ENI SPA
Form 6-K
March 03, 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 February 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: February 28, 2009

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Eni sells 100% of Stogit and Italgas to Snam Rete Gas

San Donato Milanese (Milan) February 12, 2009 - Today, Eni s Board of Directors approved the sale of 100% of the equity of Italgas SpA and Stoccaggi Gas Italia SpA (Stogit) to Snam Rete Gas SpA (50.03% owned by Eni) for a consideration of euro 3,070 million and euro 1,650 million, respectively. Total equity consideration is equal to euro 4,720 million which will be financed by Snam Rete Gas through (i) a rights issue for a maximum amount of euro 3.5 billion (Eni has already committed to subscribe its relative share of the rights issue) and (ii) new loans for euro 1.3 billion. The closing is expected to take place by July 2009.

As a consequence of the transaction, Eni will transfer to Snam Rete Gas its gas distribution and storage regulated activities in Italy, creating significant synergies.

The transaction is consistent with the unbundling target set by the Italian regulator and will allow Eni to maximize the value of both Italgas and Stogit. The two companies will benefit from higher visibility and achieve increased synergies as a part of Snam Rete Gas.

The transaction will create the leading Italian player and one of the major European operators in the regulated business, with a total RAB (Regulated Asset Base) of approximately euro 20 billion. Furthermore, the company will manage gas transport and distribution networks of 31,000 km and 58,000 km respectively and have a storage capacity of 14 bcm, including 5 bcm of strategic reserves.

Italgas, 100% owned by Eni, is a leading player in the Italian gas distribution sector. The company is a direct vendor of distribution services in approximately 1,300 municipalities. Together with its subsidiaries, the company provides distribution services to approximately 1,600 municipalities including Rome, Turin, Naples, Florence and Venice and transports 9 bcm of gas through a distribution pipeline of over 58,000 km, managing a total of 7 million installed gas meters.

Stogit, 100% owned by Eni, is a leading European operator providing natural gas storage and modulation services through an integrated system managed by a single operative dispatching center comprising 8 reservoirs, 280 wells, gas treatment and compression plants.

Eni has been assisted by financial advisors, Rothschild and Banca IMI, who provided Eni with an opinion on the fairness of the financial terms of the transaction.

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ENI ANNOUNCES PRELIMINARY RESULTS FOR THE FOURTH QUARTER AND FULL YEAR 2008

Dividend proposal for the full year: euro 1.30 per share (includes an interim dividend of euro 0.65 per share paid in September 2008).
Adjusted net profit: euro 10.20 billion for the full year (up 7.7%); euro 1.94 billion for the fourth quarter (down 27.4%).
Reported net profit: euro 8.83 billion for the full year (down 11.8%); down euro 874 million for the fourth quarter due to fixed asset impairments and inventory write-downs.
Cash flow: euro 21.8 billion for the full year (up 40.5%); euro 6.11 billion for the fourth quarter (up 148%).
Oil and natural gas production: up 3.5% for the full year; up 2.1% for the fourth quarter.
Year-end proved reserves[1] amounted to 6.6 bboe with a reference Brent price of $36.55 per barrel. All sources reserve replacement ratio was 135%.
Natural gas sales: up 5.3% for the full year; up 4.2% for the fourth quarter.

San Donato Milanese, February 13, 2009 - Yesterday evening, Eni s Board of Directors took notice of the Group preliminary results for the fourth quarter and the full year 2008 (unaudited).

Paolo Scaroni, Chief Executive Officer, commented:
"2008 has been an excellent year for Eni both financially and operationally. In E&P we have grown more than our peer group. In G&P we have consolidated our leadership in the European gas market through the acquisition of Distrigaz. Looking forward, Eni will tackle the economic downturn continuing to grow and to provide sector-leading returns to shareholders".

	% Ch.

Fourth Quarter 2007	Third Quarter 2008	Fourth Quarter 2008	% Ch. 4Q. 08 vs 4Q. 07			Full Year 2007	Full Year 2008	
				SUMMARY GROUP RESULTS	(million euro)			
5,166	6,276	464	(91.0)	Operating profit		18,868	18,641	(1.2)
5,292	6,201	4,078	(22.9)	Adjusted operating profit [a]		18,986	21,793	14.8
3,010	**2,941**	**(874)**	**..**	**Net profit** [b]		**10,011**	**8,825**	**(11.8)**
0.82	0.81	(0.24)	..	- per ordinary share [c]	(euro)	2.73	2.43	(11.0)
2.38	2.44	(0.63)	..	- per ADR [c] [d]	($)	7.49	7.15	(4.5)
2,678	**2,890**	**1,943**	**(27.4)**	**Adjusted net profit** [a] [b]		**9,470**	**10,201**	**7.7**
0.73	0.79	0.54	(26.0)	- per ordinary share [c]	(euro)	2.58	2.80	8.5
2.12	2.38	1.42	(33.0)	- per ADR [c] [d]	($)	7.07	8.24	16.5

(a) For a detailed explanation of adjusted operating profit and net profit see page 29.
(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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(1) Includes Eni s share of proved reserves of equity-accounted entities. The year-end amount of proved reserves comprised 30% of proved reserves of the three equity-accounted Russian companies purchased as part of a bid procedure for assets of bankrupt Yukos and participated by Eni with a 60% interest, considering Gazprom exercises a call option to acquire a 51% interest in these companies.

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Financial highlights

Fourth quarter of 2008

- Adjusted operating profit was euro 4.08 billion, down 22.9% from the fourth quarter of 2007. This was due to the weaker operating performance reported by the Exploration & Production and Gas & Power divisions due to falling oil prices and lower natural gas demand. The Refining & Marketing division reverted to a better level of profitability.
- Adjusted net profit was down 27.4% to euro 1.94 billion, mainly as a result of the weaker operating performance.
- Capital expenditures for the quarter were up 28.3% from a year ago to euro 4.69 billion mainly related to continuing development of oil and gas reserves and exploration activities, the upgrading of gas transportation infrastructure and the construction of rigs and offshore vessels in the Engineering & Construction division.
- Financing requirements for the fourth quarter were mainly related to capital expenditures (euro 4.69 billion), the acquisition of the 57.243% majority stake in Distrigaz SA for cash consideration amounting to euro 2.75 billion (euro 1.27 billion net of cash acquired), the purchase of certain assets amounting to euro 0.95 billion, as well as the repurchase of 1.17 million own shares at a cost of euro 21 million. These cash outflows were partially absorbed by net cash generated by operating activities of euro 6.11 billion, including proceeds on advances received from partner Suez following the signing of a number of long-term gas and electricity supply contracts (euro 1.55 billion). Net borrowings(2) in the quarter were euro 18.38 billion, up euro 0.55 billion from the end of September 2008.

Full year 2008

- Adjusted operating profit was euro 21.79 billion, up 14.8% from a year ago, due to a better operating performance reported by the Exploration & Production and Refining & Marketing divisions, and, to a lesser extent, the Engineering & Construction division. These improvements were partly offset by lower operating results reported by the Gas & Power and Petrochemical divisions.
- Adjusted net profit was up 7.7% to euro 10.20 billion, mainly as a result of the stronger operating performance, that was partly offset by a higher tax rate on adjusted basis (from 48.7% to 51.4%).
- Net cash generated by operating activities was a record euro 21.80 billion and coupled with cash from divestments for euro 1.16 billion was used to fund a part of Eni s financing needs associated with expenditures on capital and exploration projects (euro 14.56 billion), payment of dividends by Eni SpA (euro 4.91 billion, of which euro 2.36 billion related to 2008 interim dividend), the purchase of a number of assets, including consolidated subsidiaries, investments and businesses for euro 5.85 billion (euro 4.31 billion net of acquired cash), and the repurchase of 35.9 million own shares at a cost of euro 778 million. Net borrowings at year end amounted to euro 18.38 billion and increased by euro 2.05 billion from December 31, 2007.
- Return on Average Capital Employed (ROACE)(3) calculated on an adjusted basis for the twelve-month period ending December 31, 2008 was 17.6% (19.3% in 2007).
- Ratio of net borrowings to shareholders equity including minority interest leverage(3) was unchanged in comparison with the end of 2007 (0.38).

