



Eni Strategy

Vittorio Mincato
Chief Executive Officer

January, 2002



Eni Strategic Guidelines

1992-1998

- Group restructuring and rationalization process



1999-2001

- To pass from a restructuring phase to a growth strategy in core business

- From 1 to 1.5 Mboe/d E&P production
- 10 Bcm gas sale in Europe
- 1.7 Bn€ cost cutting
- Expansion in powergen >5 GW
- Reduction in non core capital employed

2002-2005

- Organic growth and further development in core business
- Completion of portfolio reorganization
- Enhancement of core business competitive position

DELIVERED



Eni Strategic Highlights

STRATEGY

DRIVERS

T
E
C
H
N
O
L
O
G
Y

Growth in core business

- Grow in E&P leveraging on existing assets
- Become a major player in European gas market

Focus on core business

- Reduce capital employed in non core business

Delivery efficiency

- Continue cost cutting

Business integration

- Reorganization of core business aimed at maximizing synergies

Financial discipline

- Optimize capital structure
- Strict financial criteria to expand core business



Eni Strategy: growth in E&P

LASMO ACQUISITION

- **5.3 Bn €** enterprise value December 2000: launch of the offer
March 2001: acquisition completed
- **16%** higher than expected average production in 2003 compared to initial estimate of December 2000
- **25%** higher than expected synergies

