

# Letter to shareholders



## Board of Directors

From left to right: Francesco Taranto, Alessandro Lorenzi, Alessandro Profumo, Paolo Marchioni, Paolo Scaroni (CEO and General Manager), Giuseppe Recchi (Chairman), Roberto Petri, Mario Resca, Carlo Cesare Gatto.

2011 was a year in which we made exceptional progress on our medium and long-term growth prospects.

Exploration success has been the highlight of our performance year. The giant Mamba gas discovery offshore Mozambique, with up to 40 Tcf of gas in place, opens up extraordinary development opportunities and is ideally placed to serve the fast-growing Asian energy markets.

Other noticeable exploratory success was achieved in Block 15/06, offshore Angola, the Barents Sea, Indonesia, Ghana, the United States, in addition to a number of near field discoveries. Overall, we have added 1.1 billion boe to Eni's resource base. We have broadened our growth options in unconventional resources by signing agreements in China, Algeria and Ukraine. We achieved start-ups at eleven oil and gas fields which are expected to add approximately 80 kboe/d to our medium-term production plateau. We have also made good progress on our key projects for medium-term growth, signing the gas supply agreements and making the final investment decisions for the Perla field, offshore Venezuela, and our projects in the Yamal Peninsula in Russia, including the Samburskoye and Urengoskoye fields. This technical and commercial progress alongside with the other sanctioned projects for the year will contribute approximately 140 kboe/d of new production to our plateau in 2015.

Another highlight of Eni's performance in 2011 was the quick operational recovery in Libya. Since the liberation of Tripoli in September, we have restarted all of our fields and re-opened the GreenStream, ramping up production faster than we had anticipated. Currently we are almost back to pre-crisis levels, and expect 2012 production from Libya of approximately 240 kboe/d, compared to the 110 kboe/d reported for the full year 2011 and 273 kboe/d produced in 2010.

It has been an extraordinary achievement that owes to the engagement and relentless efforts made by the women and

men of Eni, as well as our sustainable business model which has built on our excellent relationships with local communities and established collaboration with Libyan Authorities.

To sum up, 2011 has been a brilliant year for the Exploration & Production Division, in spite of the temporarily disruption in Libya activities. We have laid down foundations for our future growth, and maintained continued focus on operational excellence and risk prevention, which are the drivers of value creation from the barrel, as well as steady commitment on cooperation with our host countries and local communities to deliver on the sustainability of our returns.

Our downstream businesses were hit by the economic downturn, which has sharpened in the last part of the year in Italy and Europe. Against this backdrop, we have taken steps to strengthen our competitive position in each of our businesses.

In the Gas & Power Division we continue our strategy of renegotiating our gas supply contracts. We closed the agreement with Sonatrach in 2011, and in March 2012, we reached a deal with Gazprom. The economic effects associated with the Russian contracts will be retroactive for the whole of 2011. We have strengthened our position in the most resilient retail segment through organic growth in Italy and the selective acquisition of Nuon in Belgium and Altergaz in France. In Italy we increased market share in the residential sector, exceeding the bar of 7 million clients for the first time, leveraging our strong commercial franchise and the broadening of our "luce e gas" offer.

In the Refining & Marketing division we are concentrating our efforts on efficiency and cycle optimizations. In 2011 we exceeded our targets by achieving savings of €150 million. The Marketing business achieved good results, consolidating our leadership in the Italian market leveraging on successful commercial initiatives, the rebranding to eni of our service stations, the launch of innovative non-oil services and continued customer care.

In the Petrochemical business, we have started the "green