ENI SPA
Form 6-K
May 04, 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 April 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: April 30, 2009

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Eni signs new strategic cooperation agreements with Gazprom in the energy field

Moscow, April 7, 2009 - Today in Moscow, in the presence of the Prime Minister of Russian Federation, Vladimir Putin, Eni and Gazprom signed significant agreements representing a further step in fostering strategic cooperation between Italy and the Russian Federation in the energy field. The parties will develop joint projects in and outside Russia under the principle of reciprocity, in line with Russia s new energy policy.

Eni signed an agreement to assign Gazprom 20% of Gazprom Neft, in line with previous agreements.

Eni has also signed, under the patronage of the Russian government, several cooperation agreements in Russia and abroad with the main Russian energy companies (Inter Rao UES, Rosneft, Transneft and Stroytransgas), with whom it will start a wide program of strategic cooperation involving different activities in the energy field.

In particular, EniPower and Inter Rao UES signed an agreement to evaluate joint projects in Russia and third countries. Additionally, Eni signed with Rosneft a protocol of cooperation in the upstream and refining sector in Russia and abroad.

These agreements will further foster ties between Italy and the Russian Federation and will significantly strengthen security of gas supplies to Italy and Europe.

Company Contacts:

Press Office: Tel. +39.0252031875 - +39.065982398
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Web site: www.eni.it

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Eni - Annual Report 2008

Rome, April 7, 2009 - Eni announces that from today the Italian Annual Report 2008 particularly including the audited financial statements of the parent company Eni SpA and the audited consolidated financial statements as of December 31, 2008 is available to the public at the Company's Registered Office in Rome and has been filed with the Italian Stock Exchange.

The Annual Report 2008 (English version) is also available and includes the audited consolidated financial statements as of December 31, 2008.

The documents are available to download from the Publications/Reports section of Eni's website, www.eni.it.

The 2008 Report on Corporate Governance, included in the Italian Annual Report 2008, is also available to download from the Company/Corporate Governance section of Eni's web site and has been filed with the Italian Stock Exchange. This Report contains information on ownership structure and the adoption of the Corporate Governance Code of conduct of Borsa Italiana SpA.

Shareholders can request a hard copy by filling in and sending the form found in the Publications section of Eni's web site or by emailing a request to segreteriasocietaria.azionisti@eni.it or to investor.relations@eni.it.

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ENI SPA

ORDINARY SHAREHOLDERS MEETING TO BE HELD ON APRIL 29 AND APRIL 30, 2009

ON FIRST AND SECOND CALL, RESPECTIVELY

REPORT ON THE PROPOSALS OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS MEETING

The Italian text prevails over the translation into English

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ENI SPA

ORDINARY SHAREHOLDERS MEETING TO BE HELD ON APRIL 29 AND APRIL 30, 2009
ON FIRST AND SECOND CALL, RESPECTIVELY

Report on the proposals of the Board of Directors to the Shareholders Meeting

ITEM 1

ENI FINANCIAL STATEMENTS AT DECEMBER 31, 2008
CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2008
REPORT OF THE DIRECTORS ON THE COURSE OF THE BUSINESS, REPORT OF THE BOARD OF STATUTORY AUDITORS AND REPORT OF THE INDEPENDENT AUDITORS

To the Shareholders:

for the illustration of Eni Financial Statements please refer to Eni Annual Report 2008 deposited at the Company's Registered Office and with the Borsa Italiana SpA (the Italian Stock Exchange).

You are invited to approve Eni Financial Statements at December 31, 2008, which disclose a net income of euro 6,744,606,179.37.

ITEM 2

ALLOCATION OF NET INCOME

To the Shareholders:

in consideration of Eni 2008 results, the Board of Directors proposes to approve:

- the allocation of euro 4,385,965,842.07 of Eni 2008 net income, of euro 6,744,606,179.37 left after the payment of an interim dividend of euro 0.65 per share resolved by the Board of Directors on September 11, 2008 and paid as of September 25, 2008, as follows:
  - to pay a dividend of euro 0.65 for each share outstanding on the ex-dividend date, Eni treasury shares on that date excluded. Therefore, in consideration of the payment of the 2008 interim dividend of euro 0.65 per share, the 2008 dividend per share proposed amounts at euro 1.30;

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to the Distributable Reserve the amount left after the previous allotment of the dividend;

- the payment of said dividend as from May 21, 2009, being the ex-dividend date May 18, 2009.

The Chairman of the Board of Directors
ROBERTO POLI

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Ordinary Shareholders Meeting of April 29 and 30, 2009

The notice convening the meeting was published on the
Gazzetta Ufficiale of the Republic of Italy
No. 36, section II of March 28, 2009 page 2

This annual report includes the report of Eni s Board of Directors and Eni s consolidated financial statements for the year ended December 31, 2008, which have been prepared under the International Financial Reporting Standards (IFRS), as adopted by the European Union.

Disclaimer

This annual report contains certain forward-looking statements in particular under the section "Outlook" 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 sale growth, new markets, and the progress and timing of projects. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements, depending on a variety of factors, including the timing of bringing new fields on stream; management s ability in carrying out industrial plans and in succeeding in commercial transactions; future levels of industry product supply; demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; development and use of new technology; changes in public expectations and other changes in business conditions; the actions of competitors and other factors discussed elsewhere in this document.

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Operating and financial review

Consolidated Financial Statements

Eni means the parent company Eni SpA and its consolidated subsidiaries

Results
Eni reported net profit of euro 8.8 billion for the full year 2008. Adjusted basis net profit was euro 10.2 billion, up 7.7% from a year ago, driven by a better operating performance mainly achieved by the Exploration & Production division.

Cash flow was a record euro 21.8 billion and enabled the Company to fund capital expenditures and acquisitions amounting to euro 18.9 billion to support growth. The capital structure is sound as expressed by the level of net borrowings to total equity of 0.38.

Dividend
Based on 2008 results and taking into account the Company s sound capital structure, a dividend of euro 1.30 per share (euro 1.30 in 2007) will be distributed to shareholders. Included in this annual payment is euro 0.65 per share which was distributed as interim dividend. Looking forward, management is committed to rewarding Eni s investors with superior dividend yield.