2008 Dividend

The Board of Directors intends to submit to the Annual Shareholders Meeting the proposal of distributing a cash dividend of euro 1.30 per share(4) (euro 1.30 in 2007). Included in this annual payment is euro 0.65 per share which was distributed as interim dividend in September 2008. The balance of euro 0.65 per share is payable on May 21, 2009 to shareholders on the register on May 18, 2009.

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(2) Information on net borrowings composition is furnished on page 40.

(3) Non-GAAP financial measures disclosed throughout this press release are accompanied by explanatory notes and tables to help investors to gain a full understanding of said measures in line with guidance provided for by CESR Recommendation No. 2005-178b. See pages 40 and 42 for leverage and ROACE, respectively.

(4)

Dividends do not entitle a tax credit and, depending on the receiver, are subject to a withholding tax on distribution or are partially cumulated to the receiver s taxable income.

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Operational highlights and trading environment

Fourth Quarter 2007	Third Quarter 2008	Fourth Quarter 2008	% Ch. 4Q. 08 vs 4Q. 07			Full Year 2007	Full Year 2008	% Ch.
				KEY STATISTICS				
1,815	**1,764**	**1,854**	**2.1**	**Production of hydrocarbons**	(kboe/d)	**1,736**	**1,797**	**3.5**
1,048	1,015	1,079	3.0	- Liquids	(kbbl/d)	1,020	1,026	0.6
4,401	4,302	4,449	0.8	- Natural gas	(mmcf/d)	4,114	4,424	7.8
29.75	**20.17**	**30.99**	**4.2**	**- Worldwide gas sales**	(bcm)	**98.96**	**104,23**	**5.3**
1.88	*1.37*	*1.31*	*(30.3)*	*- of which: E&P sales*		*5.39*	*6.00*	*11.3*
8.28	**7.62**	**6.94**	**(16.2)**	**Electricity sold**	(TWh)	**33.19**	**29.93**	**(9.8)**
3.29	**3.34**	**3.06**	**(7.0)**	**Retail sales of refined products in Europe**	(mmtonnes)	**12.65**	**12.67**	**0.2**

Fourth quarter of 2008

- Oil and natural gas production for the fourth quarter amounted to 1,854 kboe/d, representing an increase of 2.1% compared with the fourth quarter of 2007. This improvement mainly reflected the benefit of acquired assets by Burren in Congo and Turkmenistan early in 2008 (for an overall increase of 32 kboe/d), organic growth achieved in Angola, Congo, Egypt, Pakistan and Venezuela. These positives were partly offset by the ongoing effect of damage to production facilities caused by hurricanes in the Gulf of Mexico in September 2008 (down 28 kboe/d), mature fields decline and production cuts by OPEC (down 9 kboe/d), as well as planned and unplanned facility downtime in the North Sea. Excluding the impact of higher entitlements in PASs, production slightly decreased from the fourth quarter of 2007 (down 0.6%).
- Eni s worldwide natural gas sales for the quarter were up 4.2% to 30.99 bcm, mainly reflecting the acquisition of Distrigaz. This increase was partly offset by the impact of lower European gas demand, mainly in the Italian market where gas sales decreased by 17.7%.
- Oil realizations for the quarter were down 42.9% driven by falling Brent prices (down 38.1% from the fourth quarter of 2007). Natural gas realizations followed the opposite trend mainly due to the impact of time lags in the pricing formulae.
- The fourth quarter results were favorably influenced by the depreciation of the euro against the dollar (down 9.1%), with the only exception being the natural gas marketing business.
- Realized refining margins significantly improved from a year ago due to better relative prices of products (Brent refining margins were 7.72$/bbl, up 89.7% from the fourth quarter 2007). Higher margins were recorded in the marketing activities.

Full year 2008

- Oil and natural gas production for the full year 2008 averaged the record level of 1,797 kboe/d, an increase of 61 kboe/d, or 3.5%, from a year earlier. This performance mainly benefited from the assets acquired in the Gulf of Mexico, Congo and Turkmenistan (up 62 kboe/d), as well as continuing organic growth in Angola, Congo, Egypt, Pakistan and Venezuela. These positives were partially offset by mature field declines as well as planned and unplanned facility downtime in the North Sea and hurricane-related impacts in the Gulf of Mexico (down 11 kboe/d). Higher oil prices resulted in lower volume entitlements in Eni s PSAs and similar contractual schemes, down approximately 37 kboe/d. When excluding the impact of lower entitlements in PSAs, production was up 5.6%.
- Eni s worldwide natural gas sales were 104.23 bcm, up 5.3% driven by an increase in international sales (up 19.9%) mainly reflecting the contribution of the acquisition of Distrigaz and the organic growth recorded in the European markets, as well as higher seasonal sales recorded in the first quarter. These positives were partially offset by a

weaker performance on the Italian gas market (down 5.8%).

- Oil and gas realizations in the year were up 28.1% driven by the favorable trading environment of the first nine months of the year.
- 2008 full year results were negatively influenced by the appreciation of the euro vs. the dollar (up 7.3%).
- Realized refining margins increased from a year ago due to a favorable trading environment (Brent refining margins were up 43.6%, to 6.49$/bbl).

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2008 Portfolio developments

November 2008

- Finalized an agreement with the British company Tullow Oil Ltd to purchase a 52% stake and the operatorship of fields in the Hewett Unit and relevant facilities in the North Sea. Eni plans to upgrade certain depleted fields in the area so as to achieve a gas storage facility.
- Finalized an agreement to acquire all the common shares of First Calgary Petroleum Ltd, a Canadian oil and gas company with exploration and development activities in Algeria. The acquisition values the fully diluted share capital of First Calgary at approximately CAN$923 million. Production start up at First Calgary s fields is expected in 2011 with a projected plateau of approximately 30,000 boe/d net to Eni by 2012.

October 2008

- Following authorization from the European Commission, the acquisition of a 57.243% majority stake in Distrigaz SA from the French company Suez-Tractebel was closed. The deal was for a cash consideration of euro 2.75 billion, implying a value for 100% of the share capital at euro 4.8 billion. On December 30, 2008, Eni was granted authorization from the Belgian market authorities to execute a mandatory tender offer on the minorities of Distrigaz. The deadline of the offer is scheduled for March 19, 2008.
- Signed the agreements with Suez related to the sale of a number of Eni s assets as well as long-term gas and electricity supply contracts. As of end of December 2008 the following agreements have been finalized:(i) the Virtual Power Plant agreement that grants Suez the right to off-take volumes of electricity corresponding to capacity of up to 1,100 MW for a period of 20 years, with proceeds of euro 1.21 billion; (ii) gas supply contracts up to 4 bcm per year to be delivered in Italy for a period of 20 years and an option to purchase up to 2.5 bcm per year to be delivered in Germany for a period of 11 years, with proceeds amounting to euro 255 million; (iii) supply contracts for 0.9 bcm per year of LNG for a period of 20 years at a price of euro 87 million.
- Completed the divestment of the entire share capital of the subsidiary Agip España to Galp Energia SGPS SA, following exercise of a call option in October 2007, pursuant to agreements among Galp s shareholders. The divested asset includes 371 service stations as well as wholesale marketing activities of oil products located in the Iberian Peninsula.