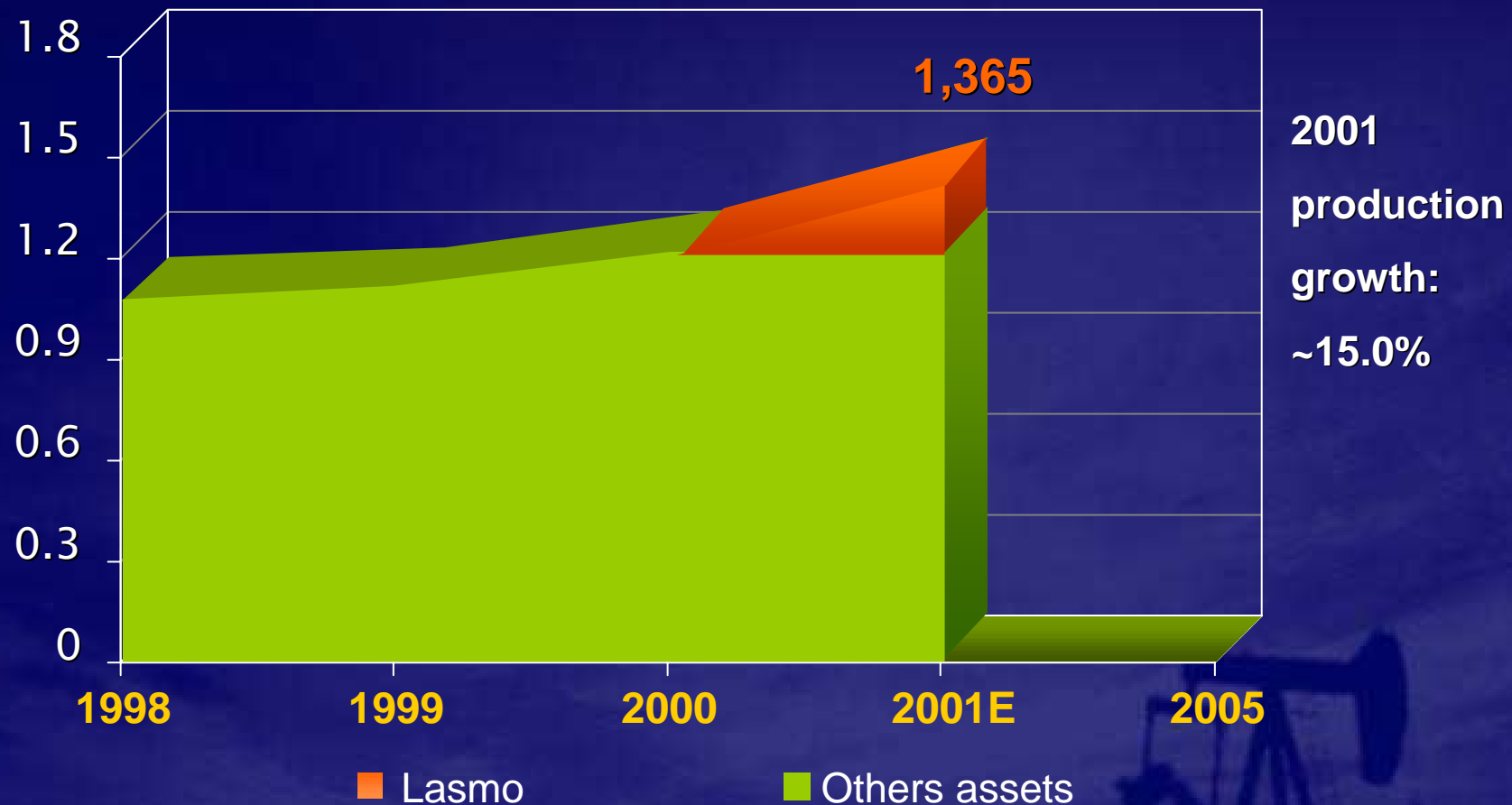
INTEGRATION PROCESS COMPLETED BY YEAR END 2001



2001 achievements confirm strategy: profitable growth in E&P production

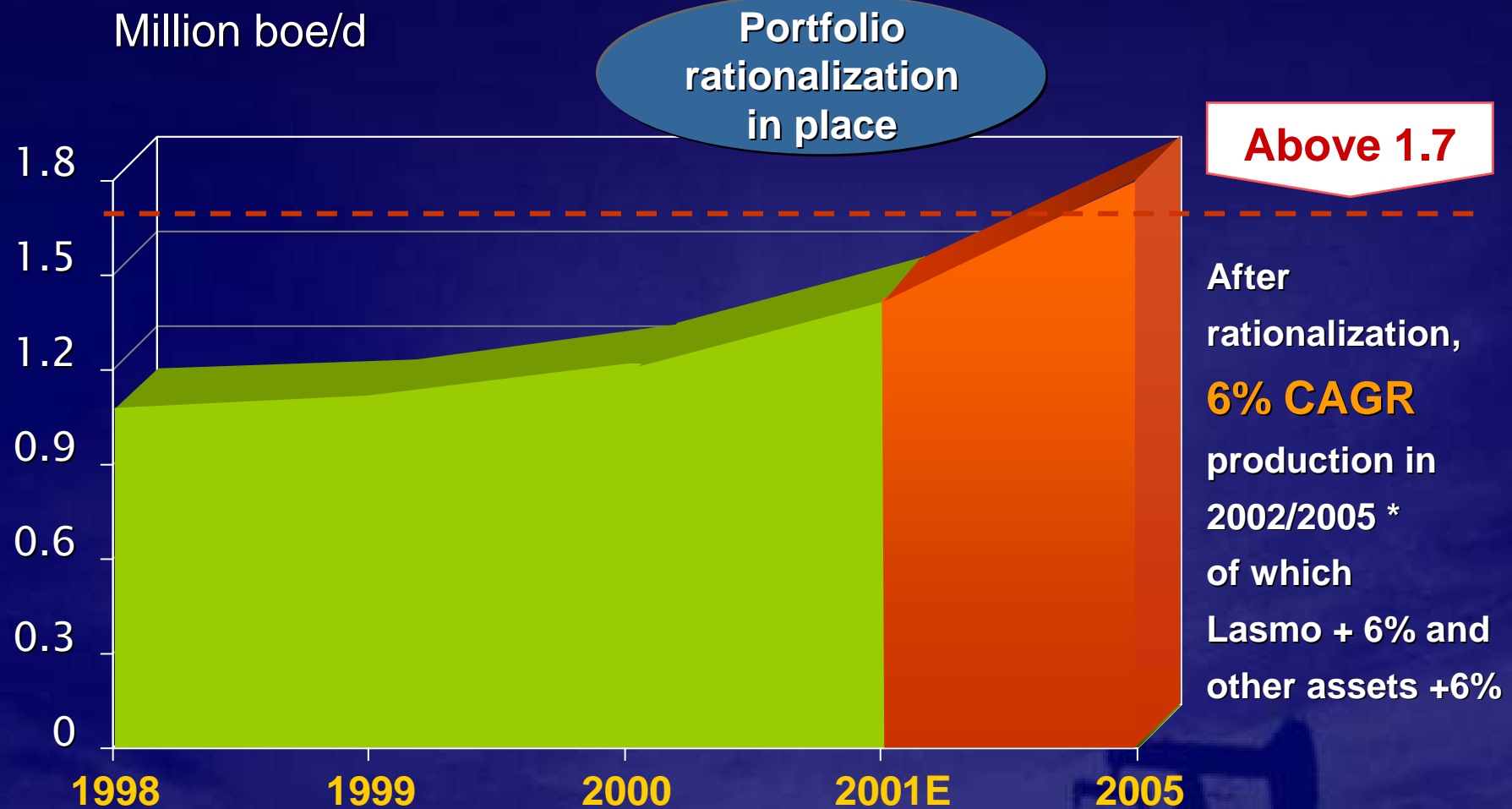
Thousand boe/d

December 2001 average production: 1,440





Profitable growth in E&P 2002-2005 production* based on existing assets





Eni Strategy: expansion in European gas market

Bcm

- Entry in European fast growing gas markets

14

- Build up a position in main European gas markets

+40% vs. the previous target of 10 Bcm by 2003

- European gas sales to Italian players

11

- Presence in distribution business through Italgas

3

- Integration with E&P division

10

Strategic target

To sell

abroad

38 Bcm of gas

by 2005



Eni Strategy: consolidation in Italian gas market

Strategic target

- 
- Leveraging on gas demand growth trend in 2000/2010
 - Confirming presence in final market
 - Expanding in powergen business

**Maximize gas
volume
according to
ceilings**



Eni Strategy: expansion in Italian powergen market

Eni powergen development plan is focused on:

- Organic growth in electricity market leveraging on gas availability and Eni's refinery and petrochemical sites
- Integration of commercial arm with Gas business
- High efficiency

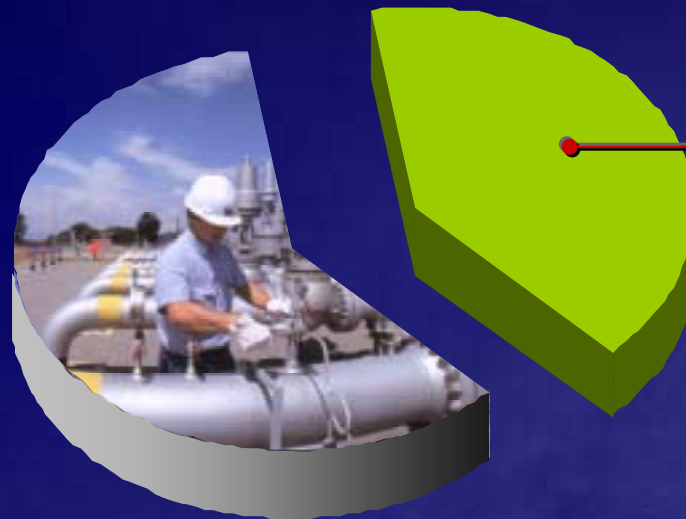
Strategic target by 2005

- **5 GW of installed capacity**
- **6 Bcm of gas self-consumption**
- **Attractive returns**



Eni Strategy: reduced presence in regulated business

SNAM Rete Gas listing (December 2001)



40.24% free float

(Including full exercise of greenshoe)

- Stock market recognizes a premium on Regulated Asset Base
- Consolidated cash in 2.2 billion €
- Consolidated capital gain 2.5 billion €



Eni Strategy in R & M confirmed

STRATEGY

Reposition in the Italian market

- Rebalance of refining capacity mainly reducing free on board (FOB) production
- Network requalifications and enhancement reaching European standards of throughput and services

Expansion in selected European areas

Increase market share in selected European regions where Eni can enjoy supply advantages and brand awareness



Eni Strategy: focus on core business

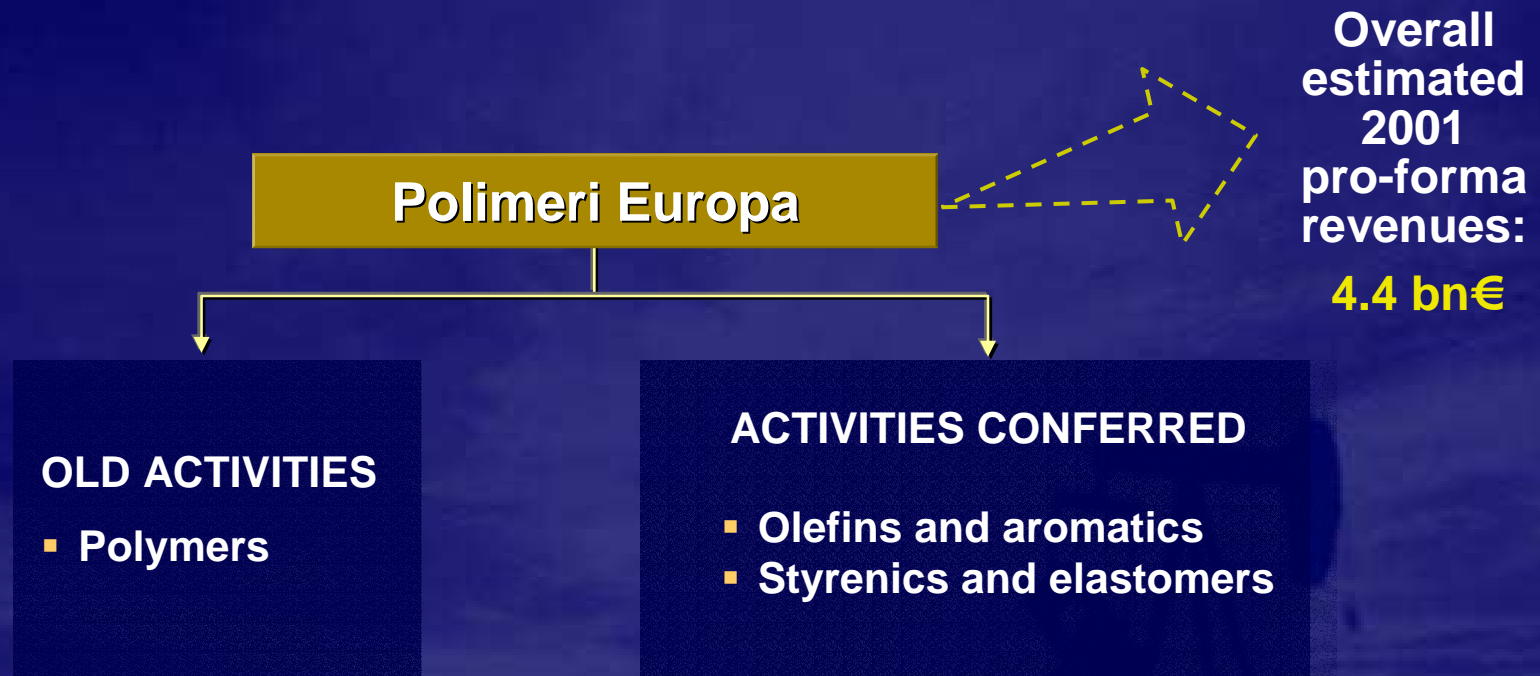
CHEMICALS

■ April 2001

- Deal with Dow Chemical to exit polyurethane business

■ January 2002

- Assets conferred to Polimeri Europa





Reduce capital employed in Petrochemicals

- Advanced negotiation underway with international player to sell control of Polimeri Europa.