Oil and natural gas production
In 2008, in a high oil price environment, Eni achieved record oil and gas production at 1,797 kboe/d, up 3.5% from 2007. The performance was Management plans to achieve a strong production growth leveraging on its portfolio of high quality assets and new project start-ups in the core areas of Africa, Central Asia and Russia.
The company targets a production level in excess of 2.05 mmboe/d by 2012, with an average yearly growth rate of 3.5% in the 2009-2012 period, based on a 55 $/bl price scenario.

Proved oil and natural gas reserves
Eni s estimated net proved reserves at December 31, 2008 amounted to 6.6 bboe determined under a reference Brent price of 36.5 $/bl. Eni s estimated proved reserves comprised Eni s share of proved reserves of equity accounted entities as well as a 30% stake of the reserves of the three equity-accounted Russian companies purchased as part of a bid procedure for assets of bankrupt Yukos, considering that Gazprom exercises a call option to acquire a 51% interest in these companies.
In 2008, all source reserve replacement ratio was 135% corresponding to an average reserve life index of 10 years.

Natural gas sales
Worldwide natural gas sales: 104.23 bcm, up 5.3% from 2007 driven by higher international sales (up 19.9%) mainly reflecting the contribution of the

due to the additional production from acquired assets in the Gulf of Mexico, Congo and Turkmenistan in 2007 and 2008 and the organic growth achieved in Angola, Congo, Egypt, Pakistan and Venezuela. When excluding the impact of lower entitlements in PSAs, production was up 5.6%.

Distrigas acquisition and the organic growth recorded in European markets. These positives were partially offset by a weaker performance on the Italian gas market (down 5.8%).

Eni expects to achieve gas sales of 124 bcm by 2012 at a 7% average growth rate of international sales leveraging on synergies of the Distrigas acquisition that will help drive sales growth and market share gains in Eni s target market in spite of an unfavorable outlook for European gas demand.

Distrigas NV acquisition
The acquisition of the 57.243% majority stake in the Belgian gas operator Distrigas NV represents a strategic opportunity and confirms the Company s objective of consolidating its leadership in the European gas sector.
The deal values the entire share capital at euro 4.8 billion.

Portfolio developments
In January 2008, Eni completed the acquisition of the entire share capital of Burren Energy Plc, for a cash consideration amounting to euro 2.36 billion with producing assets in Congo and Turkmenistan. Following the acquisition, Eni also acquired control of the Indian oil company Hindustan Oil Exploration Ltd.

A strategic oil deal was closed with the Libyan national oil company NOC based on the framework agreement signed in October 2007. This deal, effective from January 1, 2008, extends the duration of Eni oil and gas properties until 2042 and 2047, respectively, and identifies a number of projects aiming at monetizing substantial gas reserves.

A number of agreements were signed with the partner Suez regarding long-term supplies of electricity, gas and LNG entailing proceeds of euro 1.56 billion.

The acquisition of the entire share capital of First Calgary Petroleum Ltd, a Canadian oil and gas company was executed for cash consideration amounting to euro 0.7 billion. The company engages in exploration and development activities in Algeria. Production start up is expected in 2011 with a projected plateau of approximately 30 kboe/d net to Eni by 2012.

in the completion of 111 exploratory wells (58 net to Eni) with a commercial rate of success of 36.5% (43.4% net to Eni). A further 21 wells were in progress as of the year end. The main discoveries were achieved in Angola, Australia, Congo, Croatia, Egypt, the Gulf of Mexico, Italy, Libya, Norway, Pakistan, Tunisia and the United Kingdom.

Eni s exploratory portfolio has been strengthened by acquiring new acreage in Angola, Algeria, Alaska, Gabon, the Gulf of Mexico, Indonesia, Norway and the United Kingdom as part of Eni s strategy of focusing in core areas. The new acquired acreage extends for 57,361 square kilometers (net to Eni, 99% operated).

Kazakhstan - Kashagan Final Agreement
On October 31, 2008 all the international parties of 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. Eni management expects to achieve first oil by the end of 2012. Phase-one (Experimental Program) production plateau is forecast at 300 kbbl/day, installed production capacity at the end of phase-one is planned at 370 kbbl/day in 2014.

Divestment of Stogit and Italgas to Snam Rete Gas
On February 12, 2009 Eni s Board of Directors approved the sale of the 100% stake in Italgas SpA and Stoccaggi Gas Italia SpA (Stogit) to Snam Rete Gas SpA for a total consideration of euro 4.7 billion. The transaction is expected to create significant synergies in the segment of regulated businesses allowing Eni to maximize the value of both Italgas and Stogit. The two companies will benefit from higher visibility as a part of Snam Rete Gas. The closing is expected by July 2009, and it will financed by Snam Rete Gas through a rights issue that, for the part related to minorities, will allow Eni to reinforce its consolidated financial structure.

The purchase of a 52% stake and the operatorship of fields in the Hewett Unit was finalized including relevant facilities in the North Sea for cash consideration amounting to euro 0.25 billion. Eni targets to develop a storage capacity of 5 bcm supporting the seasonal swings of gas demand in the United Kingdom.