September 2008

- Finalized the purchase of a 17% stake in the share capital of Gaz de Bordeaux Energie Services SAS. Also Eni s associate Altergaz (Eni s interest being 38%) entered the deal with an equal stake. The two partners plan to support the development of the target company by supplying it with up to 250 mmcm of gas for ten years.
- Signed a strategic agreement with Petroleos de Venezuela, SA (PDVSA) for the exploration and development of two offshore Venezuelan areas and the subsequent development of gas resources via an LNG project.

August 2008

- Signed a Memorandum of Understanding with Sonangol to set up an integrated model of cooperation and development, targeting onshore development activities and construction of facilities in Angola designed to monetize flaring gas.
- Acquired control of the Indian company Hindustan Oil Exploration Limited (HOEC), following execution of a mandatory tender offer on a 20% stake of the HOEC share capital. The mandatory offer was associated with Eni s acquisition of a 27.17% of HOEC as part of the Burren deal.

June 2008

- Finalized a strategic oil deal with the Libyan national oil company based on the framework agreement of October 2007. This deal effective from January 1, 2008, extends the duration of Eni oil and gas properties until 2042 and 2047 respectively and lays the foundations for a number of projects targeting development of the significant gas potential in the country.

May 2008

- A cooperation agreement was set up with the Republic of Congo for the extraction of unconventional oil from the Tchikatanga e Tchikatanga-Makola oil sands deposits.

March 2008

- Awarded 32 exploration leases in the Gulf of Mexico close to certain of Eni s producing fields as well 18 exploration leases in Alaska.

February 2008
- Signed a strategic agreement with the Venezuelan State oil company PDVSA for the definition of a plan to develop a field located in the Orinoco oil belt, with a gross acreage of 670 square kilometers.

January 2008
- Completed the acquisition of the entire issued share capital of the UK-based oil company Burren Energy plc, for a total cash consideration amounting to approximately euro 2.4 billion (including the amount of Burren s shares for a total amount of euro 0.6 billion, purchased in 2007). Burren holds producing assets in Congo and Turkmenistan and exploratory leases in Egypt, Yemen and India.

Other developments
- Started-up the Ooguruk (Eni 30%), Mondo (Eni 20%) and Corocoro (Eni 26%) fields in Alaska, Angola and Venezuela, respectively. Completed the upgrading of facilities at the operated Bhit gas field in Pakistan (Eni 40%) leading to the start-up of the satellite Badhra field.

Kashagan - *Final Agreement*

On October 31, 2008, all the international parties to the North Caspian Sea Production Sharing Agreement (NCSPSA) consortium and the Kazakh authorities signed the final agreement implementing the new contractual and governance framework of the Kashagan project, based on the Memorandum of Understanding signed on January 14, 2008.
The material terms of the agreement are: (i) the proportional dilution of the participating interest of all the international members of the Kashagan consortium, following which the stake held by the national Kazakh company KazMunaiGas and the stake held by the other four major stakeholders are each equal to 16.81%, effective from January 1, 2008. The Kazakh partner will pay the other co-venturers an aggregate amount of US$1.78 billion; (ii) a value transfer package to be implemented through changes to the terms of the NCSPSA, the amount of which will vary in proportion to future levels of oil prices. Eni is expected to contribute to the value transfer package in proportion to its new participating interest in the project (16.81%); (iii) a new operating model which entails an increased role of the Kazakh partner and defines the international parties responsibilities in the execution of the subsequent development phases of the project. Eni is confirmed to be the operator of phase-one of the project (the so-called "Experimental Program") and in addition will retain operatorship of the onshore operations of phase 2 of the development plan.
In conjunction with the final agreement, parties also reached a final approval of the revised expenditure budget of phase-one, amounting to $32.2 billion (excluding general and administrative expenses).
Eni will fund those investments in proportion to its participating interest of 16.81%. On the basis of progress to completion, Eni management expects to achieve first oil by the end of 2012. Phase-one production plateau is forecast at 300,000 bbl/day; the installed production capacity at the end of phase-one is planned at 370,000 bbl/day in 2014. Subsequently, production capacity of phase-one is expected to step up to 450,000 bbl/day, leveraging on availability of further compressor capacity for gas re-injection associated with the start-up of phase-two offshore facilities.

Outlook for 2009

Eni will present in detail its strategy, targets and outlook for its 2009-2012 plan at 12:00 noon (London Time) today, at the London Stock Exchange. Management expects market volatility and the current economic downturn to continue well into calendar year 2009. The Company s key assumptions for 2009 are average Brent prices at $43 per barrel, flat European gas demand and lower refining margins with respect to 2008. In this environment, management expectations regarding key operating drivers of Eni s business for the year 2009 are as follows:

- **Production of liquids and natural gas** is forecast to increase from 2008 (actual oil and gas production averaged 1,797 mmboe/d in 2008). Organic growth expected in Nigeria, Angola, Congo and the Gulf of Mexico will sustain production performance against expected mature field declines;
- **Sales volumes of natural gas worldwide** are forecast to increase from 2008 (actual sales volumes in 2008 were

104.23 bcm) reflecting full contribution from the acquisition of Distrigaz and the impact of marketing initiatives aimed at supporting European market share. Sales in Italy are expected to decrease mainly due to competitive pressures and demand slowdown amidst the economic downturn;

- **Refining throughputs on Eni s account** are expected to increase from 2008 (actual throughputs in 2008 were 35.84 mmtonnes) as a result of improved operating performance expected at the Taranto and Gela refineries;
- **Retail sales of refined products** in Italy and the rest of Europe are expected to decrease from 2008 (12.67 mmtonnes in 2008) reflecting the divestment of marketing activities in the Iberian Peninsula and an expected demand slowdown affecting fuel consumption in European markets.

In 2009 management expects slightly lower capital expenditures with respect to 2008 (euro 14.56 billion in 2008). The activities over the course of the year will be focused on the development of oil and natural gas reserves, the upgrading of existing construction vessels and rigs, and the upgrading of natural gas transport infrastructures. On the basis of planned cash outflows to fund capital expenditures, including the completion of the Distrigaz acquisition, and shareholder remuneration, taking into account the Company projections of cash flow at $43 per Brent barrel, management expects the Group to achieve a level of leverage that will be lower than the level of 0.38 reported in 2008, assuming that 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 in which Eni holds a 60% interest.

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Full year and quarterly accounts set forth herein have been prepared in accordance with the evaluation and recognition criteria set by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure set forth in Article 6 of the European Regulation (CE) No. 1606/2002 of the European Parliament and European Council of July 19, 2002.
The evaluation and recognition criteria applied during the preparation of the report for the full year and fourth quarter results are unchanged from those adopted for the preparation of the Annual Report on Form 20-F for the year ended December 31, 2007 filed with the U.S. SEC. On October 15, 2008, the European Commission adopted certain amendments to accounting standards IAS39 and IFRS7 that enable under rare circumstances the reclassification of certain held for trading financial assets to other categories of financial instruments, thus changing their measurement criteria. These amendments did not result in any significant modification to the Company s classification of its financial instruments.
Results are presented for the fourth quarter and the full year 2008 and for the fourth quarter and the full year 2007. Information on liquidity and capital resources relates to end of the periods as of December 31, 2008, September 30, 2008, and December 31, 2007. Tables contained in this press release are comparable with those presented in the management s disclosure section of the Company s annual report and interim report. Non-GAAP financial measures and other performance indicators disclosed throughout this press release are accompanied by explanatory notes and tables to help investors to gain a full understanding of said measures in line with guidance provided by recommendation CESR/05-178b.