This deal represents a reduction of 1.5 billion € in Eni's petrochemical capital employed

- Contingency plan: assets break up and disposals (alternative solution)



Reduce capital employed in non core business

Real estate:

**Disposal of Eni real estate property in 2001
(90.16% stake of Immobiliare Metanopoli
and other assets)**

**Capital employed reduction of around 600 million €
or 2% of 2000 Eni capital employed**



Eni Strategy: focus on core business

DRIVER

Complete capital
employed
reduction in non
core business

STRATEGIC TARGET

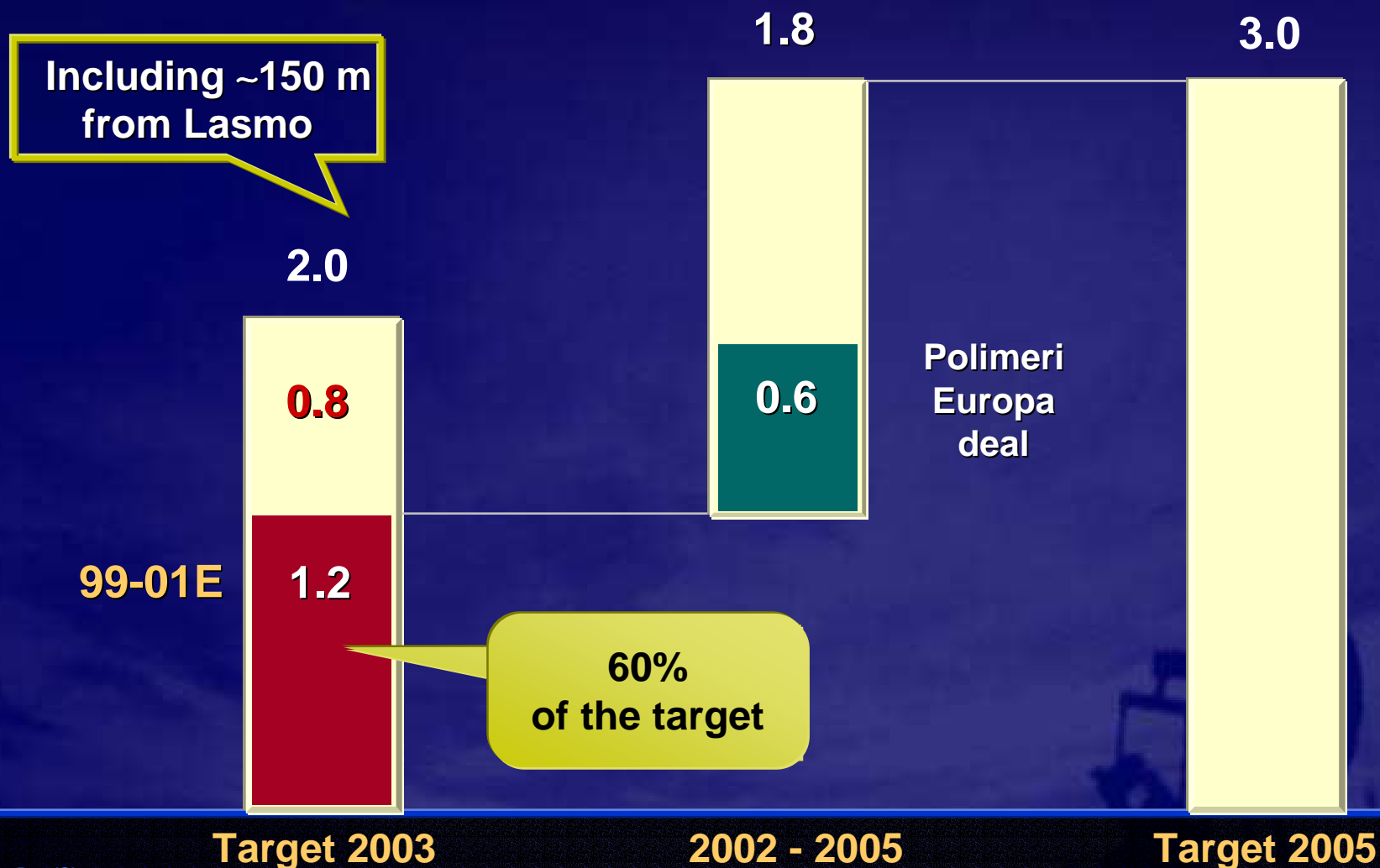
From 10% to
LESS THAN 5%
CAPITAL EMPLOYED
IN
non core business



Cost cutting program

Billion € real terms

1 Billion €
additional cost cutting
by 2005





Eni Strategy: business integration



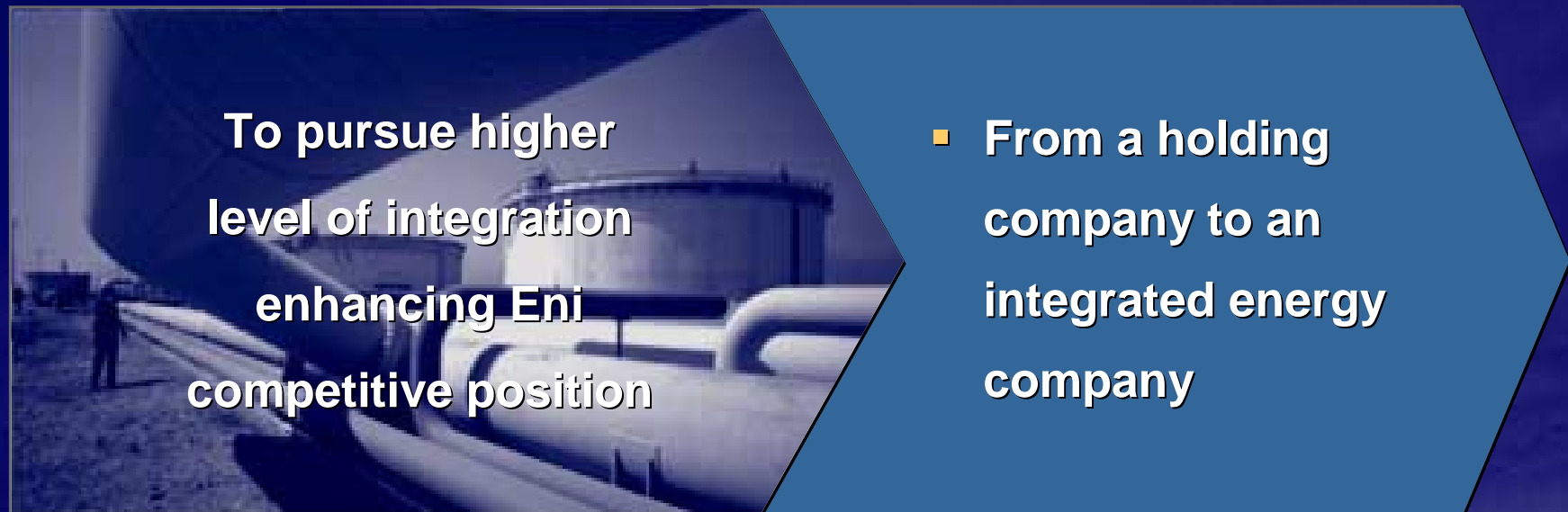
To pursue higher level of integration

- To reach faster and leaner decision process
- To exploit synergies
- To achieve higher level of efficacy in core business