Exploration activities
In 2008, Eni invested euro 1,918 million in executing an extensive exploratory program, up 13.2% from 2007 in well established areas. The activities of the year resulted

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ENI ANNUAL REPORT / PROFILE OF THE YEAR

Financial highlights		2006	2007	**2008**
(million euro)				
Net sales from operations		86,105	87,256	**108,148**
Operating profit		19,327	18,868	**18,641**
Adjusted operating profit [(a)]		20,490	18,986	**21,793**
Net profit [(b)]		9,217	10,011	**8,825**
Adjusted net profit [(a)] [(b)]		10,412	9,470	**10,201**
Net cash provided by operating activities		17,001	15,517	**21,801**
Capital expenditures		7,833	10,593	**14,562**
Acquisition of investments and businesses [(c)]		95	9,909	**4,305**
Dividends pertaining to the year [(d)]		4,594	4,750	**4,713**
Cash dividends		4,610	4,583	**4,910**
Cost of purchased own shares		1,241	680	**778**
R&D expenditures		222	208	**217**
Total assets at year end		88,312	101,560	**116,590**
Debts and bonds at year end		11,699	19,830	**20,865**
Shareholders equity including minority interests at year end		41,199	42,867	**48,510**
Net borrowings at year end		6,767	16,327	**18,376**
Net capital employed at year end		47,966	59,194	**66,886**
Shares price at year end	(euro)	25.48	25.05	**16.74**
Number of shares outstanding at year end	(million)	3,680.4	3,656.8	**3,622.4**
Market capitalization [(e)]	(billion euro)	93.8	91.6	**60.6**

(a) For a detailed explanation of adjusted profits (net and operating), that do not include inventory gain/loss and special items, see paragraph "Reconciliation of reported operating profit and reported net profit to results on an adjusted basis" on page 69.
(b) Profit attributable to Eni shareholders.
(c) Net of acquired cash.
(d) 2008 amount (relating to dividend payment) is estimated.
(e) Number of outstanding shares by reference price at year end.

Summary financial data		2006	2007	**2008**
Net profit				
- per ordinary share [(a)]	(EUR)	*2.49*	*2.73*	***2.43***
- per ADR [(a)] [(b)]	(USD)	*6.26*	*7.49*	***7.15***
Adjusted net profit				
- per ordinary share [(a)]	(EUR)	*2.81*	*2.58*	***2.80***
- per ADR [(a)] [(b)]	(USD)	*7.07*	*7.07*	***8.24***
Return On Average Capital Employed (ROACE)				
- reported	(%)	*20.3*	*20.5*	***15.7***
- adjusted	(%)	*22.7*	*19.3*	***17.6***
Leverage		0.16	0.38	**0.38**
Dividends pertaining to the year	(euro per share)	1.25	1.30	**1.30**
Pay-out [(c)]	(%)	50	47	**53**
Total Shareholder Return (TSR)	(%)	14.8	3.2	**(29.1)**
Dividend yield [(d)]	(%)	5.0	5.3	**7.6**

(a) Fully diluted. Ratio of net profit and average number of shares outstanding in the year. Dollar amounts are converted on the basis of the average EUR/USD exchange rate quoted by ECB for the period presented.
(b) One American Depositary Receipt (ADR) is equal to two Eni ordinary shares.
(c) 2008 pay-out ratio is estimated with reference to the amounts due on the payment of the dividend balance of 2008.
(d) Ratio of dividend for the period and average price of Eni shares in December.

Key market indicators		2006	2007	**2008**
Average price of Brent dated crude oil [(a)]		65.14	72.52	**96.99**
Average EUR/USD exchange rate [(b)]		1.256	1.371	**1.471**
Average price in euro of Brent dated crude oil		51.86	52.90	**65.93**
Average European refining margin [(c)]		3.79	4.52	**6.49**
Average European refining margin in euro		3.02	3.30	**4.41**
Euribor - three-month rate	(%)	3.1	4.3	**4.6**
Libor - three-month dollar rate	(%)	5.2	5.3	**2.9**

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

Summary operating data		2006	2007	**2008**
Exploration & Production				
Estimated net proved reserves of hydrocarbons (at year end)	(mmboe)	6,436	6,370	**6,600**
- Liquids	(mmbbl)	3,481	3,219	**3,335**
- Natural gas	(bcf)	16,965	18,090	**18,748**
Average reserve life index	(year)	10.0	10.0	**10.0**
Production of hydrocarbons	(kboe/d)	1,770	1,736	**1,797**
- Liquids	(kbbl/d)	1,079	1,020	**1,026**
- Natural gas	(mmcf/d)	3,964	4,114	**4,424**
Gas & Power				
Worldwide gas sales	(bcm)	98.10	98.96	**104.23**
- of which E&P sales [(a)]	(bcm)	4.69	5.39	**6.00**
LNG sales	(bcm)	9.9	11.7	**12.0**
Customers in Italy	(million)	6.54	6.61	**6.63**
Gas volumes transported in Italy	(bcm)	87.99	83.28	**85.64**
Electricity sold	(TWh)	31.03	33.19	**29.93**
Refining & Marketing				
Refining throughputs on own account	(mmtonnes)	38.04	37.15	**35.84**
Conversion index	(%)	57	56	**58**
Balanced capacity of refineries	(kbbl/d)	711	748	**737**
Retail sales of petroleum products in Europe	(mmtonnes)	12.48	12.65	**12.67**
Service stations in Europe at year end	(units)	6,294	6,440	**5,956**
Average throughput of service stations in Europe	(kliters)	2,470	2,486	**2,502**
Petrochemicals				
Production	(ktonnes)	7,072	8,795	**7,372**
Sales of petrochemical products	(ktonnes)	5,276	5,513	**4,684**
Average plant utilization rate	(%)	76.4	80.6	**68.6**
Engineering & Construction				
Orders acquired	(million euro)	11,172	11,845	**13,860**
Order backlog at year end	(million euro)	13,191	15,390	**19,105**
Employees at year end	(units)	73,572	75,862	**78,880**

(a) E&P sales include volumes marketed by the Exploration & Production division in Europe (4.07, 3.59 and 3.36 bcm in 2006, 2007 and 2008, respectively) and in the Gulf of Mexico (0.62, 1.8 and 2.64 bcm in 2006, 2007 and 2008, respectively).

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THE ENI SHARE

To our Shareholders

2008 was an excellent year for Eni, both operationally and financially.
Despite deteriorating market conditions over the last four months of the year, we delivered on our targets, leveraging on the resilience of our business portfolio to achieve sector-leading growth and distribute euro 5.7 billion to our shareholders.
In 2008 we acquired Distrigas, gaining a strategic position in Belgium, a key country in the European gas market due to its geographic location and its high level of interconnectivity with the Centre-North European transit gas networks.
Finally, in 2008 Eni was recognized as the world s most sustainable company in the oil and gas sector among the companies included in the Dow Jones Sustainability Index.
Even in the current context of uncertain and volatile energy markets, we confirm our strategy of superior production growth and leadership in the European gas market. We will continue to invest in our long-term growth while maintaining a strong financial position and rewarding our shareholders with a dividend yield among the highest in our sector.

