcm/y for worldwide markets; and
- Overhauling the exploration activities in areas where Eni is already present.

The two partners estimated that the planned initiatives will involve expenditures of approximately $28 billion over 10 years. This deal further strengthens Eni s competitive position in Libya, reaffirming its leadership among the international oil companies engaged in this Country.

Status of the Kashagan Project

- In late June 2007 Agip KCO, as operator of the Kashagan oilfield (18.52 per cent stake), located offshore in the Caspian Sea in Kazakhstan, filed certain revisions to the sanctioned development plan of the field with the Kazakh Authorities. These revisions confirmed, among other things, a rescheduling of the production start-up to 2010. The Kazakh Authorities rejected the proposed revisions to the sanctioned development plan. In August 2007, the Government of the Kazakh Republic sent the companies forming the North Caspian Sea Production Sharing Agreement (NCSPSA) consortium a notice of dispute alleging failure on the part of the consortium to fulfill certain contractual obligations and violation of the Republic s laws. All parties are in discussions aimed at resolving the dispute on amicable terms and have agreed that these discussions will continue beyond the October 22, 2007 contractual deadline.

Galp Energia plans to exercise its call option on downstream oil activities in Spain and Portugal

Galp Energia, in accordance with the agreements signed in December 2005 between majority shareholders (Eni 33.34%, Amorim Energia and Caixa General de Depositos), announced the intention to exercise its call option for the acquisition of Eni s Agip branded oil products marketing activities. The option excludes the lubricants business in Spain and Portugal, both in the retail and wholesale markets. Eni s retail activity in the Iberian region includes more than 350 service stations. The transaction is subject to approval from antitrust authorities.

Other initiatives

- On October 19, 2007 Saipem acquired almost the total interest in Frigstad Discoverer Invest Ltd listed on the Norwegian Stock Exchange. This company is engaged in ultra-deep offshore drilling activities by means of an ongoing project for the construction of the semi-submersible rig D90 and is listed on the Norwegian stock exchange. This vessel is expected to be able to drill wells in water depths of up to 3,600 meters. Operations are expected to begin by late 2009 and the transaction will include approximately euro 520 million of capital expenditure. This will include the purchase of Frigstad Discoverer Invest Ltd, as well as other capital expenditure necessary to complete the vessel.
- Eni was awarded 26 new exploration licenses in the Gulf of Mexico following an international bid procedure. The acquired acreage is estimated to have significant mineral potential and is located nearby other Eni s production facilities. The transaction is subject to approval from antitrust authorities.
- Eni and Sonatrach signed an agreement to extend the terms of the development and production license for oil fields of Block 403 (Eni 50%) in Algeria. In 2006 production from this block represented approximately 13% of Eni s total production in the Country.

Outlook

Key Eni s business trends for the year 2007 are as follows:

- **Production of liquids and natural gas** is forecast to be in line with the previous year (actual oil and gas production averaged 1.77 mmboe/d in 2006) under the assumption of full-year Brent crude oil prices at $55 per barrel. Production decline caused by continuing social unrest in Nigeria, the loss of the Dación oilfield in Venezuela, unplanned facility shutdowns and mature field declines is expected to be offset by the contribution from assets acquired in the Gulf of Mexico and Congo as well as by organic growth expected in Libya and Kazakhstan.
- **Sales volumes of natural gas worldwide** are expected to increase by a small amount from the previous year (actual sales volumes in 2006 were 97.48 bcm) assuming normal weather conditions for the final part of the current year. Growth is expected to be achieved in European target markets both in terms of market share and volume gains, mainly in Spain, Turkey, France and Germany/Austria and in LNG sales on both the Asian and North American markets. These increases are expected to be offset by: (i) lower sales volumes forecast in Italy as a result of a mild winter in the initial part of the current year and competitive pressures, partly offset by increases in natural gas sales to the residential and power generation sectors in the fourth quarter due to ongoing marketing

initiatives; (ii) lower natural gas offtakes on part of importers in Italy due to sluggish growth in domestic consumption.

- **Sales volumes of electricity** are expected to increase by approximately 4.5% from 2006 (actual volumes in 2006 were 31.03 TWh), due to an expected increase in traded volumes.

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- **Refining throughputs** are forecast to marginally decrease from 2006 (actual throughputs in 2006 were 38.04 mmtonnes), reflecting expiration of a processing contract at the Priolo refinery at the end of 2006. Excluding this reduction, throughputs are expected to increase, reflecting better volume performance at the Livorno, Gela and Sannazzaro refineries. Higher throughputs are also expected outside Italy as a result of the acquisition of a further 16.11% stake in Ceska Rafinerska in the Czech Republic which took effect on September 1, 2007.
- **Retail sales of refined products** are expected to marginally increase from 2006 (actual volumes sold in 2006 were 12.48 mmtonnes), driven by increased sales in Europe as a result of the acquisition of a number of service station networks in target markets in Central-Eastern Europe (approximately 100 outlets) which took effect on October 1, 2007, in addition to other upgrades. As a result of marketing initiatives in the Italian market sales are expected to remain unchanged despite a decline in domestic consumption.