Eni Strategy: business integration

STRATEGIC TARGET





Eni Strategy: to leverage on technology

R&D activities focusing on

Deep Offshore

Gas Monetization

Upgrading of Heavy Oils

ENVIRONMENTAL
FRIENDLY

To enhance
Core Business



Eni Strategy: financial discipline and developments in core business

STRATEGY

Further
expansion in
core business

Past acquisition
in core business
driven by strong
industrial
rationale and
financial
discipline

British Borneo (acquired)
Lasmo (acquired)
Petroz (bid left)
Italian Gencos (bid left)

**Eni
DELIVERED**



Eni Strategy: share buy-back

SHARE BUY-BACK PROGRAM

- Authorized buy-back up to 3.4 bn €
- Update: from September 1, 2000 to January 9, 2002
 - Bought back 155 million shares (3.9% of share capital)
 - Spent 2.1 billion € (60% of authorized expense)

On-going
program

NEW TARGET

- New proposal to be approved by the AGM in May 2002:

**BUY BACK UP TO 5.4
BILLION EURO**



Eni 2005 strategic targets

STRATEGY

2005 TARGETS

Growth

- 6% CAGR increase in E&P production
- 38 Bcm gas sales in Europe
- 5 GW installed capacity in powergen

Efficiency

- 1 Bn € additional cost savings

Focus and Integration

- To become an integrated energy company focused in oil and gas business



E & P Business Trends

Stefano Cao
Chief Operating Officer Agip Division

January, 2002



2001 - Highlights

Lasmo

Portfolio Rationalization

Production Trend

Main Projects

Technology

Efficiency



Main events

ACQUISITION

Lasmo

NORWAY

- BLK 35/1: licence awarded

RUSSIA

- Astrakan North: agreement signed

U.K.

- Elgin/Franklin: start up

ITALY

- Val d'Agri: - pipeline completed
- phase 2 production start up

KAZAKHSTAN

- Kashagan:
 - appointed single operator
 - additional 2.4%

NIGERIA

- OML 244: licence awarded
- Okono: start up
- Power Generation: project sanctioned