Financial performance

Eni s 2008 net profit was euro 8.8 billion. Adjusted net profit was euro 10.2 billion, an increase of 7.7% compared to 2007, as a result of the stronger operating performance, partly offset by a higher tax rate. Return on average capital employed was 17.6%.

Record net cash generated from operating activities of euro 21.8 billion financed euro 18.9 billion of investments. Of this, euro 14.6 billion was dedicated to organic growth projects, including exploration, and euro 4.3 billion to acquisitions. Our net debt to equity ratio at year end was 0.38.

The results achieved in 2008 enable us to propose to the Annual General Shareholders Meeting a dividend of euro 1.30 per share, of which euro 0.65 was paid as an interim dividend in September 2008. This is in line with our 2007 dividend.

Sustaining growth and shareholder returns

Our strategic direction has not changed and growth continues to be our main priority. We will achieve our short and long-term growth targets through the development of our portfolio of quality projects and by strengthening our leadership in the European gas market.
Over the next four years, we will invest euro 48.8 billion, slightly less than in the 2008-2011 plan.
The projected free cash flow will allow us to maintain a dividend yield amongst the highest in the sector.

In **EXPLORATION & PRODUCTION**, we achieved an adjusted net profit of euro 8 billion, up 23.4% compared to 2007, driven by production growth and improved mix in a favorable oil price environment. This was partially offset by the appreciation of the euro against the dollar and higher operating costs and amortization charges.
Oil and gas production totaled 1,797 kboe/day, up 3.5%

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from 2007 with an average Brent oil price of 97 $/bl (33.7% higher than 2007). Our production growth was the highest in our peer group. Furthermore, excluding the effect of higher prices on PSA contracts, we would have increased production by 5.6%.

We achieved an all sources reserve replacement ratio of 135%, resulting in a reserve life index of 10 years at December 31, 2008 (in line with 2007). Over the course of the year, our exploration activities led to the discovery of more than 1 billion boe.

On October 31, 2008, Eni and its partners in the North Caspian Sea PSA consortium signed the final agreement with the Kazakh authorities, implementing the new contractual and governance framework of the Kashagan project. In the new operating model Eni, with a reduced stake of 16.81%, is confirmed as the operator of phase one of the project (the Experimental Program) and will retain operatorship of the onshore operations of phase 2 of the development plan.

On November 21, 2008, Eni closed the acquisition of First Calgary Petroleum Ltd, an oil and gas company with exploration and development activities in Algeria.

In the E&P division our strategy of delivering production growth is focused on conventional activities and on high quality assets, located largely in three low cost areas (Africa, OECD Countries and Central Asia/Russia), where we develop giant projects with scale benefits.

We target an average annual production increase of 3.5% in the 2009-2012 plan and expect to maintain robust production growth of 3% a year in the following three years to 2015. In 2009, hydrocarbon production will exceed 1.8 million boe/d, based on a $43 per barrel Brent price scenario. In 2012, production will exceed 2.05 million boe/day based on a 55 $/bl Brent price scenario.

In the next four years, more than 0.5 million boe/day of new production will come on stream, 85% of which is related to projects which will be profitable even with an oil price scenario below $45 per barrel. This growth strategy is based on organic development plans carried out with a reserve replacement ratio of 130%.

In **GAS & POWER**, we consolidated our leading position in Europe and generated euro 1.9 billion of free cash flow, confirming the stability of the division s cash generation. Gas sales reached 104 billion cubic meters, an increase of 5.3% (up 5.27 bcm) compared to 2007, mainly reflecting the contribution of the acquisition of Distrigas.

Adjusted net profit for the year decreased by 9.7% to euro 2.65 billion, largely due to a weaker operating performance. This was caused by stronger competitive pressure, particularly impacting the Italian market in the fourth quarter, and was partly offset by the increase in international sales.

In October 2008, following the authorization from the European Commission, we closed the acquisition of the 57.243% majority stake in Distrigas NV from the French company Suez-Gaz de France. On December 30, 2008, Eni was granted authorization from the Belgian market authorities to execute a mandatory tender offer on the minorities of Distrigas.

Our strategy is to further strengthen our leadership in the European gas market, where we hold a unique

competitive position, thanks to our large and diversified gas supply portfolio and our direct access to a vast infrastructure system and customer base. We will grow our international gas sales by an average of 7% a year, reaching total gas sales of 124 billion cubic meters by 2012 despite our reduced forecast for gas demand growth in Europe.

In **REFINING & MARKETING** we reported an adjusted net profit of euro 510 million. This was 59.9% higher than in 2007 due to a better operating performance and higher profits of equity-accounted entities, partly offset by increased income taxes. This result reflects higher margins in both refining and marketing. Marketing activities in Italy reported higher operating results due to a recovery in selling margins and an increased market share in retail as a result of effective marketing campaigns.

Our strategy in R&M focuses on the selective strengthening of our refining system, the improvement of quality standards in our marketing activities, and the widespread increase in operating efficiency. Overall, we target a euro 400 million EBIT increase by 2012, excluding scenario effects. In refining, we will increase our conversion index to 65% and achieve a middle distillate yield of 45%, more than double the yield in gasoline. Three new hydrocrackers will come on stream in 2009 in the Sannazzaro, Taranto and Bayern Oil refineries.
In marketing, we target an Italian market share increase to 32% through loyalty programmes and enhanced non-oil services. Abroad, we will focus on three countries: Germany, Switzerland and Austria, where we enjoy significant advantages in terms of supply, logistics and brand awareness.

In **ENGINEERING & CONSTRUCTION**, we reported an improved adjusted net profit of euro 784 million (19.1% higher than in 2007) thanks to a better operating performance driven by high efficiency and favorable market conditions. Saipem is completing the expansion of its world-class fleet of construction and drilling vessels, consolidating its leading position in the project management, engineering and construction activities within the oilfield services industry.