Eni s expenditures on capital and exploration projects in 2007 are expected to amount to approximately euro 10.5 billion, including expenditures for developing acquired upstream assets, representing a 35% increase on 2006. Approximately 86% of this capital expenditure programme is expected to be deployed in the Exploration & Production, Gas & Power and Refining & Marketing divisions. Furthermore, acquisitions of assets and interests amounting to euro 9.2 billion are forecast for 2007, of which euro 3.73 billion relate to the acquisition of ex-Yukos assets; euro 4.5 billion relate to the purchase of proved and unproved oil and gas properties in the Gulf of Mexico and onshore Congo, and euro 0.4 billion relate to the purchase of refining and marketing assets in the Central-Eastern Europe. If Gazprom exercises its call options to purchase a 20% interest in OAO Gazprom Neft held by Eni and a 51% interest in the three Russian gas companies held according to a 60% interest by Eni, net cash outflows used in investing activities will decrease to euro 16.5 billion. On the basis of expected cash outflows for planned capital expenditures, acquisitions, and shareholders remuneration, while assuming a $55/barrel scenario for the Brent crude oil, Eni foresees its leverage to settle in the low or high end of the 0.3 to 0.4 range by the end of the year, depending on the exercising of the above mentioned call options by Gazprom.

Eni s Chief Financial Officer, Marco Mangiagalli in his position as manager responsible for the preparation of financial reports, certifies pursuant to Article 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.

Disclaimer
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 nine months cannot be extrapolated on an annual basis.

Cautionary statement
This press release, in particular the statements under the section Outlook , contains certain forward-looking statements particularly those regarding capital expenditure, 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 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.

* * *

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This press release and Eni s Report on Group Results for the third quarter of 2007 (unaudited) are also available on the Eni web site: ***www.eni.it.***

About Eni
Eni is one of the leading integrated energy companies in the world operating in the oil and gas, power generation, petrochemicals, engineering and construction industries. Eni is present in 70 countries and is Italy s largest company by market capitalization.

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Summary result for the third quarter and first nine months of 2007

(million euro)

Third quarter 2006	Second quarter 2007	Third quarter 2007	% Ch. 3 Q. 07 vs 3 Q. 06		Nine months 2006	Nine months 2007	% Ch.
20,366	**19,775**	**20,190**	**(0.9)**	**Net sales from operations**	**64,689**	**61,878**	**(4.3)**
4,828	**4,218**	**4,379**	**(9.3)**	**Operating profit**	**15,370**	**13,702**	**(10.9)**
82	(262)	(238)		Exclusion of inventory holding (gains) losses	(253)	(345)	
217	240	104		Exclusion of special items	597	337	
				of which:			
57	*56*			*non recurring items*	*57*	*56*	
160	*184*	*104*		*other special items*	*540*	*281*	
5,127	**4,196**	**4,245**	**(17.2)**	**Adjusted operating profit**	**15,714**	**13,694**	**(12.9)**
2,422	**2,267**	**2,146**	**(11.4)**	**Net profit pertaining to Eni**	**7,697**	**7,001**	**(9.0)**
30	(207)	(165)		Exclusion of inventory holding (gains) losses	(180)	(275)	
168	160	(89)		Exclusion of special items	540	66	
				of which:			
40	*81*			*non recurring items*	*40*	*81*	
128	*79*	*(89)*		*other special items*	*500*	*(15)*	
2,620	**2,220**	**1,892**	**(27.8)**	**Adjusted net profit pertaining to Eni**	**8,057**	**6,792**	**(15.7)**
90	156	154	71.1	Adjusted net profit of minorities	428	465	8.6
2,710	**2,376**	**2,046**	**(24.5)**	**Adjusted net profit**	**8,485**	**7,257**	**(14.5)**
				Breakdown by division [(a)]			
1,956	1,647	1,372	(29.9)	Exploration & Production	5,975	4,428	(25.9)
472	418	465	(1.5)	Gas & Power	1,989	2,042	2.7
257	137	95	(63.0)	Refining & Marketing	514	345	(32.9)
4	51	18	350.0	Petrochemicals	33	148	348.5
117	159	174	48.7	Engineering & Construction	269	478	77.7
(94)	(70)	(43)	54.3	Other activities	(216)	(163)	24.5
(14)	115	(70)	..	Corporate and financial companies	(3)	(41)	..
12	(81)	35		Effect of unrealized profit in inventory [(b)]	(76)	20	
				Net profit			
0.66	0.62	0.59	(10.6)	per ordinary share (euro)	2.08	1.91	(8.2)
1.68	1.67	1.62	(3.6)	per ADR ($)	5.18	5.13	(1.0)
				Adjusted net profit			
0.71	0.60	0.52	(26.8)	per ordinary share (euro)	2.17	1.85	(14.7)
1.81	1.62	1.43	(21.0)	per ADR ($)	5.40	4.97	(8.0)
3,688.1	3,673.2	3,667.6	(0.6)	Weighted average number of outstanding shares (million) [(c)]	3,706.8	3,672.7	(0.9)
4,555	4,120	3,366	(26.1)	Net cash provided by operating activities	15,223	13,049	(14.3)
1,835	2,244	2,679	46.0	Capital expenditures	4,889	6,936	41.9

(a) For a detailed explanation of adjusted net profit by division see page 20.
(b) Unrealized profit in inventory concerned intragroup sales of goods and services recorded at period end in the equity of the purchasing business segment.
(c) Fully diluted.