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

Cautionary statement

This press release, in particular the statements under the section "Outlook", contains certain forward-looking statements particularly those regarding capital expenditures, development and management of oil and gas resources, dividends, 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.
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 fourth quarter of the year cannot be extrapolated on an annual basis.

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This press release for the Fourth Quarter and Full Year results of 2008 (unaudited) is 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 fourth quarter and the full year of 2008

(million euro)

Fourth Quarter 2007	Third Quarter 2008	Fourth Quarter 2008	% Ch. 4Q. 08 vs 4Q. 07		Full Year 2007	Full Year 2008	% Ch.
25,378	**28,161**	**24,607**	**(3.0)**	**Net sales from operations**	**87,256**	**108,190**	**24.0**
5,166	**6,276**	**464**	**(91.0)**	**Operating profit**	**18,868**	**18,641**	**(1.2)**
(275)	(334)	2,348		Exclusion of inventory holding (gains) losses	(620)	936	
401	259	1,266		Exclusion of special items	738	2,216	
				of which:			
(48)	*(21)*			*- non recurring items*	*8*	*(21)*	
449	*280*	*1,266*		*- other special items*	*730*	*2,237*	
5,292	**6,201**	**4,078**	**(22.9)**	**Adjusted operating profit**	**18,986**	**21,793**	**14.8**
3,010	**2,941**	**(874)**	**..**	**Net profit attributable to Eni**	**10,011**	**8,825**	**(11.8)**
(224)	(187)	1,693		Exclusion of inventory holding (gains) losses	(499)	723	
(108)	136	1,124		Exclusion of special items	(42)	653	
				of which:			
(46)	*(21)*			*- non recurring items*	*35*	*(21)*	
(62)	*157*	*1,124*		*- other special items*	*(77)*	*674*	
2,678	**2,890**	**1,943**	**(27.4)**	**Adjusted net profit attributable to Eni**	**9,470**	**10,201**	**7.7**
159	148	116	(27.0)	Adjusted net profit of minority interest	624	631	1.1
2,837	**3,038**	**2,059**	**(27.4)**	**Adjusted net profit**	**10,094**	**10,832**	**7.3**
				Breakdown by division:			
2,063	2,455	1,412	(31.6)	Exploration & Production	6,491	8,008	23.4
894	458	613	(31.4)	Gas & Power	2,936	2,650	(9.7)
(26)	147	191	..	Refining & Marketing	319	510	59.9
(91)	(49)	(89)	(2.2)	Petrochemicals	57	(306)	..
180	203	213	18.3	Engineering & Construction	658	784	19.1
(47)	(48)	(117)	..	Other activities	(210)	(279)	(32.9)
(100)	(161)	(354)	..	Corporate and financial companies	(141)	(612)	..
(36)	33	190		Impact of unrealized intragroup profit elimination [(a)]	(16)	77	
				Net profit attributable to Eni			
0.82	0.81	(0.24)	..	per ordinary share (euro)	2.73	2.43	(11.0)
2.38	2.44	(0.63)	..	per ADR ($)	7.49	7.15	(4.5)
				Adjusted net profit attributable to Eni			
0.73	0.79	0.54	(26.0)	per ordinary share (euro)	2.58	2.80	8.5
2.12	2.38	1.42	(33.0)	per ADR ($)	7.07	8.24	16.5
3,661.0	**3,635.7**	**3,622.4**	**(1.1)**	**Weighted average number of outstanding shares** [(b)] (million)	**3,669.2**	**3,638.9**	**(0.8)**
2,468	**5,733**	**6,113**	**147.7**	**Net cash provided by operating activities**	**15,517**	**21,796**	**40.5**
3,657	**3,112**	**4,691**	**28.3**	**Capital expenditures**	**10,593**	**14,562**	**37.5**

(a) This item regards intragroup sales of goods, services and capital goods recorded among the assets of the purchasing business segment as of period end.
(b) Fully diluted.

Trading environment indicators

Fourth Quarter 2007	Third Quarter 2008	Fourth Quarter 2008	% Ch. 4Q. 08 vs 4Q. 07		Full Year 2007	Full Year 2008	% Ch.
88.70	114.78	54.91	(38.1)	Average price of Brent dated crude oil (a)	72.52	96.99	33.7
1.449	1.504	1.317	(9.1)	Average EUR/USD exchange rate (b)	1.371	1.471	7.3
61.21	76.32	41.69	(31.9)	Average price in euro of Brent dated crude oil	52.90	65.93	24.6
4.07	6.37	7.72	89.7	Average European refining margin (c)	4.52	6.49	43.6
2.81	4.24	5.86	..	Average European refining margin in euro	3.30	4.41	33.6
4.7	5.0	4.2	(10.6)	Euribor - three month rate (%)	4.3	4.6	7.0
5.0	2.9	2.7	(46.0)	Libor - three month dollar rate (%)	5.3	2.9	(45.3)

(1) In USD per barrel. Source: Platt s Oilgram.
(2) Source: ECB.
(3) In USD per barrel FOB Mediterranean Brent dated crude oil. Source: Eni calculations based on Platt s Oilgram data.

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Fourth quarter of 2008

Group results
In the fourth quarter of 2008 Eni reported net loss of euro 874 million, compared with net profit of euro 3,010 million a year ago. The fourth quarter loss was incurred amidst an economic downturn that impacted the Group operating performance. In addition, the amount of the loss was significantly affected by certain exceptional items including an inventory write-down of euro 1,693 million and special charges of euro 1,124 million net, relating to fixed asset impairments, including proved and unproved oil and gas properties, petrochemical and refinery plants as well as service stations, environmental provisions, redundancy incentives, as well as provisions for risks on pending litigation.

Eni s fourth quarter adjusted net profit was euro 1,943 million compared with euro 2,678 million a year ago, down 27.4%. Adjusted net profit was calculated by excluding an inventory write-down of euro 1,693 million and special charges of euro 1,124 million net, resulting in an overall adjustment equal to an increase of euro 2,817 million.

Results by division
The decrease in the Group adjusted net profit was mainly due to lower results reported by:

- The **Exploration & Production** division reported a decrease of euro 651 million in adjusted net profit, down 31.6%, reflecting a weaker operating performance (down euro 1,365 million, or 33.1%) dragged down by lower oil realizations in dollars (down 42.9%) and higher amortization charges. These negative factors were partly offset by the favorable impact of the depreciation of the euro against the dollar (down 9.1%).
- The **Gas &Power** division reported decreased adjusted net profit (down euro 281 million, or 31.4%) reflecting a decline in operating performance (down euro 497 million, or 38%) mainly due to lower gas demand and lower sales margins due to the impact of unfavorable trends in exchange rates and to competitive pressure. These negatives were partly offset by the contribution of the acquisition of Distrigaz.

These reductions were partly offset by an increase in the adjusted net profit reported by:

- The **Refining & Marketing** division was up euro 217 million due to an improved operating performance (up euro 296 million) reflecting higher refining margins supported by a favorable trading environment and a higher retail market share achieved by marketing activities.
- The **Engineering & Construction** division was up euro 33 million, or 18.3%, driven by a better operating performance, up euro 48 million, or 19.2%, benefiting from the strong order patterns associated with the up phase of the oil cycle.