In **PETROCHEMICALS** we reported a adjusted loss at both operating and net profit levels (down euro 375 million and down euro 306 million respectively) due to the high costs of oil-based feedstock in the first three quarters of the year and a steep decline in demand in the last quarter.

Our target is to preserve profitability even in an unfavorable scenario. We will improve efficiency, especially in our steam crackers, and selectively invest in areas where we have a competitive advantage (styrenics and elastomers), also leveraging on our proprietary technologies.

The **efficiency** programme launched in 2006 delivered almost euro 1 billion in cost reductions by the end of 2008. We target another euro 1 billion of cost reductions by 2012, bringing overall savings to around euro 2 billion by 2012, in real terms versus the 2005 baseline.

Furthermore, on February 12, 2009, we announced the restructuring of our regulated businesses in Italy, with the sale of our gas distribution and storage regulated activities to Snam Rete Gas. This deal will create one of the major European operators in the regulated gas business and will enable us to extract significant synergies and unlock the value of these assets for our shareholders.

Sustainable development

We are very proud of having been selected as the leading oil and gas company in the Dow Jones Sustainability Index.
We will strive to improve the sustainability of our activities through our commitment to: research and innovation, the development of local communities, the protection of the environment and the endorsement of higher health and safety standards. In conducting operations and in our relations with partners we uphold the protection and promotion of Human Rights.

Eni confirms its commitment to **Research** and **Innovation**. We will focus on developing innovative technologies supporting our core businesses, leveraging on the industrial application of our proprietary technologies, and on expanding our activities in renewables, also thanks to cooperation agreements with primary academic and technology institutions.

People are our most important asset. In managing **Human resources**, we are committed to implementing programs to improve leadership skills, increase knowledge and promote international development.

In conclusion, 2008 was another good year for Eni. The industry is undoubtedly facing uncertain times, but we are well-placed to continue to deliver value to our shareholders, both in the short and the long term.

March 13, 2009

In representation of the Board of Directors

Chairman

Chief Executive Officer and General Manager

BOARD OF DIRECTORS (1)
Chairman
Roberto Poli (2)
Chief Executive Officer and General Manager
Paolo Scaroni (3)
Directors
Alberto Clô, Paolo Andrea Colombo,
Paolo Marchioni, Marco Reboa, Mario Resca,
Pierluigi Scibetta, Francesco Taranto

GENERAL MANAGERS
Exploration & Production Division
Claudio Descalzi (4)
Gas & Power Division
Domenico Dispenza (5)
Refining & Marketing Division
Angelo Caridi (6)

BOARD OF STATUTORY AUDITORS (7)
Chairman
Ugo Marinelli
Statutory Auditors
Roberto Ferranti, Luigi Mandolesi,
Tiziano Onesti, Giorgio Silva
Alternate Auditors
Francesco Bilotti, Pietro Alberico Mazzola

MAGISTRATE OF THE COURT OF ACCOUNTANTS
DELEGATED TO THE FINANCIAL CONTROL OF ENI SpA
Lucio Todaro Marescotti (8)
Alternate
Angelo Antonio Parente (9)

External Auditors (10)
PricewaterhouseCoopers SpA

(1) Appointed by the Shareholders Meeting held on June 10, 2008 for a three year period. The Board of Directors expires at the date of approval of the financial statements for the 2010 financial year.
(2) Appointed by the Shareholders Meeting held on June 10, 2008.
(3) Powers conferred by the Board of Directors on June 11, 2008.
(4) Appointed by the Board of Directors on July 30, 2008.
(5) Appointed by the Board of Directors on December 14, 2005, effective from January 1, 2006.
(6) Appointed by the Board of Directors on August 3, 2007.
(7) Appointed by the Shareholders Meeting held on June 10, 2008 for a three year period, expiring at the date of the approval of the financial statements for the 2010 financial year.

(8) Duties conferred by the Governing Council of the Court of Accountants on July 19-20, 2006.
(9) Duties conferred by the Governing Council of the Court of Accountants on May 27-28, 2003.
(10) Appointed by the Shareholders Meeting of May 24, 2007 for the 2007-2009 three-year term.

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Key performance indicators		**2006**	**2007**	**2008**
Net sales from operations [a]	(million euro)	27,173	27,278	**33,318**
Operating profit		15,580	13,788	**16,415**
Adjusted operating profit [b]		15,763	14,051	**17,416**
Exploration & Production		*15,518*	*13,785*	***17,233***
Storage Business		*245*	*266*	***183***
Adjusted net profit		7,279	6,491	**8,008**
Capital expenditures		5,203	6,625	**9,545**
of which:				
exploration expenditures [c]		*1,348*	*1,659*	***1,918***
storage		*40*	*145*	***264***
Adjusted capital employed, net		18,590	24,643	**31,302**
Adjusted ROACE	(%)	37.5	30.0	**28.6**
Average realizations				
- Liquids	($/bbl)	60.09	67.70	**84.05**
- Natural gas	($/mmcf)	5.29	5.42	**8.01**
- Total hydrocarbons	($/boe)	48.87	53.17	**68.13**
Production [d]				
- Liquids	(kbbl/d)	1,079	1,020	**1,026**
- Natural gas	(mmcf/d)	3,964	4,114	**4,424**
- Total hydrocarbons	(kboe/d)	1,770	1,736	**1,797**
Estimated net proved reserves [d] [e]				
- Liquids	(mmbbl)	3,481	3,219	**3,335**
- Natural gas	(bcf)	16,965	18,090	**18,748**
- Total hydrocarbons	(mmboe)	6,436	6,370	**6,600**
Reserve life index	(year)	10.0	10.0	**10.0**
Reserve replacement ratio of consolidated subsidiaries (SEC criteria)	(%)	38	38	**136**
Reserve replacement ratio including equity-accounted entities [e]	(%)	38	90	**135**

Employees at period end	(units)	8,336	9,334	**11,194**

(a) Before elimination of intragroup sales.
(b) 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.
(c) Includes exploration bonuses.
(d) Includes Eni s share of equity-accounted entities.
(e) Includes a 30% stake of the reserves of the three equity-accounted Russian companies purchased in 2007 as part of a bid procedure for assets of bankrupt Yukos and participated by Eni with a 60% interest, considering that Gazprom exercises a call option to acquire a 51% interest in these companies so as to dilute Eni s interest to 30%. Reserves of the 20% participated OAO Gazprom Neft were also excluded considering the call option attributed to Gazprom.