IRAN

- Darquain: agreement signed
- Balal: agreement signed

CONGO

- Foukanda: start up
- Mwafi: start up

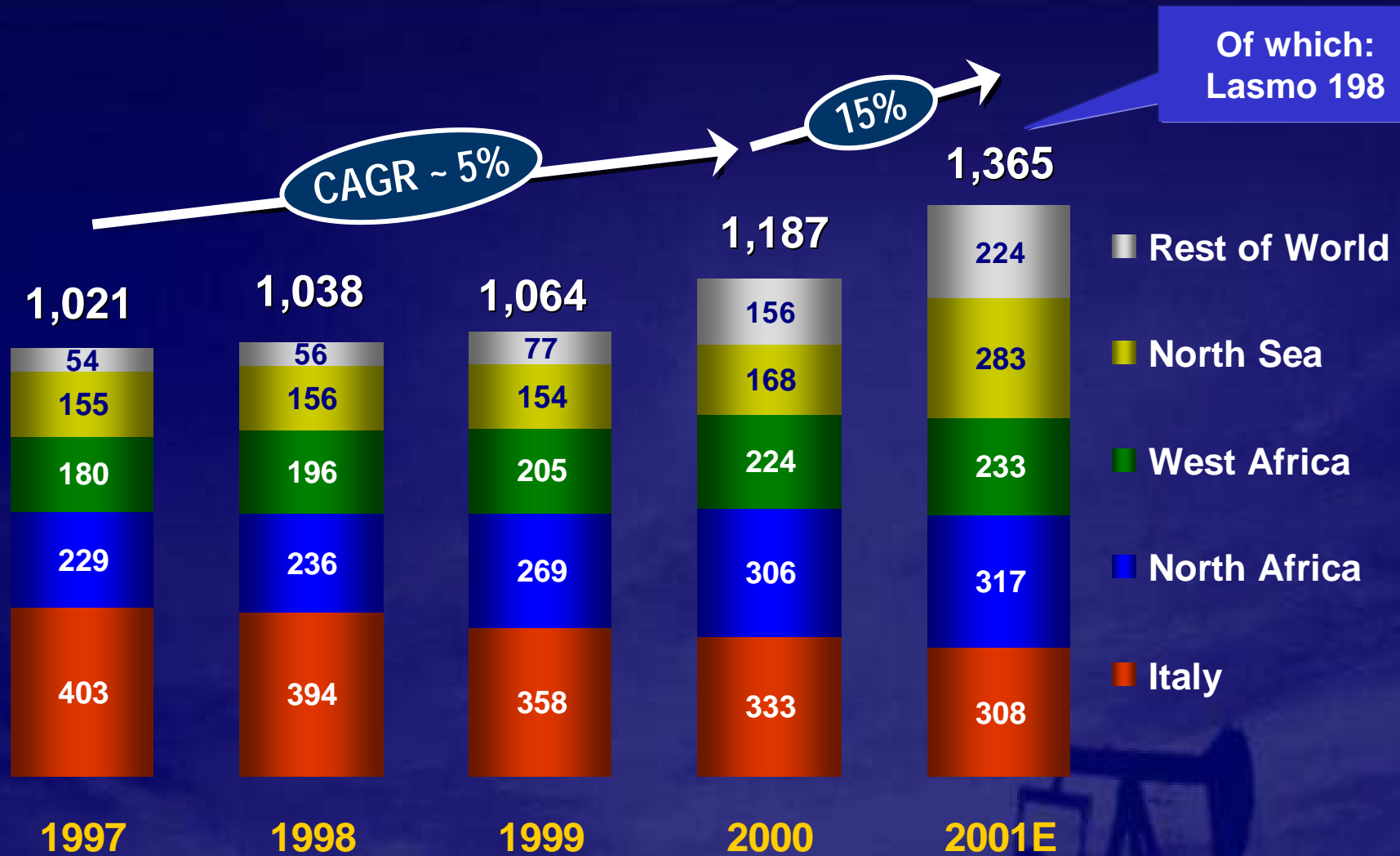
ANGOLA

- Blk 15 - Kizomba A: project sanctioned
- Blk 0 - Nemba North: start up



Strong production growth

Kboed

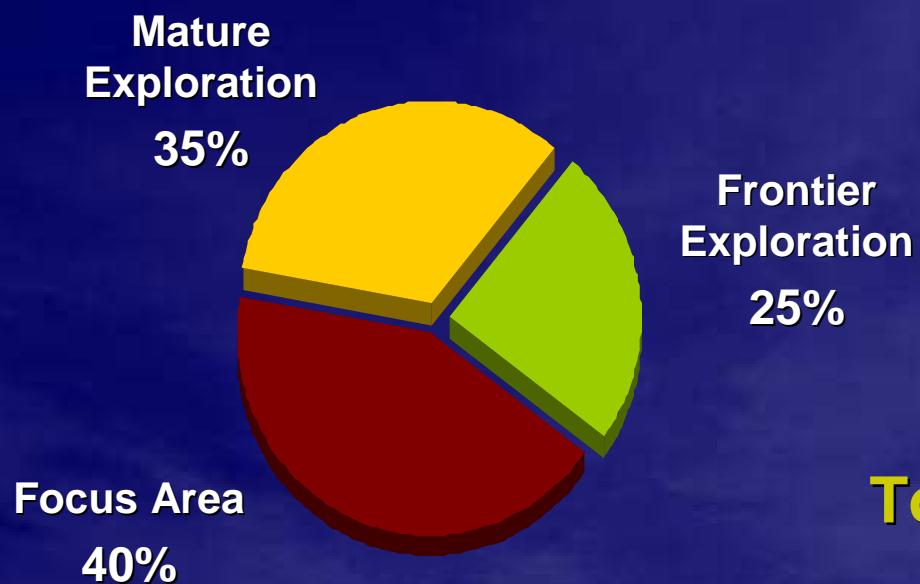


December 2001 average production: 1,440 Kboed



Exploration

Expenditure



Total investment: ~ 870 Mln €





Exploration main results

Legenda

- **Mature Exploration**
- **Focus areas**
- **Frontier exploration**

USA

- **Champlain (50%)**
- **Yosemite (50%)**
- **Trident (8.5%)**

ITALY

- **Miglianico (100% Op.)**

NORWAY

- **Morvin (11.5%)**
- **Goliath (25% Op.)**

KAZAKHSTAN

- **KW-1 & KE-2/Kashagan (16.7% Op.)**

INDONESIA

- **Rangas (20%)**

VENEZUELA

- **Corocoro (40%)**

MAURITANIA

- **Chinguetti (35%)**

AUSTRALIA

- **Blacktip (30%)**

ANGOLA

- **Blk 14 Tombua (20%)**

NIGERIA

- **Bonga SW (12.5%)**
- **Awoba (5%)**
- **Otumara (5%)**

CONGO

- **Awa (72% Op.)**



2001 - Highlights

Lasmo

Portfolio Rationalization

Production Trend

Main Projects

Technology

Efficiency



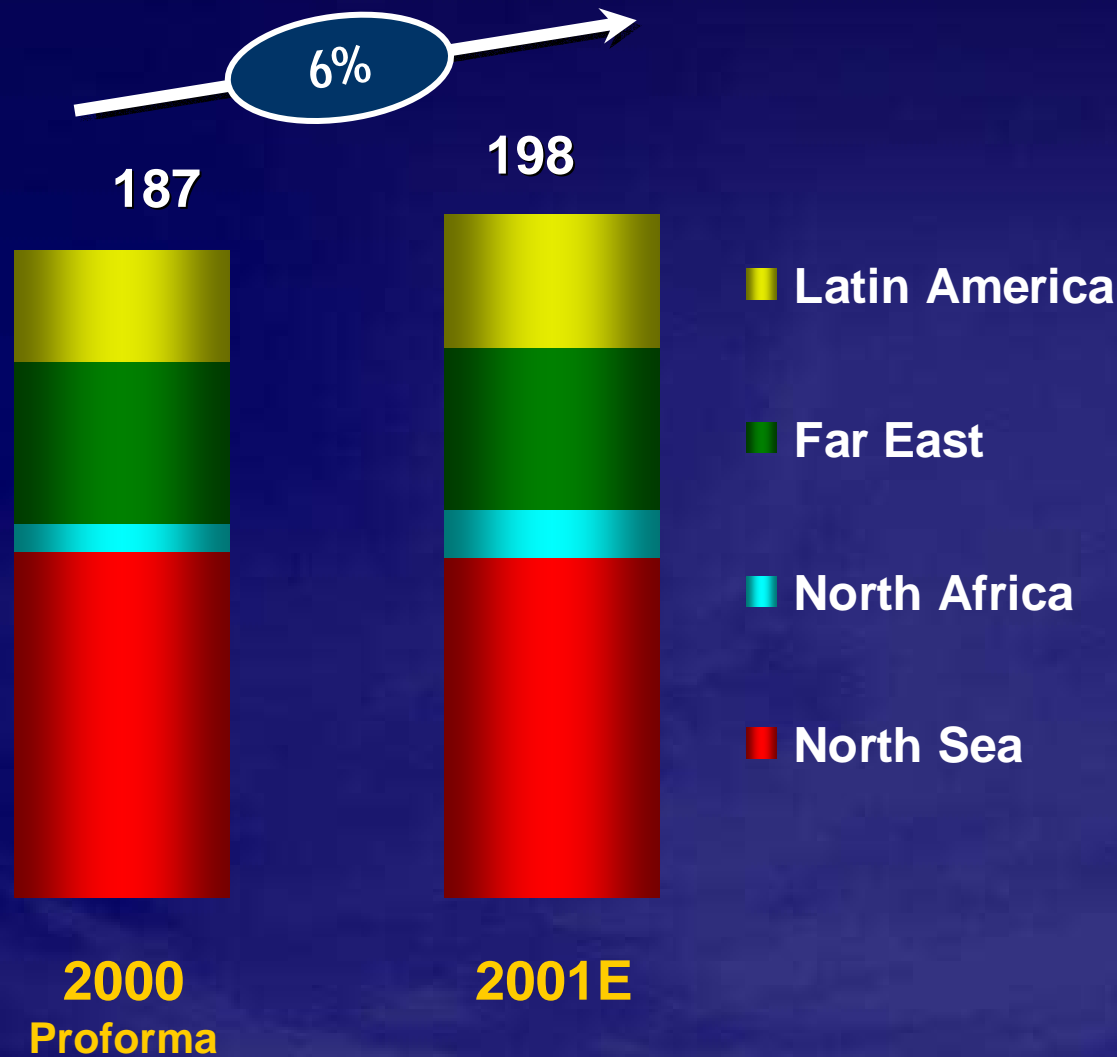
Lasmo acquisition

- Integration process completed
- 6% production increase in 2001
- Synergies better than expected



Lasmo: 6% production increase in 2001

Kboed



Daily production estimate in 2003:

260 kboed

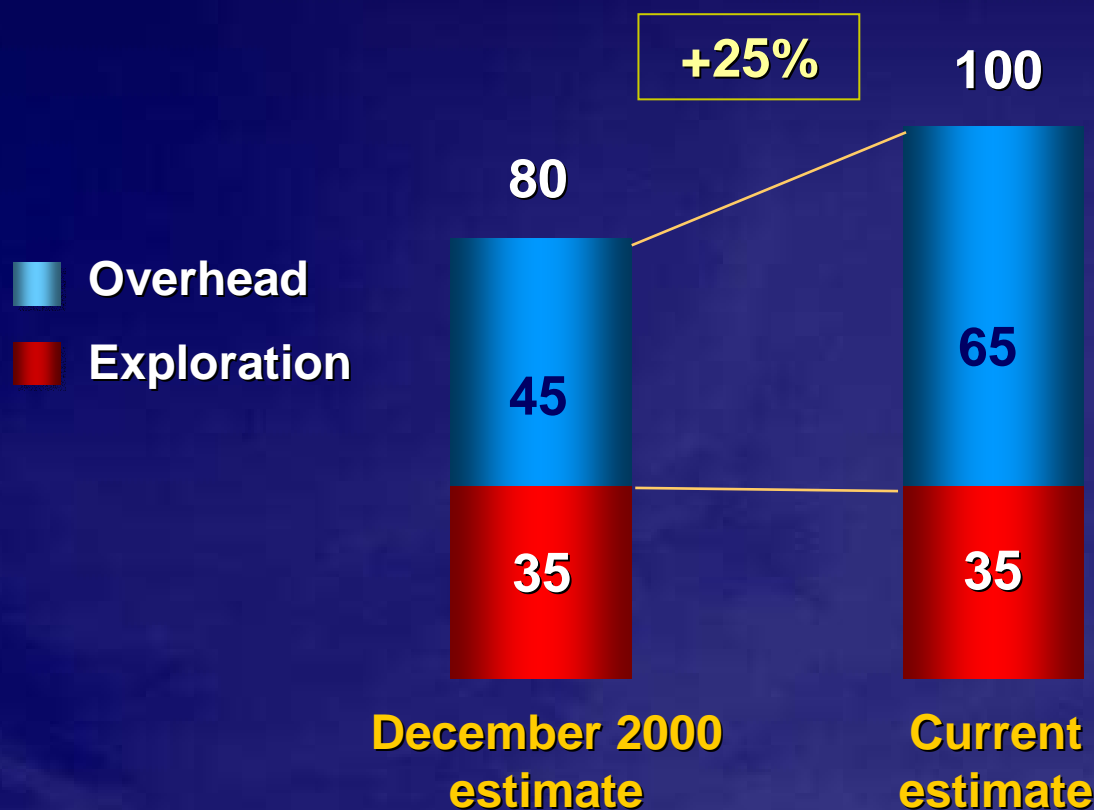
16% higher than announced



Lasmo: synergies better than expected

COST SAVINGS IN FIRST YEAR

Mln €



Cumulative cost savings at 2003 from 150 to 170 Mln €



2001 - Highlights

Lasmo

Portfolio Rationalization

Production Trend

Main Projects

Technology

Efficiency



Portfolio rationalization criteria

**Enhance the
value of E&P
portfolio**

- **Focus on strategic value**
- **Capture growth potential**
- **Leverage participation level and operatorship**
- **Maximize synergies**
- **Selectivity based on strict financial discipline**



Portfolio rationalization activities

- Portfolio reassessment completed
- Rationalization started
 - North Sea - First phase in progress
 - Some assets disposal close to finalization
 - Program for 2002-2003 in place