Trading environment indicators

Third quarter 2006	Second quarter 2007	Third quarter 2007	% Ch. 3 Q. 07 vs 3 Q. 06		Nine months 2006	Nine months 2007	% Ch.
69.49	68.76	74.87	7.7	Average price of Brent dated crude oil [(a)]	66.96	67.13	0.3
1.274	1.348	1.375	7.9	Average EUR/USD exchange rate [(b)]	1.244	1.344	8.0
54.55	51.01	54.45	(0.2)	Average price in euro of Brent dated crude oil	53.82	49.95	(7.2)
4.27	6.90	4.04	(5.4)	Average European refining margin [(c)]	4.33	4.67	7.9
3.35	5.12	2.94	(12.2)	Average European refining margin in euro	3.48	3.47	(0.3)
3.2	4.1	4.5	40.6	Euribor - three-month rate (%)	2.9	4.1	41.4
5.4	5.6	5.8	7.4	Libor - three-month dollar rate (%)	5.1	5.5	7.8

(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.

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Third quarter of 2007

Group results

Eni s net profit for the third quarter of 2007 was euro 2,146 million, down euro 276 million from the third quarter of 2006, or 11.4%, due mainly to a weaker operating performance which was down by euro 449 million, or 9.3%, as a result of a decline in the Exploration & Production and Refining & Marketing divisions. This reduction in operating profit was offset in part by a euro 190 million decrease in income taxes reflecting lower profit before taxes and a 1.4 percentage points decline in the Group tax rate (from 50.4 to 49%) among other things as a result of a lower share of profit generated by the Exploration & Production division.

Eni s adjusted net profit amounted to euro 1,892 million, down 27.8% from the third quarter 2006. Adjusted net profit is arrived at by excluding an inventory holding gain of euro 165 million and special gains of euro 89 million net, resulting in a downward adjustment to reported net profit (down euro 254 million). Special gains related to the divestment of interests in certain affiliates in the Engineering & Construction division, which were partly offset by environmental charges and provisions for redundancy incentives.

Results by division

The decline in the Group adjusted net profit was a result of:

- The reduction of adjusted net profit reported by the **Exploration & Production** division (down euro 584 million, or 29.9%) due to a weaker operating performance (down euro 786 million, or 19.2%), which was adversely impacted by the appreciation of the euro over the dollar (7.9%), a decline in production sold (down 5.6 mmboe) and rising operating costs and amortization charges in connection with higher exploratory activity. Net profit was also impacted by a 6.6 percentage point increase in tax-rate on an adjusted basis.
- The reduction of adjusted net profit reported by the **Refining & Marketing** division (down euro 162 million, or 63%) due to a weaker operating performance of the refining activity in the wake of a negative trading environment which particularly affected results from complex throughputs and the appreciation of the euro over the dollar.

These declines in the adjusted net profit were partly offset by higher adjusted net profit in the **Engineering & Construction** division (up euro 57 million; up 48.7%), due to an improved operating performance (up euro 66 million) relating to favorable demand trends in oilfield services.

First nine months of 2007

Group results

Eni s net profit for the first nine months of 2007 was euro 7,001 million, down euro 696 million from the first nine months of 2006, or 9%, due primarily to a lower operating performance (down euro 1,668 million, or 10.9%) as a result of a decline in the Exploration & Production and Refining & Marketing divisions, partially offset by the positive performance delivered by the Engineering & Construction, the Petrochemicals and the Gas & Power divisions. This reduction in operating profit was offset in part by lower income taxes (down by euro 1,064 million) owing to lower profit before taxes and a 1.9 percentage points decline in the Group tax rate (from 49.9 to 48.0%).

Eni s adjusted net profit amounted to euro 6,792 million, down 15.7% from the first nine months of 2006. Adjusted net profit is arrived at by excluding an inventory holding gain of euro 275 million and special charges of euro 66 million net, resulting in a downward adjustment to reported net profit (down euro 209 million).

Return on Average Capital Employed (ROACE) calculated on an adjusted basis for the twelve-month period ending September 30, 2007 was 19.5% (23.9% for the twelve-month period ending September 30, 2006). If Gazprom exercises its call options to purchase a 20% interest in OAO Gazprom Neft held by Eni and a 51% interest in the three

Russian gas companies held according to a 60:40 interest by Eni and Enel as of September 30, 2007, the Group ROACE would stand at 20.1%.

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Results by division
The decline in the Group adjusted net profit resulted from the reduction of adjusted net profit recorded in the:

- **Exploration & Production** division (down euro 1,547 million, or 25.9%), due to a weaker operating performance (down euro 2,644 million, or 21%) which was adversely impacted by the appreciation of the euro over the dollar (8.0%), a decline in production sold (down 17.8 mmboe), higher operating costs and amortization charges. Performance in this segment was also negatively affected by the 3.3 percentage points increase in the adjusted tax rate.
- **Refining & Marketing** division (down euro 169 million, or 32.9%), due to weaker realized refining margins particularly on complex throughputs and the appreciation of the euro over the dollar.