Final Agreement for the development project of the Kashagan oilfield

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. Eni s management expects to achieve first oil by the end of 2012. Phase-one production plateau is forecast at 300 kbbl/d; the installed production capacity at the end of phase-one is planned at 370 kbbl/d in 2014. Subsequently, production capacity of phase-one is expected to step up to 450 kbbl/d, leveraging on availability of further compressor capacity for gas re-injection associated with the start-up of phase-two offshore facilities.

Portfolio

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 in close proximity to the Interconnector pipeline. Eni plans to upgrade certain depleted fields in the area so as to achieve a gas storage facility with a 177 bcf capacity to support seasonal upswings in gas demand in the UK.

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 euro 605 million. Production start-up is expected in 2011 with a projected plateau of approximately 30 kboe/d net to Eni by 2012.

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.

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 Burren s shares purchased in 2007, for a total amount of euro 0.6 billion). In 2008 production of Burren assets averaged 25 kbbl/d in Congo and Turkmenistan. Acquired control of the Indian company Hindustan Oil Exploration Limited (Eni 47.18%) pursuant to the acquisition of Burren Energy Plc.

Awarded new exploration leases in Angola, Algeria, Alaska, Gabon, the Gulf of Mexico, Indonesia, Norway and the United Kingdom, with an extension of 57,361 square kilometers (net to Eni, 99% operated).

Partnership Agreement

In 2008 Eni s unique approach to business continued, leveraging on the so-called "Eni co-operation model" integrating sustainable activity in the territory with the traditional business of hydrocarbon exploration and production:

Defined a cooperation agreement with the Republic of Congo for the extraction of unconventional oil from the Tchikatanga and Tchikatanga-Makola oil sands deposits deemed to contain significant amounts of resources based on a recent survey, with over extension of 1,790 square kilometers. Eni plans to monetize the heavy oil by applying its EST (Eni Slurry Technology) proprietary technology intended to convert entirely the heavy barrel into high-quality light products. The agreement also comprises the construction of a new 450 MW electricity generation plant (Eni s share 20%) to be fired by 2009 with the associated natural gas from the operated M Boundi field and a partnership for the production of bio-diesel.

Signed a Memorandum of Understanding with Sonangol for the definition of an integrated model of cooperation and development. The agreement covers onshore development activities and construction of facilities in Angola designed to monetize flaring gas as well as collaboration in the field of bio-fuels.

Renewed the Memorandum of Understanding with Brazilian oil company Petrobras for the evaluation of joint initiatives in the upstream and downstream sectors, to produce and market renewable fuels and the possible options for the valorization of the natural gas reserves discovered by Eni offshore Brazil.

Signed new strategic agreements with Petroleos de Venezuela SA (PDVSA) for the definition of a plan to develop a field located in the Orinoco oil belt deemed to contain significant amounts of heavy oil based on a recent survey; and the exploration and development of two offshore fields in the Caribbean Sea with gas resources to be processed potentially in an LNG project.

Signed a Memorandum of Understanding with the state-owned company Qatar Petroleum International to target joint investment opportunities in the exploration and production of oil and gas.

Signed a partnership agreement with Papua New Guinea for the exploration of oil and gas and identification of opportunities to develop the Country s resources. Eni is also interested to jointly opportunities related to power generation projects and the development of alternative and existing renewable energies.

Finalized a Memorandum of Understanding with Colombia s state oil company Ecopetrol to evaluate joint exploration opportunities.

Financial results

Adjusted net profit for the full year was euro 8,008 million, an increase of euro 1,517 million from 2007 (up 23.4%) due to a better operating performance driven by higher realizations in dollars and production growth, partially offset by rising operating costs and higher amortization charges.

Return on average capital employed calculated on an adjusted basis was 28.6% in 2008 (30% in 2007).

Liquids and gas realizations for the full year increased on average by 28.1% in dollar terms from 2007, driven by the strong market environment of the first nine months of the year.

Production

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, as well as continuing production ramp-up in Angola, Congo, Egypt, Pakistan and Venezuela. 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%.

Leveraging on organic growth in Africa, Central Asia and Russia, Eni expects to deliver a 3.5% compound average growth rate over the next four-year period, targeting a production level in excess of 2.05 mmboe/day by 2012 under Eni s Brent scenario at $55 per barrel.

Estimated net proved reserves

Estimated net proved reserves at December 31, 2008 were 6.6 bboe (up 3.6% from 2007) determined based on a year-end Brent price of $36.55 per barrel. The year end amounts comprised 30% of proved reserves of the three equity-accounted Russian companies purchased in 2007 as part of a bid procedure for assets of bankrupt Russian company Yukos and participated by Eni with a 60% interest, considering that Gazprom exercises a call option to acquire a 51% interest in these companies. All sources reserve replacement ratio was 135% (136% under SEC reporting standards, based on reserve additions from Eni s consolidated subsidiaries), with an average reserve life index of 10 years (10 years at December 31, 2007). Excluding the price effect, the replacement ratio would be 83%.

Leveraging the high mineral potential of Eni s assets in the Caspian Sea, West Africa, North Africa and the Gulf of Mexico and new high potential areas in the medium term, Eni expects to replace 130% of produced reserves at the Company s long-term price deck of $57 per barrel.

Exploration and development expenditures

In 2008, exploration expenditures amounted to euro 1,918 million (up 15.6% from 2007) to execute a very extensive campaign in well established areas of presence. A total of 111 new exploratory wells were drilled (58.4 of which represented Eni s share), in addition to 21 exploratory wells in progress at year end (12 net to Eni). The overall commercial success rate was 36.5% (43.4% net to Eni). The main discoveries were made in: Angola, Australia, Congo, Croatia, Egypt, the Gulf of Mexico, Italy, Libya, Nigeria, Norway, Pakistan, Tunisia and the United Kingdom.