Full year 2008

Group results
Eni s net profit for the full year was euro 8,825 million compared with euro 10,011 million a year ago, down 11.8%. Reported operating profit was euro 18,641 million compared with euro 18,868 million a year ago, down 1.2% as the weaker operating performance reported by Eni s downstream businesses was partly offset by an improved performance in the Exploration & Production division driven by the strong pricing environment experienced until September 2008. The full year result was reduced as both higher financial charges (down euro 681 million) and income taxes (down euro 473 million) were recorded, the latter associated with higher taxes currently payable recorded by subsidiaries of the Exploration & Production division operating outside Italy.

Higher income taxes currently payable were partly offset by certain adjustments associated with deferred tax relating to:

- utilization of deferred tax liabilities recognized on higher carrying amounts of period-end inventories of oil, gas and refined products stated at the weighted-average cost with respect to their tax base according to the last-in-first-out method. In fact, pursuant to the Law Decree No. 112 of June 25, 2008, energy companies in Italy[5] are required from 2008 to state inventories of hydrocarbons at the weighted-average cost for tax purposes as opposed to the previous Lifo evaluation and to recognize a one-off amount calculated

(5) New provisions apply to companies that operate in the production and marketing of hydrocarbons and electricity, with annual revenues in excess of euro 25 million.

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by applying a special tax with a 16% rate on the difference between the two amounts. Accordingly, profit and loss benefited from the difference between utilization of deferred tax liabilities accrued on hydrocarbons inventories based on the previously applicable statutory tax rate of 33% and the mentioned one-off tax (for a total positive impact of euro 176 million);
- the impact of abovementioned Law Decree No. 112/2008 on certain deferred tax assets of Italian subsidiaries for an amount of euro 94 million;
- application of the Budget Law 2008 that provided an increase in limits whereby carrying amounts of assets and liabilities of consolidated subsidiaries can be recognized for tax purposes by paying a one-off amount calculated by applying a special tax with a 6% rate resulting in a net positive impact on profit and loss of euro 290 million;
- enactment of a renewed tax framework in Libya regarding oil companies operating in accordance with production sharing schemes. Based on the new provisions, the tax base of the Company s Libyan oil properties has been reassessed resulting in the partial utilization of previously accrued tax liabilities (euro 173 million).

Eni s adjusted net profit for the full year was euro 10,201 million compared with euro 9,470 million a year ago, up 7.7%. Adjusted net profit is calculated by excluding an inventory holding loss of euro 723 million and special charges of euro 653 million net, resulting in an overall adjustment equal to an increase of euro 1,376 million.

Special charges mainly related to fixed asset impairments, environmental provisions, redundancy incentives, as well as provisions for risks on pending litigation. In addition, the Company incurred an expense in the form of a contribution of euro 200 million to the solidarity fund pursuant to Italian Law Decree No. 112/2008 to be used to subsidize the gas bills for residential uses of less affluent citizens.

Special gains mainly regarded the abovementioned adjustments to deferred tax liabilities, and gains recorded on the divestment of certain assets in the Engineering & Construction and Refining & Marketing divisions.

Results by division

The increase in the Group adjusted net profit mainly reflected a higher result reported by:

- The **Exploration & Production** division achieved an increase of euro 1,517 million in adjusted net profit, up 23.4%, due to a better operating performance (up euro 3,365 million, or 23.9%) driven by higher realizations in dollars (oil up 24.2%; natural gas up 47.8%) and production growth (up 20.1 mmboe). These improvements were partially offset by the appreciation of the euro against the dollar (up 7.3%), rising operating costs and higher amortization charges, also due to increased exploration activity (increasing by approximately euro 420 million at constant exchange rates).
- The **Refining & Marketing** division reported higher adjusted results (up euro 191 million, or 59.9%) as operating performance increased from a year ago (up euro 237 million, or 72%). This better result reflected both higher realized refining and marketing margins as the trading environment improved during the year and a higher retail market share was achieved.
- The **Engineering & Construction** division reported improved net profit (up euro 126 million, or 19.1%) driven by a better operating performance which was up euro 201 million, or 23.9%, due to favorable industry trends.

These increases were partly offset by weaker results reported by the Gas & Power and Petrochemicals divisions:

- The **Gas & Power** division reported a decreased adjusted net profit (down euro 286 million, or 9.7%) due to a weaker operating performance (down euro 551 million, or 13.5%). This shortfall was due to lower gas demand and stronger competitive pressures that particularly impacted the volume performance on the Italian market. These negatives were partly offset by increased international sales due to organic growth recorded in the European markets and the contribution of the acquisition of Distrigaz, as well as higher seasonal sales recorded in the first quarter. The regulated businesses in Italy and the international transportation activity delivered improved performance, reflecting higher handled volumes.
- The **Petrochemicals** division incurred a loss at both the operating level and the bottom line (down euro 465 million and euro 306 million respectively). This shortfall was due to a steep decline in commodity chemical margins, reflecting higher supply costs of oil-based feedstock and end-markets lower demand.

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Liquidity and capital resources

Summarized Group Balance Sheet

(million euro)

	Dec. 31, 2007	Sep. 30, 2008	Dec. 31, 2008	Change vs Dec. 31, 2007	Change vs Sep. 30, 2008
Fixed assets	62,849	69,853	74,444	11,595	4,591
Net working capital	(3,006)	(3,658)	(6,622)	(3,616)	(2,964)
Provisions for employee benefits	(935)	(966)	(947)	(12)	19
Net assets held for sale including related net borrowings	286	505	68	(218)	(437)
Capital employed, net	**59,194**	**65,734**	**66,943**	**7,749**	**1,209**
Shareholders equity including minority interest	42,867	47,911	48,567	5,700	656
Net borrowings	16,327	17,823	18,376	2,049	553
Total liabilities and shareholders equity	**59,194**	**65,734**	**66,943**	**7,749**	**1,209**

Period-end currency translation effects increased the carrying amounts of net capital employed and shareholders equity by approximately euro 970 million and euro 1,070 million respectively, compared to 2007 year end amounts, and decreased net borrowings by euro 100 million. This increase was mainly driven by the depreciation of the euro against the dollar (at December 31, 2008 the euro/US$ exchange rate was 1.392 as compared to 1.472 at December 31, 2007, down 5.4%).

Fixed assets amounted to euro 74,444 million, representing an increase of euro 11,595 million from December 31, 2007. The increase reflected capital expenditures incurred in the year (euro 14,562 million), the acquisition of assets and investments mainly related to the consolidation of Distrigaz SA (euro 2,932 million) and Burren Energy (euro 2,444 million) as well as the purchase of a number of assets (euro 1,471 million, including the 100% stake of First Calgary Petroleum, a 52% stake in the Hewett Unit in the North Sea and the full consolidation of Indian company Hindustan Oil Exploration Co) and currency translation effects. These additions were partly offset by depreciation, depletion and amortization charges and impairment losses incurred in the year (euro 9,815 million).