These declines in the adjusted net profit were partly offset by a higher adjusted net profit reported in the:

- **Engineering & Construction** division (up euro 209 million, or 77.7%), reflecting an improved operating performance (up euro 234 million) against the backdrop of favorable demand trends in oilfield services.
- **Petrochemicals** division (up euro 115 million, or 348.5%), due to an improved operating performance (up euro 154 million), reflecting a recovery in product selling margins and a weaker 2006 operating performance resulting from the impact of the shutdown of the Priolo cracker and related downstream plants as a result of an accident at the nearby refinery.
- **Gas & Power** division (up euro 53 million, or 2.7%), due to a better operating performance (up euro 170 million, or 6.5%) reflecting the positive developments in the regulatory framework in Italy and because higher purchase charges were incurred in the first quarter of 2006 due to the climatic emergency in the 2005-2006 winter. These positive factors were offset in part by the impact of unusually mild weather conditions in the first quarter affecting natural gas sales of consolidated subsidiaries (down 2.16 bcm, or 3.5%). Divisional results were also negatively impacted by weaker selling margins on gas due to an unfavorable trading environment.

Net borrowings and cash flow
Net borrowings as of September 30, 2007 amounted to euro 11,430 million, increasing by euro 4,663 million from December 31, 2006. Net cash provided by operating activities totalled euro 13,049 million in addition to euro 631 million related to cash from divestments. The main cash outflows related to: (i) expenditures on capital and exploration projects totalling euro 6,936 million; (ii) the purchase of oil and gas assets in the Gulf of Mexico and in Congo and in downstream oil (approximately euro 4.7 billion); (iii) the purchase of a 20% interests in OAO Gazprom Neft and 60% interests in three Russian companies engaged in developing natural gas following the finalization of a bid procedure for ex-Yukos assets (euro 3,729 million); (iv) dividend payments (euro 2,582 million, of which euro 2,384 million is the balance of the 2006 dividend by the parent company Eni SpA); (v) the repurchase of own shares for euro 486 million.

Net borrowings as of September 30, 2007 increased by euro 2,308 million from June 30, 2007. The main cash outflows related to: (i) the purchase of oil and gas assets in the Gulf of Mexico (euro 3.5 billion) and downstream oil assets (euro 0.2 billion); (ii) expenditures for the third quarter on capital and exploration projects totalling euro 2,679 million; (iii) the repurchase of own shares for euro 147 million. These outflows were partly offset by net cash provided by operating activities of euro 3,366 million in the third quarter and by cash from divestments for euro 455 million.

Leverage, the ratio of net borrowings to shareholders equity including minority interest increased to 0.26 from 0.16 at December 31, 2006.

Repurchase of own shares
From January 1 to September 30, 2007, a total of 19.62 million own shares were purchased by the company for a total amount of euro 486 million (representing an average cost of euro 24.772 per share). Since the inception of the share buy-back programme (September 1, 2000), Eni has repurchased 355 million shares, equal to 8.85% of outstanding

capital stock, at a total cost of euro 5,998 million (representing an average cost of euro 16.915 per share).

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Expenditure on capital and exploratory projects

Expenditure on capital and exploratory projects in the first nine months of 2007 amounted to euro 6,936 million (euro 4,889 million in the first nine months of 2006) and related mainly to:

- Development activities (euro 3,223 million) deployed predominantly in Kazakhstan, Egypt, Angola, Italy, and Congo and exploration projects (euro 1,197 million) of which 93% was spent outside Italy, primarily in the Gulf of Mexico, Egypt, Norway, Nigeria, and Brazil. In Italy exploration activity related primarily to projects off the coast of Sicily.
- Development and upgrading of Eni s natural gas transport and distribution networks in Italy (euro 560 million) as well as upgrading of natural gas import pipelines to Italy (euro 176 million).
- Ongoing construction of combined cycle power plants (euro 123 million).
- Projects aimed at upgrading Eni s refineries, also improving the flexibility and yields of refineries, including the construction of a new hydrocracking unit at the Sannazzaro refinery (euro 392 million), building of new service stations and upgrading of existing ones (euro 138 million).
- Upgrading of the fleet used in the Engineering & Construction division (euro 821 million).

Other information

The Board of Directors resolved that Praoil SpA (Eni SpA 100%) is to be merged into Eni SpA according to the scheme approved by the same Board on September 20, 2007.

Financial and operating information by division for the third quarter and first nine months of 2007 is provided in the following pages.