Development expenditures were euro 6,429 million (up 38.5% from 2007), in particular in the Gulf of Mexico, Kazakhstan, Italy, Nigeria, Egypt, Australia and Congo.

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Reserves

Reserve Governance

The Company has adopted comprehensive classification criteria for proved, proved developed and proved undeveloped oil and gas reserves in accordance with applicable U.S. Securities and Exchange Commission (SEC) regulations, as provided for in Regulation S-X, Rule 4-10. For unproved reserves (probable and possible reserves) and contingent resources (potentially reserves), Eni s resource classification system complies with the classifications and definitions adopted by the Society of Petroleum Engineers, the World Petroleum Congress and the American Association of Petroleum Geologists.

Proved oil and gas reserves are the estimated quantities of crude oil, natural gas and natural gas liquids which geologic and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under technical, contractual, economic and operating conditions existing at the time. Year-end liquids and natural gas prices used in the estimate of proved reserves under SEC criteria, are obtained from the official survey published by Platt s Marketwire for liquids; and contractual conditions existing at year-end as applied to reference benchmarks for natural gas. Prices include consideration of changes in existing prices provided only by contractual arrangements, but not on escalations based upon future conditions. Engineering estimates of the Company s oil and gas reserves are inherently uncertain. Although authoritative guidelines exist regarding engineering criteria that have to be met before estimated oil and gas reserves can be designated as "proved", the accuracy of any reserve estimate is a function of the quality of available data and engineering and geological interpretation and judgment. Consequently, the estimated proved reserves of oil and natural gas may be subject to future revision and upward and downward revisions may be made to the initial booking of reserves due to analysis of new information concerning production, reservoir performance, commercial factors, acquisition and divestment activity and additional reservoir development activity. Field resources will only be categorized as proved reserves when all criteria for the attribution of proved status has been met, including technical, economic and commercial criteria. Proved reserves to which Eni is entitled under concession contracts are environment, the volume of entitlements necessary to cover the same amount of expenditures is lower.

Eni has always exercised rigorous control over the booking process of proved reserves. The Reserve Department of the Exploration & Production division is entrusted with the task of continuously updating the Company s guidelines concerning reserve evaluation, classification and monitoring the periodic determination process. Company guidelines have been reviewed by DeGolyer and MacNaughton (D&M), an independent petroleum engineers company which has declared their compliance with applicable SEC rules. D&M has also stated that the company guidelines regulate situations for which the SEC rules lack details, providing a reasonable interpretation in line with the generally accepted practices in international markets.

Eni estimates its proved reserves on the basis of the mentioned guidelines, also when participating in exploration and production activities operated by other entities. The process for evaluating reserves involves: (i) business unit managers (geographic units) and Local Reserve Evaluators (LRE), who perform the evaluation and classification of technical reserves (production profiles, capital expenditure, operating costs and costs related to asset retirement obligations); (ii) geographic area managers at head offices and Division Reserve Evaluators (DRE) checking evaluations carried out by business unit managers; (iii) the Reserve Department, providing independent reviews of the fairness and correctness of classifications carried out by business units, who also aggregates worldwide reserve data and performs economic assessment of reserves, with the support of the Accounting Department, to calculate equity volumes. Moreover, the Reserve Department has the following responsibilities: to ensure the periodic certification process of reserves and to continuously update the Company guidelines on reserves evaluation and classification.

All personnel involved in the process of reserve evaluation are knowledgeable on SEC guidelines for proved reserves classification and have professional abilities adequate to the complexity of the task, expressing their judgment independently and respectful of professional ethics. In addition, a Reserve Evaluator is normally considered professionally qualified with respect to the international standards backed by the Society of Petroleum Engineers. Since 1991, Eni has determined by applying Eni s share of production to total proved reserves of the contractual area, in respect of the duration of the relevant mineral right. Proved reserves to which Eni is entitled under Production Sharing Agreements are calculated so that the sale of production entitlements should cover expenses incurred by the Group to develop a field (cost oil) and on the profit oil set contractually. A similar scheme applies to buy-back and service contracts. In a high oil price requested qualified independent oil engineering companies carry out and independent evaluation[1] of its proved reserves on a rotation basis.

Eni believes those independent evaluators to be experienced and qualified in the marketplace. In the preparation of their reports, those independent evaluators relied, without independent verification, upon information furnished by Eni with respect to property interest,

(1) From 1991 to 2002, DeGolyer and MacNaughton; from 2003, also Ryder Scott Company.

production, current cost of operation and development, agreements relating to future operations and sale, prices and other information and data that were accepted as represented by the independent evaluators. These information were the same used by Eni in determining proved reserves and included: log, directional surveys, core and PVT analysis, maps, oil/gas/water production/injection data of wells, reservoir and field, reservoir studies; technical analysis relevant to field performance, reservoir performance, long-term development plans, future capital and operating costs. In order to calculate the economic value of reserves NPV, actual prices received from hydrocarbon sales, instructions on future prices, and other pertinent information are provided. Accordingly, the work performed by the independent evaluators is an evaluation of Eni s proved reserves carried out in parallel with the internal one. The circumstance that the independent evaluations achieved the same results as those of the Company for the vast majority of fields support the management s confidence that the company s booked reserves meet the regulatory definition of proved reserves which are reasonably certain to be produced in the future. When the assessment of independent engineers is lower than internal evaluations, Eni revises its estimates based on information provided by independent evaluators.

Specifically in 2008 a total of 1.5 billion boe of proved reserves was evaluated, representing approximately 22% of Eni s total proved reserves at December 31, 2008 (calculated including a 60% interest of the proved reserves of the three Russian gas companies). Outcomes of the independent evaluations confirmed Eni s evaluations, as they did in previous years. During the 2006-2008 three year period, independent evaluations covered 77% of Eni s total proved reserves. Further information on reserves is provided in the notes to Eni consolidated financial statements "Supplementary information on oil and natural gas Oil and natural gas reserves".