Net working capital(6) was in negative territory at euro 6,622 million decreasing by euro 3,616 million from December 31, 2007. This effect mainly resulted from: (i) proceeds on advances received from the partner Suez following the signing of a number of long-term gas and electricity supply contracts (euro 1,552 million); (ii) the put option granted to Publigaz (the Distrigaz minority shareholder) to divest its 31.25% stake in Distrigaz to Eni for a total amount of euro 1,495 million based on the same per-share price of the ongoing mandatory tender offer to minorities as part of the Distrigaz acquisition. This liability was recognized against the Group s net equity; (iii) an increase in tax currently payable due to the balance of income taxes accrued for the year. This was partially offset by a decrease recorded in net deferred tax liabilities for Italian companies and activities in Libya, while increased deferred tax liabilities were recognized upon the allocation of prices paid on the acquisitions of the year. The main increase in net working capital was associated with a change in fair value of certain cash flow hedges the Company entered into in 2007 to hedge the commodity risk on a portion of its oil and gas reserves.

Shareholders equity including minority interest amounted to euro 48,567 million and increased by euro 5,700 million. This increase reflected net profit for the period (euro 9,558 million), a change in fair value evaluation of certain cash flow hedges taken to reserve (euro 1,211 million net of the related tax effect) and foreign currency translation effects. These increases were partly offset by the payment of dividends (euro 5,207 million, of which euro 4,910 million were paid by Eni SpA) as well as a deduction associated with the repurchase of shares in 2008 (euro 778 million).

At December 31, 2008 **net borrowings** amounted to euro 18,376 million and increased by euro 2,049 million from December 31, 2007 and by euro 553 million from September 30, 2008. The increase recorded in the quarter mainly related to capital expenditures for the period, the acquisition of the majority stake in Distrigaz SA and other assets (including the 100% stake of First Calgary Petroleum and a 52% stake in the Hewett Unit in the North Sea), as well as share repurchases.
These cash outflows were fund by cash inflow generated by operating activities in the quarter, including proceeds on advances received from the partner Suez.

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(6) More detailed information is provided in the section "Summarized Group Balance Sheet".

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Summarized Group Cash Flow Statement

(million euro)

Fourth Quarter 2007	Third Quarter 2008	Fourth Quarter 2008		Full Year 2007	Full Year 2008
2,468	**5,733**	**6,113**	**Net cash provided by operating activities**	**15,517**	**21,796**
(3,657)	(3,112)	(4,691)	Capital expenditures	(10,593)	(14,562)
(1,198	(190)	(3,610)	Acquisition of investments and businesses	(9,909)	(5,848)
	63	1,381	Acquired cash (net borrowings)		1,543
	(600)		Other cash flow related to capital expenditures, investments and disposals		
55	56	631	Proceeds from disposals	659	1,160
(2,393)	(2,728)	(21)	Dividends to Eni shareholders and shares repurchased	(5,263)	(5,688)
(67)	(41)	(73)	Dividends distributed and shares repurchased by subsidiaries	(647)	(355)
(105)	(439)	(283)	Foreign exchange translation differences and other changes	676	(95)
(4,897)	**(1,258)**	**(553)**	**CHANGE IN NET BORROWINGS**	**(9,560)**	**(2,049)**

In 2008, **net cash provided by operating activities** (euro 21,796 million) including proceeds on advances received from the partner Suez (euro 1,552 million) and cash from divestments (euro 1,160 million) were used to fund the majority of cash outflows relating to:

(i) Capital expenditures totaling euro 14,562 million.
(ii) Payment of dividend by Eni SpA (euro 4,910 million, euro 2,359 million related to the payment of an interim dividend for 2008), as well as dividend payment from certain consolidated subsidiaries to minorities (euro 288 million, mainly relating to Snam Rete Gas and Saipem).
(iii) The acquisition of the majority stake of 57.243% in Distrigaz SA amounting to euro 2,751 million (euro 1,271 million net of the acquired cash).
(iv) The completion of the acquisition of Burren Energy Plc (cash outflow in 2008 being euro 1,789 million or euro 1,695 million net of acquired cash; total cash consideration for this transaction amounted to euro 2,358 million which includes the amount of Burren s shares purchased in December 2007).
(v) The purchase of certain upstream properties and gas storage assets related to the entire share capital of Canadian company First Calgary operating in Algeria, a 52% stake in the Hewett Unit in the North Sea, a 20% stake in Indian company Hindustan Oil Exploration Co. for a total amount of euro 944 million (including net borrowings acquired) as well as other investments in non-consolidated entities mainly related to funding requirements for an LNG project in Angola (euro 254 million).
(vi) Share repurchases by the parent company Eni SpA for a total amount of euro 778 million.

Dividends and share repurchases

In 2008 total cash dividends to Eni shareholders amounted to euro 4,910 million (euro 4,583 million in 2007) of which euro 2,551 million pertained to the payment of the balance of the dividend for fiscal year 2007 and euro 2,359 million pertained to the payment of an interim dividend (euro 0.65 per share) for fiscal year 2008.

From January 1 to December 31, 2008 a total of 35.9 million own shares were purchased at a cost of euro 778 million (on average euro 21.672 per share). Since the beginning of the share buy-back plan (September 1, 2000), Eni has purchased 398.5 million of its own shares, equal to 9.95% of capital stock at issue, at a total cost of euro 6,971 million (for an average cost of euro 17.495 per share) representing 94.21% of the amount authorized by the Shareholders Meeting.

More details on balance sheet and cash flow are disclosed on page 38 and following pages.

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Other information

Ascertainment by the European Commission of the level of competition in the European natural gas market
As part of its activities to ascertain the level of competition in the European natural gas market, with Decision No. C (2006)1920/1 of May 5, 2006, the European Commission informed Eni that the Group companies were subject to an inquiry under Article 20, paragraph 4 of the European Regulation No. 1/2003 of the Council in order to verify the possible existence of any business conducts breaching European rules in terms of competition and intended to prevent access to the Italian natural gas wholesale market and to subdivide the market among few operators in the activity of supply and transport of natural gas. Similar actions have been performed by the Commission also against the main operators in natural gas in Germany, France, Austria and Belgium. In April 2007, the European Commission made known its decision to start a further stage of inquiry, as elements collected so far induced the suspicion that Eni adopted behaviors leading to "capacity hoarding and strategic underinvestment in the transmission system leading to the foreclosure of competitors and harm for competition and customers in one or more supply markets in Italy". Eni expects that the European Commission will likely end the ongoing inquiry stage soon and communicate the Company a statement of objections. On this basis the Company will be able to properly assess whether any potential charge against Eni is well or ill-founded, the extent of the Company s exposure to any contingent liability and the ability to make a reliable estimate of it. If a material development on such matter occurs before the end of the approval process of 2008 financial statements, the Company might lower the Group and the parent company 2008 earnings with respect to the amounts reported in the present press release.

Pieve Vergonte proceeding
Full disclosure about the Pieve Vergonte proceeding was furnished in Eni s interim consolidated financial report as of June 30, 2008. In the report it is disclosed that with a temporarily executive decision dated July 3, 2008 the District Court of Turin sentenced the subsidiary Syndial SpA (former EniChem) to compensate for environmental damages that were allegedly caused when EniChem managed an industrial plant at Pieve Vergonte during the 1990-1996 period. Specifically, the Court sentenced Syndial to pay the Italian Ministry of the Environment compensation amounting to euro 1,833.5 million, plus legal interests that accrue from the filing of the decision.
Syndial and Eni technical-legal consultants have considered the decision and the amount of the compensation to be without factual and legal basis and have concluded that a negative outcome of this proceeding is unlikely. Particularly, Eni and its subsidiary deem the amount of the environmental damage to be absolutely ill-founded as the sentence has been considered to lack sufficient elements to support such a material amount of the liability charged to Eni and its subsidiary with respect to the volume of pollutants ascertained by the Italian Environmental Minister.
As no development of the proceeding has occurred since the filing of the Court s decision, management confirmed its previous stance of making no provision for this proceeding on the basis of the abovementioned technical-legal advice, in concert with external consultants on accounting principles.