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Exploration & Production

Third quarter 2006	Second quarter 2007	Third quarter 2007	% Ch. 3 Q. 07 vs 3 Q. 06			Nine months 2006	Nine months 2007	% Ch.
				Results	(million euro)			
6,562	**6,468**	**6,411**	**(2.3)**	**Net sales from operations**		**21,021**	**19,240**	**(8.5)**
4,041	**3,418**	**3,309**	**(18.1)**	**Operating profit**		**12,439**	**9,859**	**(20.7)**
54	65			Exclusion of special items		129	65	
				of which:				
	(12)			Non-recurring items			(12)	
54	77			Other special items:		129	77	
48	*76*			*- asset impairments*		*180*	*76*	
3				*- gains on disposal of assets*		*(54)*		
3	*1*			*- provision for redundancy incentives*		*3*	*1*	
4,095	**3,483**	**3,309**	**(19.2)**	**Adjusted operating profit**		**12,568**	**9,924**	**(21.0)**
(11)	31	26		Net financial income (expense) [(a)]		(37)	22	
37	90	23		Net income from investments [(a)]		103	123	
(2,165)	(1,957)	(1,986)		Income taxes [(a)]		(6,659)	(5,641)	
52.5	*54.3*	*59.1*		*Tax rate*	(%)	*52.7*	*56.0*	
1,956	1,647	1,372	(29.9)	Adjusted net profit		5,975	4,428	(25.9)
				Results also include:				
1,106	1,307	1,377	24.5	- amortizations and depreciations		3,358	3,924	16.9
				of which:				
189	*302*	*389*	*105.8*	*- amortizations of exploratory drilling expenditures and other*		*505*	*1,004*	*98.8*
66	*100*	*115*	*74.2*	*- amortizations of geological and geophysical exploration expenses*		*151*	*277*	*83.4*
1,152	**1,471**	**1,725**	**49.7**	**Capital expenditures**		**3,266**	**4,562**	**39.7**
263	*375*	*449*	*70.7*	*of which: exploratory expenditures* [(b)]		*642*	*1,197*	*86.4*
				Production [(c) (d)]				
1,041	1,026	975	(6.3)	Liquids [(e)]	(kbbl/d)	1,080	1,010	(6.5)
3,834	4,082	3,927	2.4	Natural gas	(mmcf/d)	3,911	4,017	2.7
1,709	**1,736**	**1,659**	**(2.9)**	**Total hydrocarbons**	(kboe/d)	**1,761**	**1,710**	**(2.9)**
				Average realizations				
65.20	64.58	70.95	8.8	Liquids [(e)]	($/bbl)	61.81	63.11	2.1
5.44	5.06	5.14	(5.5)	Natural gas	($/mmcf)	5.27	5.16	(2.1)
52.21	**50.82**	**54.38**	**4.2**	**Total hydrocarbons**	($/boe)	**50.00**	**50.02**	**0.0**
				Average oil market prices				
69.49	68.76	74.87	7.7	Brent dated	($/bbl)	66.96	67.13	0.3
54.55	51.01	54.45	(0.2)	Brent dated	(euro/bbl)	53.82	49.95	(7.2)
70.38	64.89	75.48	7.2	West Texas Intermediate	($/bbl)	68.02	66.12	(2.8
214.36	265.92	217.89	1.6	Gas Henry Hub	($/kcm)	239.08	246.15	3.0

(a) Excluding special items.
(b) Includes exploration bonuses.
(c) Supplementary operating data is provided on page 32.
(d) Includes Eni's share of production of equity-accounted entities.
(e) Includes condensates.

Adjusted operating profit for the third quarter of 2007 was euro 3,309 million, a decrease of euro 786 million from the third quarter of 2006, or 19.2%, due primarily to:

- The adverse impact of the appreciation of the euro versus the dollar (approximately euro 290 million).
- Lower production sold (down 5.6 mmboe).
- Higher expenses incurred in connection with exploration activities (euro 249 million; euro 283 million on a constant exchange rate basis).
- Rising operating costs and amortization/depreciation charges reflecting the impact of sector specific inflation.

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Oil and gas realizations in dollars increased by 4.2% due to higher liquid realizations as compared to the marker Brent which benefited from narrowing differentials between heavy and light crude recorded in the third quarter, partly offset by lower gas realizations, related to the time lags in indexation mechanisms.

Adjusted net profit was euro 1,372 million, down euro 584 million, or 29.9% from the third quarter of 2006, primarily due to a weaker operating performance and an increase in tax rate from 52.5% to 59.1%, due to a higher share of profit before income taxes generated in countries with higher marginal tax rates.

Adjusted operating profit recorded for the first nine months of 2007 amounted to euro 9,924 million, down euro 2,644 million or 21% from first nine months of 2006, due mainly to:

- The adverse impact of the appreciation of the euro over the dollar (approximately euro 870 million).
- A decline in production sold (down 17.8 mmboe).
- Higher exploration expenses (euro 625 million, euro 709 million at constant exchange rates).
- Rising operating costs and amortization and depreciation charges

Adjusted net profit of euro 4,428 million declined by euro 1,547 million, down 25.9% from first nine months of 2006 due to a weaker operating performance and an increase in the adjusted tax rate (from 52.7% to 56%) due to a change in the fiscal regime of Algeria enacted in the second half of 2006.

Special charges excluded by the adjusted operating profit of euro 65 million for the first nine months 2007 primarily related to the depreciation of mineral assets.