Movements in estimated net proved reserves

Eni s estimated proved reserves were determined taking into account Eni s share of proved reserves of equity-accounted entities. The 2008 year end amounts comprised 30% of proved reserves of the three equity-accounted Russian companies purchased in 2007 as part of a bid procedure for assets of bankrupt Russian company Yukos and participated by Eni with a 60% interest, considering that Gazprom exercises a call option to acquire a 51% interest in these companies. Based on this assumption, movements in Eni s 2008 estimated proved reserves were as follows:

(mmboe)	Consolidated subsidiaries	Equity-accounted entities	Total
Estimated net proved reserves at December 31, 2007	**6,010**	**360**	**6,370**
Extensions, discoveries, and other additions, revisions of previous estimates and improved recovery, excluding year-end price revision	510	4	514
Price effect	340	2	342
Reserve additions	850	6	856
Proved property acquisitions	91		91
Sales of minerals-in-place	(59)		(59)
Production for the year	(650)	(8)	(658)
Estimated net proved reserves pro-forma at December 31, 2008	**6,242**	**358**	**6,600**

Reserve replacement ratio, all sources	(%)	136	75	135
Reserve replacement ratio, all sources and excluding price effect	(%)	83	75	83

Additions to proved reserves booked in 2008 were 856 million boe and derived from: (i) revisions of previous estimates were 751 million boe, partly related to higher entitlements reported in certain PSAs (up 342 million boe) resulting from lower year end oil prices from a year ago (Brent price was $36.55 per barrel at December 31, 2008 compared to $96.02 per barrel at December 31, 2007), net of downward revisions associated with marginal productions in certain mature fields. These revisions were reported in Angola, Kazakhstan and Libya; (ii) extensions and discoveries were 71 million boe, with major increases booked in Angola, Egypt, Nigeria, Norway and United States; (iii) improved recovery were 34 million boe mainly reported in Algeria, Angola, Congo and Libya.

Acquisitions amounted to 91 million boe reflecting the contribution of the acquired Burren assets in Congo, Turkmenistan and India. Sales of reserves in place (59 million boe) related to the divestment of a 1.71% stake in the Kashagan project following the finalization of the agreements implementing the new contractual and governance framework of the project effective January 1, 2008.

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In 2008 Eni achieved an all sources reserve replacement ratio[2] of 135% (136% under SEC reporting standards, based on reserve additions from Eni s consolidated subsidiaries). The average reserve life index is 10 years (10 years at December 31, 2007).

Excluding the price effect, the replacement ratio would be 83%.
Eni s estimated proved reserves would be 6,908 mmboe including the proved reserves of thee Russian gas companies on the basis of Eni s current interest 60%. The average reserve life index is 10.5 years.

Estimated net proved reserves pro-forma

		Consolidated subsidiaries								
		Italy	**North Africa**	**West Africa**	**North Sea**	**Caspian Area** (b)	**Rest of world**	**Total consolidated subsidiaries**	**Equity-accounted entities**	**Total**
2006										
Liquids	(mmbbl)	215	982	786	386	893	195	3,457	**24**	**3,481**
Natural Gas	(bcf)	3,391	5,946	1,927	1,697	1,874	2,062	16,897	**68**	**16,965**
Hydrocarbons	(mmboe)	**805**	**2,018**	**1,122**	**682**	**1,219**	**554**	**6,400**	**36**	**6,436**
2007 (a)										
Liquids	(mmbbl)	215	878	725	345	753	211	3,127	**92**	**3,219**
Natural Gas	(bcf)	3,057	5,751	2,122	1,558	1,770	2,291	16,549	**1,541**	**18,090**
Hydrocarbons	(mmboe)	**747**	**1,879**	**1,095**	**617**	**1,061**	**611**	**6,010**	**360**	**6,370**
2008 (a)										
Liquids	(mmbbl)	**186**	**823**	**783**	**276**	**939**	**236**	**3,243**	**92**	**3,335**
Natural Gas	(bcf)	**2,844**	**6,311**	**2,084**	**1,336**	**2,437**	**2,202**	**17,214**	**1,534**	**18,748**
Hydrocarbons	(mmboe)	**681**	**1,922**	**1,146**	**510**	**1,363**	**620**	**6,242**	**358**	**6,600**

The conversion rate of natural gas from cubic feet to boe is 1,000 cubic feet = 0.1742 barrels of oil.

(a) Includes a 30% stake of the reserves of the three equity-accounted Russian companies purchased in 2007 as part of a bid procedure for assets of bankrupt Yukos and participated by Eni with a 60% interest, considering that Gazprom exercise a call option to acquire a 51% interest in these companies so as to dilute Eni s interest to 30%. Reserves of the 20% participated OAO Gazprom Neft were also excluded considering the call option attributed to Gazprom.

(b) Eni s proved reserves of the Kashagan field were determined based on Eni working interest of 16.81% as of December 31, 2008 and 18.52% in previous years.

(2) Ratio of changes in proved reserves for the year resulting from revisions of previously reported reserves, improved recovery, extensions, discoveries and sales or purchases of minerals in place, to production for the year. A ratio higher than 100% indicates that more proved reserves were added than produced in a year. The Reserve Replacement Ratio is a measure used by management to indicate the extent to which production is replaced by proved oil and gas reserves. The Reserve Replacement Ratio is not an indicator of future production because the ultimate development and production of reserves is subject to a number of risks and uncertainties. These include the risks associated with the successful completion of large-scale projects, including addressing ongoing regulatory issues and completion of infrastructure, as well as changes in oil and gas prices, political risks and geological and other environmental risks.

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Mineral right portfolio and exploration activities

As of December 31, 2008, Eni s mineral right portfolio consisted of 1,224 exclusive or shared rights for exploration and development in 39 countries on five continents for a total net acreage of 415,494 square kilometers (394,490 at December 31, 2007). Of these 39,244 square kilometers concerned production and development (37,642 at D