Treaty of friendship between the Italian Republic and Libya
The "Treaty of Friendship" between the Republic of Italy and Libya was enacted by Italy s upper house on February 3, 2009 and is about to be published shortly. This law under Article No. 3 has introduced a supplemental tax rate applicable to taxable income of such individual companies that engage in the exploration and production of hydrocarbons, where fixed assets, including both tangible and intangible assets and investments dedicated to oil and gas operations exceed 33% of their respective items in the balance sheet, also having a market capitalization in excess of euro 20 billion. This supplemental tax is due whenever taxes currently payable represent less than 19% of taxable income and is to be determined as the lower of the amount of income taxes up to 19% of taxable income and the amount resulting from applying a certain set of decreasing rates to companies net equity as determined from individual financial statements.
This supplemental tax rate is due for 2009 and following years up to 2028. Eni believes that the parent company Eni SpA will likely fall within the scope of this supplemental tax rate based on the criteria set by the law to identify the persons subject to the new tax rate and the conditions regulating its enactment.

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Continuing listing standards provided by Article No. 36 of Italian exchanges regulation about issuers that control subsidiaries incorporated or regulated in accordance with laws of extra-EU countries
As of December 31, 2008, the provisions of Article No. 36 of Italian exchanges regulation in accordance with Italian continuing listing standards apply to Eni s subsidiaries Trans Tunisian Pipeline Co Ltd, Eni Congo SA, Eni Norge AS, Eni Petroleum Co Inc and NAOC - Nigerian Agip Oil Ltd, which fell within the scope of the regulation as of September 30, 2008. Eni has already adopted adequate procedures to ensure full compliance with the regulation.

Eni SpA parent company preliminary accounts for 2008
Eni s Board of Directors also took notice of Eni SpA s preliminary results for 2008 prepared in accordance with IFRSs. Net profit for the full year was euro 6,745 million (euro 6,600 million in 2007). The euro 145 million increase was mainly due to higher finance charges (down euro 2,049 million). These positives were partly offset by lower operating profit (down euro 1,877 million) due to fixed asset impairments and inventory write-down as well as a weaker performance of gas marketing activities, partly offset by an improved performance of upstream activities due to better prices of oil and gas, particularly in the first nine months of 2008.

Financial and operating information by division for the fourth quarter and the full year 2008 is provided in the following pages.

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Exploration & Production

(million euro)

Fourth Quarter 2007	Third Quarter 2008	Fourth Quarter 2008	% Ch. 4Q. 08 vs 4Q. 07			Full Year 2007	Full Year 2008	% Ch.
				RESULTS [a]				
8,038	**8,879**	**6,623**	**(17.6)**	**Net sales from operations**		**27,278**	**33,391**	**22.4**
3,929	**5,252**	**2,105**	**(46.4)**	**Operating profit**		**13,788**	**16,415**	**19.1**
198	33	657		Exclusion of special items		263	1,001	
				of which:				
1				Non-recurring items		(11)		
197	33	657		Other special items:		274	1,001	
150	*33*	*646*		*- asset impairments*		*226*	*989*	
		4		*- net gains on disposal of assets*			*4*	
5	*4*	*2*		*- provision for redundancy incentives*		*6*	*8*	
42	*(4)*	*5*		*- other*		*42*		
4,127	**5,285**	**2,762**	**(33.1)**	**Adjusted operating profit**		**14,051**	**17,416**	**23.9**
4,080	*5,259*	*2,722*	*(33.3)*	*Exploration & Production*		*13,785*	*17,233*	*25.0*
47	*26*	*40*	*(14.9)*	*Storage Business*		*266*	*183*	*(31.2)*
22	11	18		Net finance income (expense) [b]		44	52	
53	207	139		Net income from investments [b]		176	609	
(2,139)	(3,048)	(1,507)		Income taxes [b]		(7,780)	(10,069)	
50.9	*55.4*	*51.6*		*Tax rate*	(%)	*54.5*	*55.7*	
2,063	**2,455**	**1,412**	**(31.6)**	**Adjusted net profit**		**6,491**	**8,008**	**23.4**
				Results also include:				
1,702	1,508	2,775	63.0	amortization and depreciation		5,626	7,542	34.1
				of which:				
496	367	634		exploration expenditures:		1,777	2,057	
366	*298*	*473*	*29.2*	*- amortization of exploratory drilling expenditures and other*		*1,370*	*1,577*	*15.1*
130	*69*	*161*	*23.8*	*- amortization of geological and geophysical exploration expenses*		*407*	*480*	*17.9*
2,063	**2,051**	**3,032**	**47.0**	**Capital expenditures**		**6,625**	**9,545**	**44.1**
				of which:				
462	*334*	*603*	*30.5*	*- exploratory expenditures* [c]		*1,659*	*1,918*	*15.6*
76	*50*	*116*	*52.6*	*- storage*		*145*	*264*	*82.1*
				Production [d] [e]				
1,048	1,015	1,079	3.0	Liquids [f]	(kbbl/d)	1,020	1,026	0.6
4,401	4,302	4,449	0.8	Natural gas	(mmcf/d)	4,114	4,424	7.8
1,815	**1,764**	**1,854**	**2.1**	**Total hydrocarbons**	(kboe/d)	**1,736**	**1,797**	**3.5**
				Average realizations				

81.32	99.77	46.47	(42.9)	Liquids [f]	($/bbl)	67.70	84.05	24.2
6.10	9.14	8.36	36.9	Natural gas	($/mmcf)	5.42	8.01	47.8
62.13	**80.00**	**47.11**	**(24.2)**	**Total hydrocarbons**	($/boe)	**53.17**	**68.13**	**28.1**
				Average oil market prices				
88.70	114.78	54.91	(38.1)	Brent dated	($/bbl)	72.52	96.99	33.7
61.21	76.32	41.69	(31.9)	Brent dated	(euro/bbl)	52.90	65.93	24.6
90.66	117.83	58.50	(35.5)	West Texas Intermediate	($/bbl)	72.26	99.56	37.8
247.21	317.48	226.72	(8.3)	Gas Henry Hub	($/kcm)	246.50	312.89	26.9

(a) From 2008, adjusted operating profit is reported for the "Exploration & Production" and "Storage" businesses, within the Exploration & Production division. Prior period data have been restated accordingly.
(b) Excluding special items.
(c) Includes exploration bonuses.
(d) Supplementary operating data is provided on page 46.
(e) Includes Eni s share of production of equity-accounted entities.
(f) Includes condensates.

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Results
The **Exploration & Production division reported adjusted net profit** of euro 1,412 million for **the fourth quarter 2008**, representing a decrease of euro 651 million from the fourth quarter 2007, or 31.6%. This was due to a weaker operating performance (down euro 1,365 million, or 33.1%), partly offset by lower income taxes (euro 632 million) and higher profit from investments, mainly related to dividends received by associate Nigeria LNG Ltd.

Adjusted net profit of the Exploration & Production division for 2008 increased by euro 1,517 million or 23.4% from 2007 to euro 8,008 million. This was due to an improved operating performance (up euro 3,365 million, or 23.9%) and higher profit from investments, partly offset by higher adjusted tax rate (from 54.5% to 55.7%).