Oil and natural gas production in the third quarter of 2007 averaged 1,659 kboe/d, a decrease of 50 kboe/d compared to the same period last year (down 2.9%). This reduction was due primarily to the negative impact of disruptions resulting from continuing social unrest in Nigeria (down 25 kboe/d), unplanned downtime and technical issues in the North Sea, particularly the accident that occurred to the CATS pipeline in the United Kingdom, as well as mature fields declines in Italy and the United Kingdom. Increased oil prices reduced volume entitlements (down 11 kboe/d) for the recovery of expenditures and operating costs in Eni s Production Sharing Agreements and buy-back contracts. These negative effects were offset in part by the contribution of recently acquired properties in the Gulf of Mexico and Congo (up 77 kboe/d) and organic growth achieved in Kazakhstan and Libya. 88% of oil and natural gas was produced outside Italy (86% in the third quarter of 2006).

Daily production of oil and condensates (975 kbbl/d) decreased by 66 kbbl/d, or 6.3% from the third quarter 2006. Production decreases were reported mainly in: (i) Nigeria and the North Sea due to the above mentioned causes; (ii) mature field declines in particular in Italy and the United Kingdom. Main increases were registered in: (i) the Gulf of Mexico and Congo due to the contribution of purchased assets; (ii) Kazakhstan due to a better performance of the Karachaganak field and the maintenance activities that were performed in 2006.

Daily production of natural gas for the third quarter (3,927 mmcf/d) increased by 93 mmcf/d, or 2.4% mainly in the Gulf of Mexico and Libya, as a result of the development of the Western Libyan Gas Project, in Egypt, in Kazakhstan and in Norway. Gas production decreased due to mature field declines in Italy and as a result of technical issues in the United Kingdom.

Oil and natural gas production for the first nine months of 2007 averaged 1,710 kboe/d, a decrease of 51 kboe/d compared to the same period last year (down 2.9%). This was due to disruptions in Nigeria relating to social unrest (down 27 kboe/d), unplanned downtime and technical issues in the North Sea and mature field declines, in particular in Italy and the United Kingdom. As compared to the same period in 2006, production performance for the period was impacted also by the loss of production at the Venezuelan Dación oilfield (down 20 kbbl/d) as a consequence of the unilateral cancellation of the service agreement for the field exploitation by the Venezuelan State Oil Company

PDVSA which took effect on April 1, 2006. These negative factors were offset in part by the contribution of recently acquired assets in the Gulf of Mexico and Congo and production increases in Libya and Kazakhstan. Oil and natural gas production share outside Italy was 88% (86% in the first nine months of 2006).

Daily production of oil and condensates (1,010 kbbl/d) decreased by 70 kbbl/d, or 6.5% from the same period in 2006. Production decreases were reported mainly in Nigeria, Venezuela and the North Sea due to the above mentioned causes. The most significant increases were registered in Kazakhstan and the United States.
Daily production of natural gas for first nine months of 2007 (4,017 mmcf/d) increased by 106 mmcf/d, or 2.7% mainly in Libya and the Gulf of Mexico.

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Gas & Power

Third quarter 2006	Second quarter 2007	Third quarter 2007	% Ch. 3 Q. 07 vs 3 Q. 06			Nine months 2006	Nine months 2007	% Ch.
				Results	(million euro)			
5,265	**5,179**	**5,215**	**(0.9)**	**Net sales from operations**		**20,198**	**18,937**	**(6.2)**
592	**465**	**590**	**(0.3)**	**Operating profit**		**2,499**	**2,696**	**7.9**
(6)	68	(28)		Exclusion of inventory holding (gains) losses		(26)	80	
33	(14)	19		Exclusion of special items		140	7	
				of which:				
57	(18)			Non-recurring items		57	(18)	
(24)	4	19		Other special items:		83	25	
				- asset impairments		*51*		
3	*1*	*1*		*- environmental provisions*		*42*	*2*	
5	*3*	*18*		*- provisions for redundancy incentives*		*22*	*23*	
(32)				*- other*		*(32)*		
619	**519**	**581**	**(6.1)**	**Adjusted operating profit**		**2,613**	**2,783**	**6.5**
186	*68*	*131*	*(29.6)*	*Market and Distribution*		*1,230*	*1,376*	*11.9*
230	*268*	*272*	*18.3*	*Transport in Italy*		*801*	*826*	*3.1*
140	*124*	*131*	*(6.4)*	*International transportation*		*435*	*418*	*(3.9)*
63	*59*	*47*	*(25.4)*	*Power generation* [(a)]		*147*	*163*	*10.9*
6	1	4		Net financial income (expense) [(b)]		17	8	
100	103	78		Net income from investments [(b)]		392	296	
(253)	(205)	(198)		Income taxes [(b)]		(1,033)	(1,045)	
34.9	*32.9*	*29.9*		*Tax rate*	(%)	*34.2*	*33.9*	
472	**418**	**465**	**(1.5)**	**Adjusted net profit**		**1,989**	**2,042**	**2.7**
311	**305**	**362**	**16.4**	**Capital expenditures**		**721**	**888**	**23.2**
				Natural gas sales	(bcm)			
16.47	**17.79**	**17.11**	**3.9**	**Sales of consolidated companies**		**61.86**	**59.70**	**(3.5)**
10.89	11.67	11.46	5.2	Italy (includes own consumption)		41.43	39.93	(3.6)
5.31	5.86	5.29	(0.4)	Rest of Europe		19.79	19.05	(3.7)
0.27	0.26	0.36	33.3	Outside Europe		0.64	0.72	12.5
1.62	**1.77**	**1.96**	**21.0**	**Sales of natural gas of Eni s affiliates** (net to Eni)		**5.68**	**6.00**	**5.6**
18.09	**19.56**	**19.07**	**5.4**	**Total sales and own consumption G&P**		**67.54**	**65.70**	**(2.7)**
0.81	0.87	0.67	(17.3)	Upstream in Europe		3.01	2.61	(13.3)
18.90	**20.43**	**19.74**	**4.4**	**Worldwide gas sales**		**70.55**	**68.31**	**(3.2)**
19.02	**18.38**	**16.98**	**(10.7)**	**Gas volumes transported in Italy**	(bcm)	**65.54**	**58.87**	**(10.2)**
12.09	11.16	10.60	(12.3)	Eni		42.12	37.31	(11.4)
6.93	7.22	6.38	(7.9)	On behalf of third parties		23.42	21.56	(7.9)
7.85	**8.86**	**8.67**	**10.4**	**Electricity sold**	(TWh)	**23.24**	**24.91**	**7.2**