2001 - Highlights

Lasmo

Portfolio Rationalization

Production Trend

Main Projects

Technology

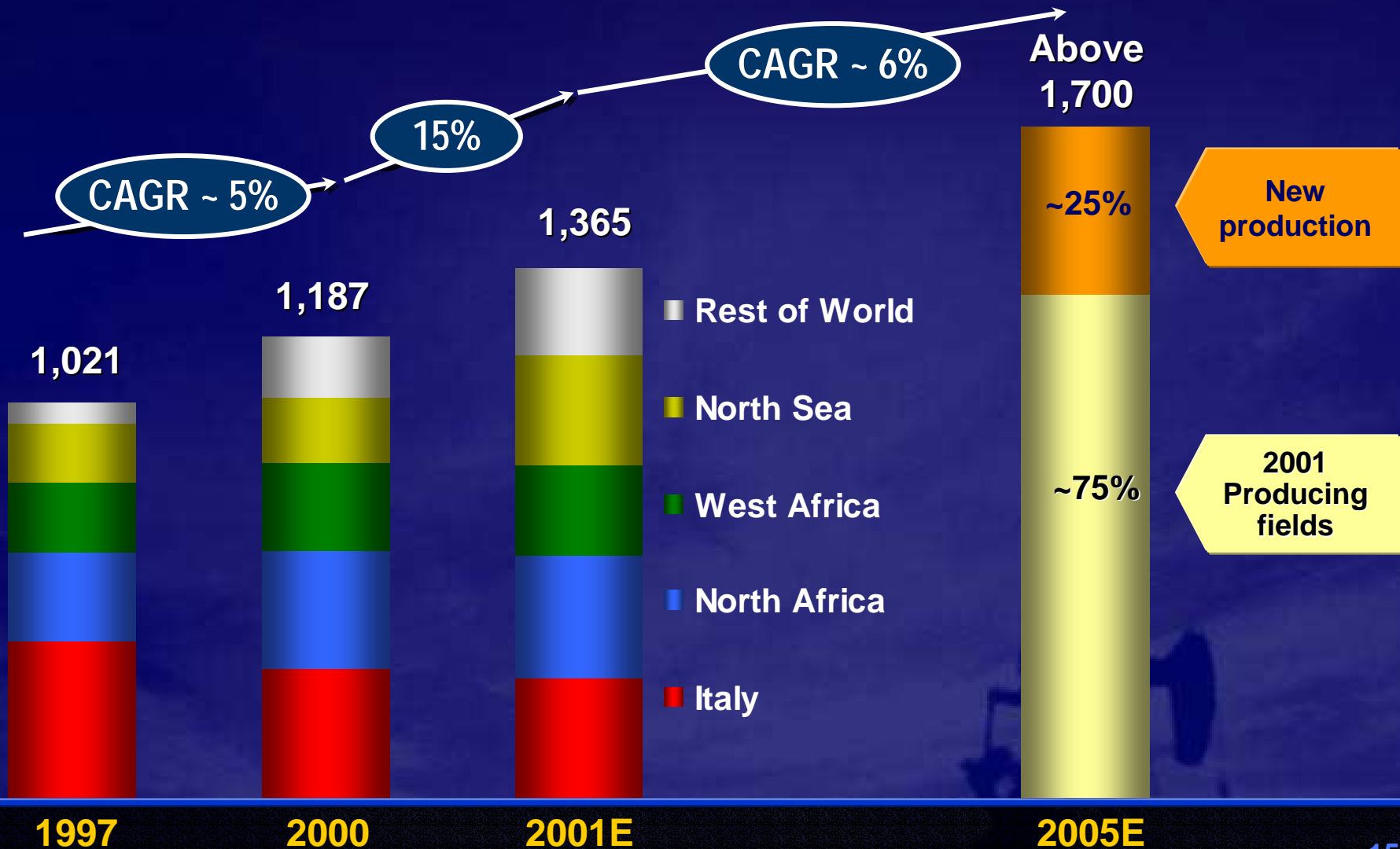
Efficiency



Maintaining a strong production growth*

Kboed

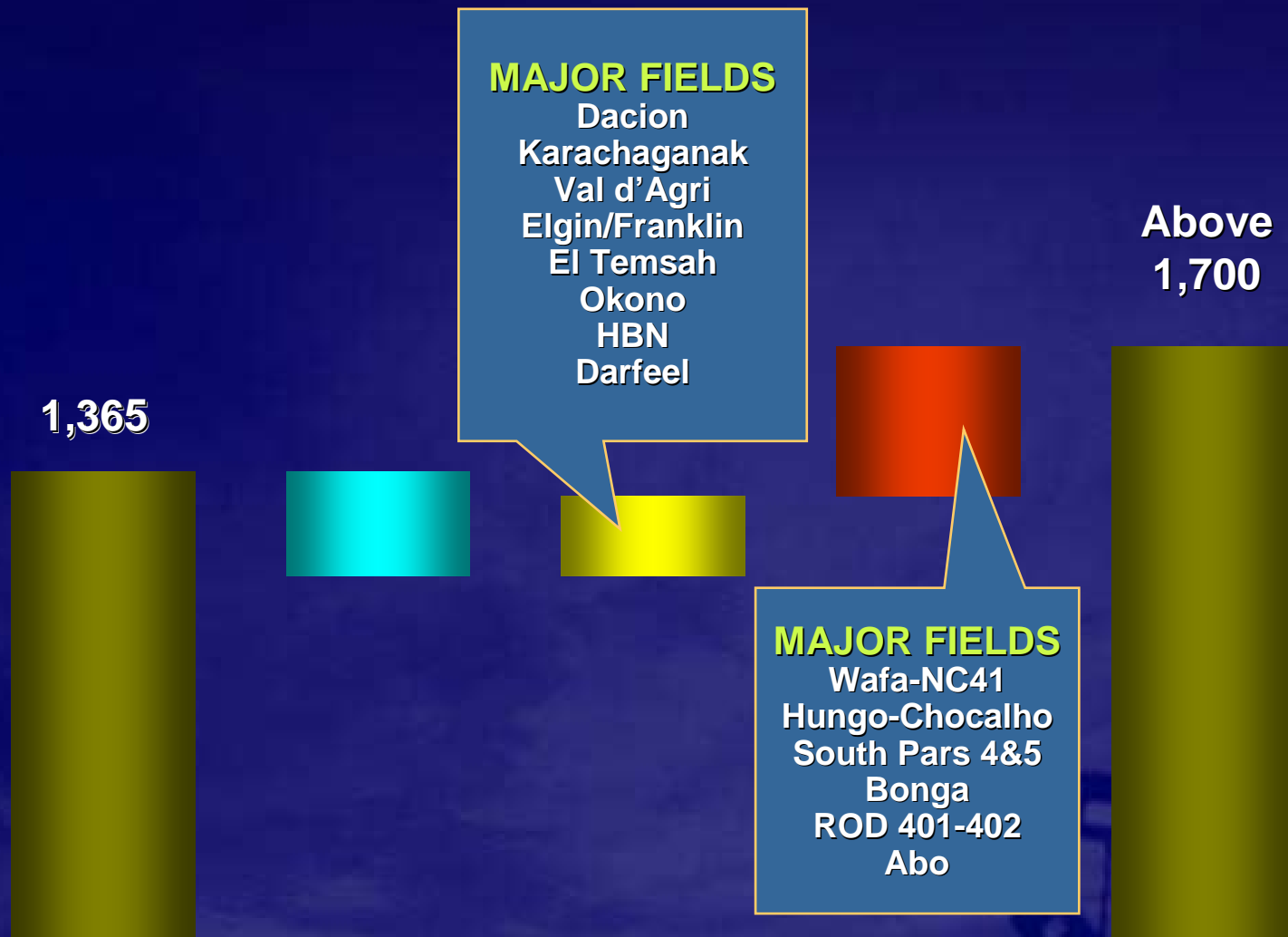
* Net of portfolio rationalization





Production contributions

Kboed



2001E

Depletion

Net increase
prod. fields

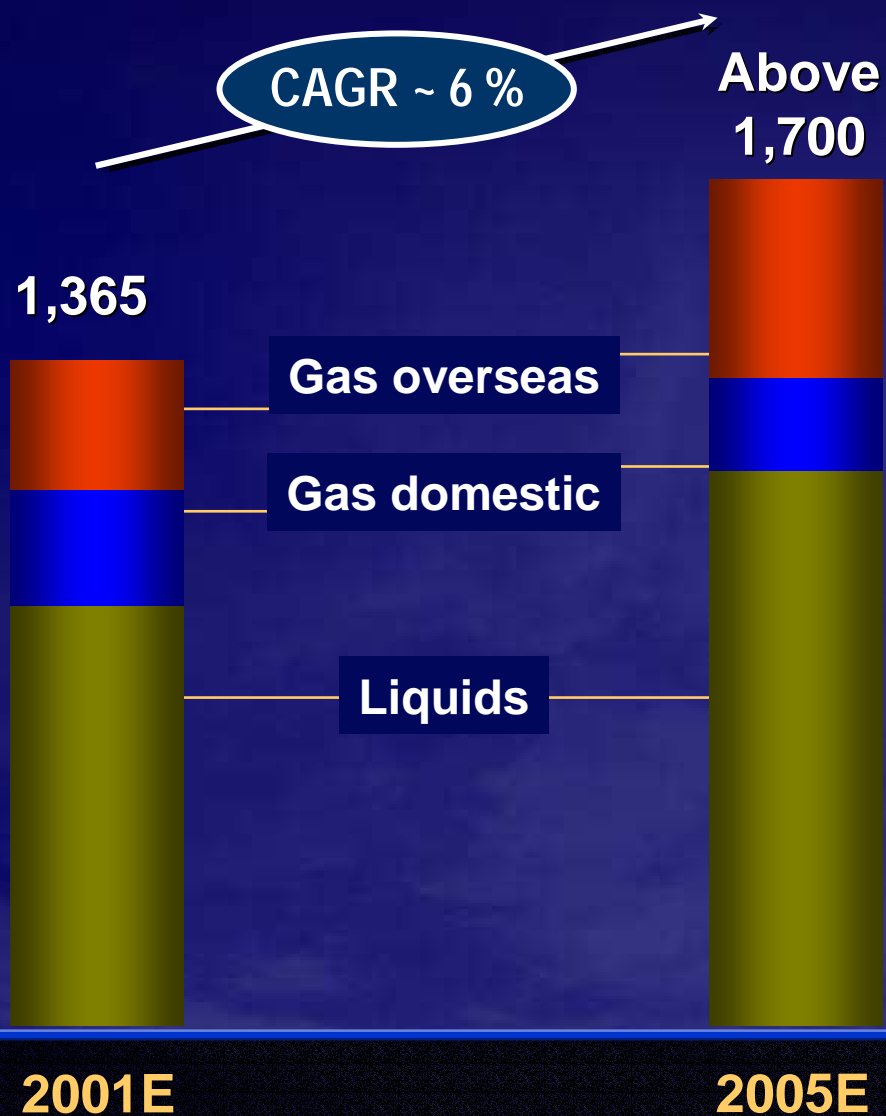
New
production

2005E



Growth in gas overseas

Kboed



CAGR

- Gas overseas: ~ 10%
- Liquids: ~ 7%



2001 - Highlights