Exploration & Production business
Adjusted operating profit of the Exploration & Production business for **the fourth quarter of 2008** was euro 2,722 million, a decrease of euro 1,358 million from the fourth quarter of 2007, or 33.3%, due primarily to:

- Lower oil realizations in dollars (down 42.9%), partly offset by better realizations on gas (up 36.9%).
- Rising amortization charges taken in connection with development activities. This increase mainly reflected the consolidation of Burren assets that were acquired early in 2008 and the shift in portfolio towards higher complex projects.
- Higher exploratory expenses (approximately euro 100 million on a constant exchange rate basis).

These negatives were partly offset by the favorable impact of the depreciation of the euro against the dollar (up approximately euro 800 million).

Adjusted operating profit of the Exploration & Production business for **the full year** was euro 17,233 million, up euro 3,448 million or 25% from a year earlier. The improvement mainly reflected higher realizations in dollars (oil up 24.2%; natural gas up 47.8%) and increased production sales volumes (up 20.1 mmboe). These improvements were partially offset by the appreciation of the euro against the dollar (down approximately euro 1,200 million), rising operating costs and higher amortization charges which were also incurred in connection with exploration activity (approximately euro 420 million on a constant exchange rate basis), as well as higher production royalties.

Special charges accounted for in the adjusted operating profit of euro 1,001 million for the full year (euro 657 million in the fourth quarter) mainly regarded impairments of proved and unproved properties mainly due to a revision of the oil price scenario and capital expenditures profile.
Other special items not accounted for in adjusted operating profit primarily regarded an adjustment to deferred tax associated with the enactment of a renewed tax framework in Libya applicable to oil companies operating in accordance with production sharing schemes. Based on the new provisions, the tax base of the Company s Libyan oil properties has been reassessed resulting in the partial utilization of previously accrued deferred tax liabilities.

Liquids realizations for the fourth quarter of $46.47 per barrel decreased on average by 42.9% in dollar terms driven by lower Brent prices (down 38.1% from the fourth quarter of 2007). Eni s liquid realizations were increased by approximately $1.36 per barrel as a result of the settlement of certain commodity derivatives relating to the sale of 11.5 mmbbl. This was part of a derivative transaction the Company entered into to hedge exposure to variability in future cash flows expected from the sale of a portion of the Company s proved reserves for an original amount of approximately 125.7 mmbbl in the 2008-2011 period, decreasing to 79.7 mmbbl by end of December 2008. These hedging transactions were undertaken in connection with the acquisition of oil and gas assets in Congo and in the Gulf of Mexico that were executed in 2007.
Natural gas realizations for the fourth quarter followed an opposite trend mainly due to the impact of time lags in the indexation mechanisms and were up 36.9% from a year ago.

Liquids and gas realizations for the full year increased on average by 28.1% in dollar terms driven by the strong market environment of the first nine months of the year. Eni s liquids realizations for the full year amounted to $84.05 per barrel (up 24.2%) and were reduced by approximately $4.13 per barrel due to the settlement of certain commodity derivatives relating to the sale of 46 mmbbl in the year, as follows: in the first three quarters of the year liquid realizations were reduced on average by $6.02 per barrel from the sale of 34.5 million barrels;

in the fourth quarter liquid realizations were increased by $1.36 per barrel from the sale of 11.5 million barrels. Average gas realizations were supported by a favorable trading environment and also a better sales mix reflecting higher volumes marketed on the basis of spot prices on the US market.

Liquid realizations and the impact of commodity derivatives were as follows:

Nine Months 2008	Liquids		Fourth Quarter 2007	Fourth Quarter 2008	Full Year 2007	Full Year 2008
270.8	Sales volumes	(mmbbl)	92.5	93.6	366.7	364.3
34.5	Sales volumes hedged by derivatives (cash flow hedges)			11.5		46.0
103.05	Average realized price per barrel, excluding derivatives	($/bbl)	81.32	45.12	67.70	88.17
(6.02)	Realized gains (losses) on derivatives			1.36		(4.13)
97.03	Average realized price per barrel		81.32	46.47	67.70	84.05

Storage business
Fourth quarter 2008 adjusted operating profit reported by the natural gas storage business was euro 40 million (euro 183 million for the full year) down euro 7 million or 14.9% from the fourth quarter of 2007 (down euro 83 million or 31.2% from a year earlier).

Operating review

Exploration & Production
Oil and natural gas production for the fourth quarter amounted to 1,854 kboe/d, an increase of 39 kboe/d, or 2.1% compared with the fourth quarter of 2007. This improvement mainly reflected the benefit of acquired assets by Burren in Congo and Turkmenistan early in 2008 (for an overall increase of 32 kboe/d), organic growth achieved in Angola, Congo, Egypt, Pakistan and Venezuela. These positives were partly offset by the ongoing effect of damage to production facilities caused by hurricanes in the Gulf of Mexico in September 2008 (down 28 kboe/d), mature fields decline and production cuts by OPEC (down 9 kboe/d), as well as planned and unplanned facility downtime in the North Sea. Excluding the favorable impact of higher entitlements in PASs, production was almost in line with the fourth quarter of 2007 (down 0.6%). The share of oil and natural gas produced outside Italy was 90% (89% in the fourth quarter of 2007).
Liquids production was 1,079 kbbl/d, an increase of 31 kbbl/d from the fourth quarter of 2007, or 3.0%. Production increases were achieved in Congo and Turkmenistan, benefiting from Burren assets acquired in 2008, as well as Venezuela and Angola due to the better performance and production start-ups. Production decreases were reported mainly in Egypt and in Italy due to mature fields decline.
Natural gas production was 4,449 mmcf/d and increased by 48 mmcf/d from the fourth quarter 2007, up 0.8%, mainly in Egypt and Pakistan. Gas production decreased in the Gulf of Mexico due to above mentioned hurricane related impacts and in Italy, due to mature field declines.

Oil and natural gas production for the full year 2008 averaged the record level of 1,797 kboe/d, an increase of 61 kboe/d, or 3.5%, from a year earlier. This improvement mainly benefited from the assets acquired in the Gulf of Mexico, Congo and Turkmenistan (up 62 kboe/d), as well as continuing production ramp-up in Angola, Congo, Egypt, Pakistan and Venezuela. These positives were partially offset by mature field declines as well as planned and unplanned facility downtime in the North Sea and hurricane-related impacts in the Gulf of Mexico (down 11 kboe/d). Higher oil prices resulted in lower volume entitlements in Eni s PSAs and similar contractual schemes, down approximately 37 kboe/d. When excluding the impact of lower entitlements in PSAs, production was up 5.6%. The share of oil and natural gas produced outside Italy was 89% (88% in the full year 2007).

Production of liquids amounted to 1,026 kbbl/d and was up 0.6% from a year ago. The acquired assets in the Gulf of Mexico, Congo and Turkmenistan as well as field start-ups in Angola and Venezuela supported production growth.

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Production decreases were reported in the North Sea and Italy due to planned and unplanned facility downtime and mature field declines. In addition, volume entitlements associated with high oil prices were reported in the Company s PSAs.

Production of natural gas for the full year was 4,424 mmcf/d and increased by 310 mmcf/d, or 7.8%, from a year ago. The improvement was driven by growth in the Gulf of Mexico and Pakistan due to contribution of acquired assets and production ramp-up. Production decreased in Italy and the United Kingdom due to mature field declines.

Estimated proved reserves of hydrocarbons pro-forma [(a)]

		Full Year 2007 [(a)]	Full Year 2008 [(b)]	% Ch.
Estimated net proved reserves [(c)]				
Liquids	(mmbbl)	3,219	3,335	3.6
Natural gas	(bcf)	18,090	18,748	3.7
Hydrocarbons	(mmboe)			