(a) Starting on January 1, 2007, results from marketing of electricity have been included in results from market and distribution activities following an internal reorganization. As a consequence of this, electricity generation activity conducted by EniPower subsidiary comprises only results from production of electricity. Prior quarter results have not been restated.

(b) Excluding special items.

Adjusted operating profit for the third quarter of 2007 was euro 581 million, representing a decline of euro 38 million from the third quarter 2006, or 6.1%. This was mainly due to a decline in gas selling margins from an unfavorable trading environment due mainly to different reference periods for the energy parameters to which natural gas purchase and selling prices are contractually indexed. This trend was particularly significant in the thermoelectric segment. In addition, selling margins to wholesalers declined due to the current scheme for the indexation of the raw material component in tariffs.

This negative factor was partly offset by: (i) a growth achieved in sales volumes from consolidated subsidiaries (up 3.9%); and (ii) better operating performance recorded by transport activities in Italy reflecting tariff entitlements against expenditures incurred for upgrading the network (up euro 42 million).

Adjusted net profit for the third quarter of 2007 decreased by euro 7 million to euro 465 million, down 1.5%.

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Adjusted operating profit for the first nine months of 2007 increased by euro 170 million to euro 2,783, up 6.5%, notwithstanding the occurrence of unusually mild winter weather conditions resulting in lower volumes sold of natural gas by consolidated subsidiaries (down 2.16 bcm, or 3.5%). Despite this negative impact, divisional results were driven by:

- The positive impact of favorable developments with Italy s regulatory framework. This reflected the enactment of Resolution No. 79/2007 by the Authority for Electricity and Gas implementing a more favorable indexation mechanism of the raw material cost component in supplies to residential users compared to what was in force in the first half of 2006. Additionally, Eni fulfilled obligations provided by this resolution to renegotiate wholesale contracts based on the same indexation mechanism resulting in the partial reversal of provisions accrued in 2005 and in the first half of 2006 with respect to expected charges for these renegotiations.
- Higher supply costs incurred in the same period of last year caused by a climatic emergency during the 2005-2006 winter.
- Better operating performance recorded by transport activities in Italy.

In the first nine months the impact of the trading environment on gas selling margins yielded a decline in operating results compared to the first nine months of 2006, owing to the unfavorable trends recorded in the third quarter.

Net adjusted profit for the first nine months of 2007 was euro 2,042 million, representing an increase of euro 53 million over the first nine months of 2006, up 2.7%. This reflected higher adjusted operating profit, offset in part by weaker performance in certain affiliates accounted for under the equity method.

NATURAL GAS SALES BY MARKET

(bcm)

Third quarter 2006	Second quarter 2007	Third quarter 2007	% Ch. 3 Q. 07 vs 3 Q. 06		Nine months 2006	Nine months 2007	% Ch.
10.89	**11.69**	**11.46**	**5.2**	**Italy**	**41.44**	**39.96**	**(3.6)**
1.36	2.27	2.01	47.8	Wholesalers	8.09	8.90	10.0
0.31	0.46	0.42	35.5	Gas release	1.44	1.37	(4.9)
2.74	3.00	2.57	(6.2)	Industries	9.83	8.90	(9.5)
4.47	3.88	4.32	(3.4)	Power generation	12.37	12.13	(1.9)
0.51	0.60	0.52	2.0	Residential	5.13	4.17	(18.7)
1.50	1.48	1.62	8.0	Own consumption	4.58	4.49	(2.0)
6.65	**7.19**	**6.72**	**1.1**	**Rest of Europe**	**24.84**	**23.91**	**(3.7)**
2.81	2.26	1.61	(42.7)	Importers in Italy	10.32	7.32	(29.1)
3.84	4.93	5.11	33.1	Target markets	14.52	16.59	14.3
1.41	*1.46*	*1.94*	*37.6*	*- Iberian Peninsula*	*3.88*	*4.86*	*25.3*
0.71	*0.91*	*1.11*	*56.3*	*- Germany - Austria*	*3.22*	*3.39*	*5.3*
0.23	*0.32*	*0.15*	*(34.8)*	*- Hungary*	*2.20*	*1.52*	*(30.9)*
0.57	*0.81*	*0.68*	*19.3*	*- Northern Europe*	*1.84*	*2.25*	*22.3*
0.75	*1.08*	*0.87*	*16.0*	*- Turkey*	*2.48*	*3.33*	*34.3*
0.13	*0.34*	*0.28*	*115.4*	*- France*	*0.70*	*1.05*	*50.0*
0.04	*0.01*	*0.08*	*100.0*	*- other*	*0.20*	*0.19*	*(5.0)*
0.55	**0.68**	**0.89**	**61.8**	**Outside Europe**	**1.26**	**1.83**	**45.2**
0.81	0.87	0.67	(17.3)	Upstream in Europe	3.01	2.61	(13.3)
18.90	**20.43**	**19.74**	**4.4**	**Worldwide gas sales**	**70.55**	**68.31**	**(3.2)**

In the third quarter of 2007, natural gas sales of 19.74 bcm, including own consumption, sales by affiliates and upstream sales in Europe grew by 0.84 bcm from the third quarter of 2006, up 4.4%. Main increases in sales were recorded in:

- Italy, where volumes grew by 0.57 bcm (5.2%) driven by higher supplies to wholesalers (up 0.65 bcm) in view of optimizing equity production of the Libyan gas, also entailing lower supplies to Italian importers.
  This increase was partially offset by lower supplies to industrial clients (down 0.17 bcm), due to the competitive pressure, and the power generation segment (down 0.15 bcm).

- Target markets in the rest of Europe, where volumes grew by 1.27 bcm, or 33.1%, reflecting the increase in the market share registered particularly in Spain (up 0.53 bcm), Germany/Austria (up 0.40 bcm), and France (up 0.15 bcm) and Turkey (up 0.12 bcm).
- Markets outside Europe (up 0.34 bcm, or 61,8%) reflecting an increase in LNG sales to the Asiatic and Northern American markets.

These increases were offset in part by lower supplies to Italian importers (down 1.20 bcm) essentially due to lower supplies of Libyan gas and the expiration of a supply contract with Promgas. Also, volumes produced in the North Sea declined by 0.14 bcm.

In the first nine months of 2007, natural gas sales of 68.31 bcm, including own consumption and sales by affiliates and upstream sales in Europe, declined by 2.24 bcm from the first nine months of 2006, or 3.2%, due to declining demand in Europe resulting from unusually mild winter weather conditions. Main decreases in sales were recorded in:

- Supplies to Italian importers (down 3 bcm).
- Sales in Italy, where volumes declined by 1.48 bcm, or 3.6%, primarily due to lower sales to residential (down 0.96 bcm) and industrial users (down 0.93 bcm), also owing to competitive pressure; supplies to wholesalers increased by 0.81 bcm.

These decreases were offset in part by sales growth achieved in target markets in the rest of Europe (up 2.07 bcm), particularly in Spain (up 0.98 bcm), Turkey (up 0.85 bcm), Northern Europe (up 0.41 bcm) and France (up 0.35 bcm) where market share gains were recorded.
Sales to markets outside Europe grew by 0.57 bcm, or 45.2%, on the back of higher LNG volumes sold on the Asiatic and Northern American markets.

Other performance indicators

(million euro)

Third quarter 2006	Second quarter 2007	Third quarter 2007	% Ch. 3 Q. 07 vs 3 Q. 06		Nine months 2006	Nine months 2007	% Ch.
882	**1,902**	**797**	**(9.6)**	**EBITDA adjusted**	**3,364**	**3,485**	**3.6**
345	1,150	268	(22.3)	Supply & Marketing	1,460	1,606	10.0
193	412	215	11.4	Regulated Business	895	863	(3.6)
250	252	234	(6.4)	International Transportation	766	753	(1.7)
94	88	80	(14.9)	Power Generation	243	263	8.2

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 on a pro forma basis. This performance indicator, which is not a GAAP measure under either IFRSs or U.S. GAAP, includes:

- Adjusted EBITDA of Eni s wholly-owned subsidiaries.
- Eni s share of adjusted EBITDA of Snam Rete Gas (55%), which is fully-consolidated when preparing consolidated financial statements in accordance with IFRSs.
- Eni s share of adjusted EBITDA generated by certain affiliates which are accounted for under the equity method for IFRSs purposes.

Management also evaluates performance in Eni s Gas & Power division on the basis of this measure taking account of the evidence that this division is comparable to European utilities in the gas and power generation sector. This measure is provided with the intent 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.

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Refining & Marketing

Third quarter 2006	Second quarter 2007	Third quarter 2007	% Ch. 3 Q. 07 vs 3 Q. 06		Nine months 2006	Nine months 2007	% Ch.