Lasmo

Portfolio Rationalization

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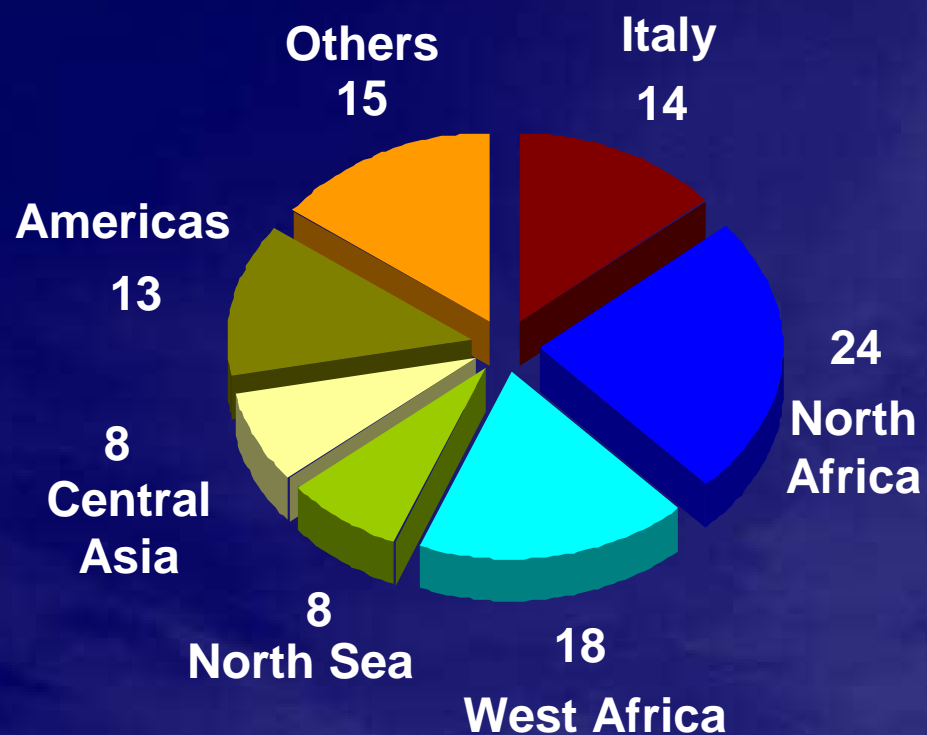


Capital expenditures 2001-2005

Total: 20 Bln €*

Regional distribution

(%)



Activities distribution

(%)





Oil & NGL main development projects

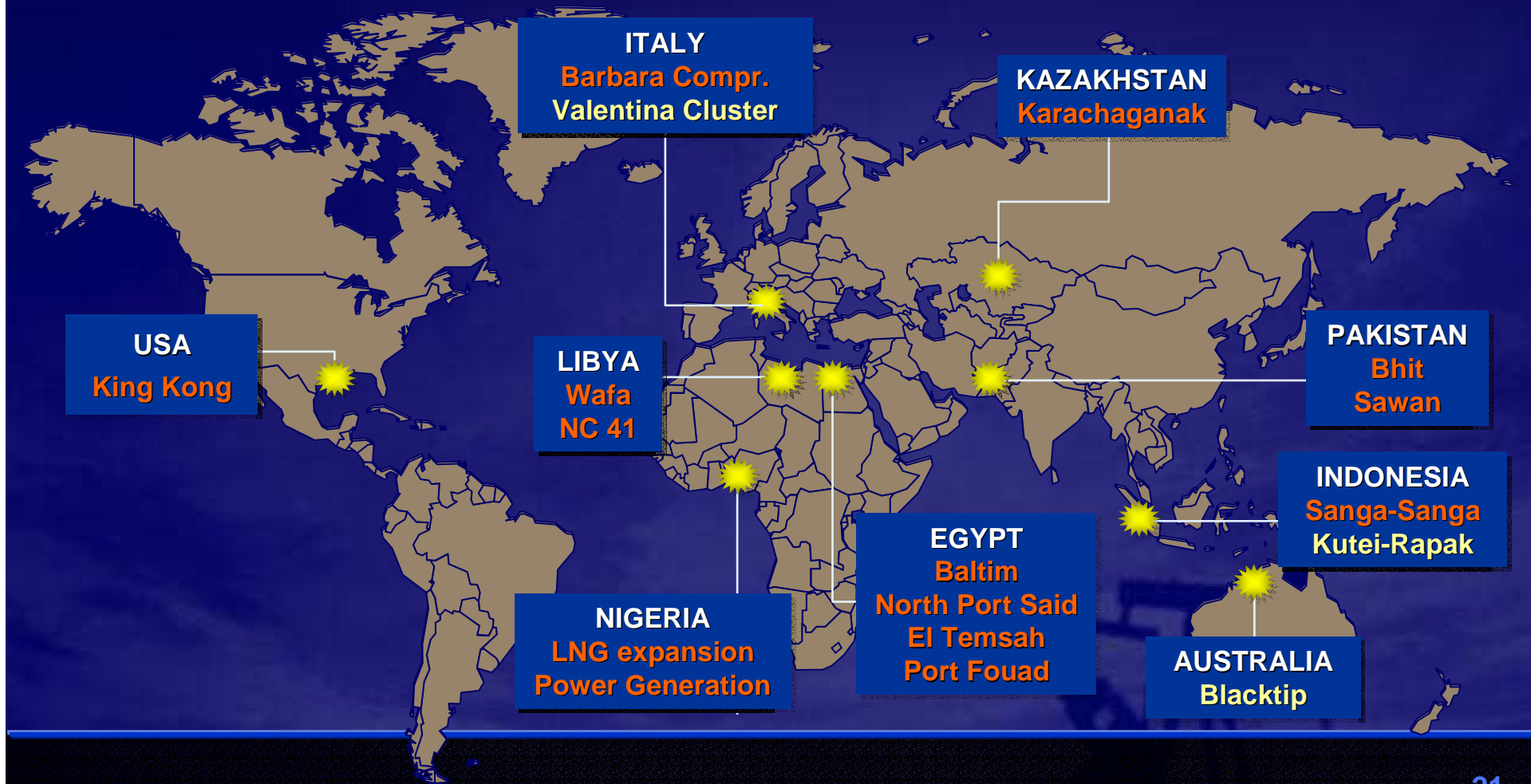
ON GOING & STARTING IN 2002-2005





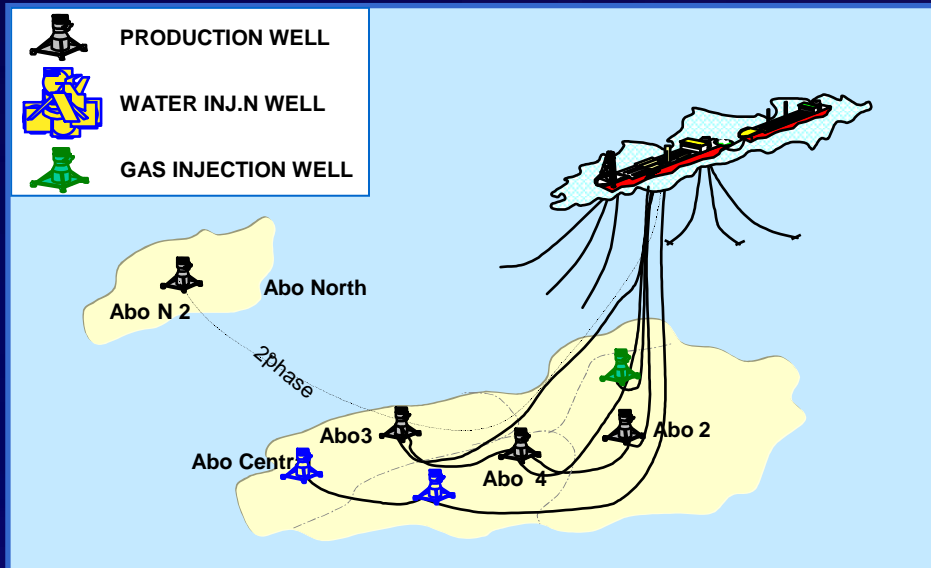
Gas main development projects

ON GOING & STARTING IN 2002-2005





Nigeria - Abo Central project



PROJECT DESCRIPTION

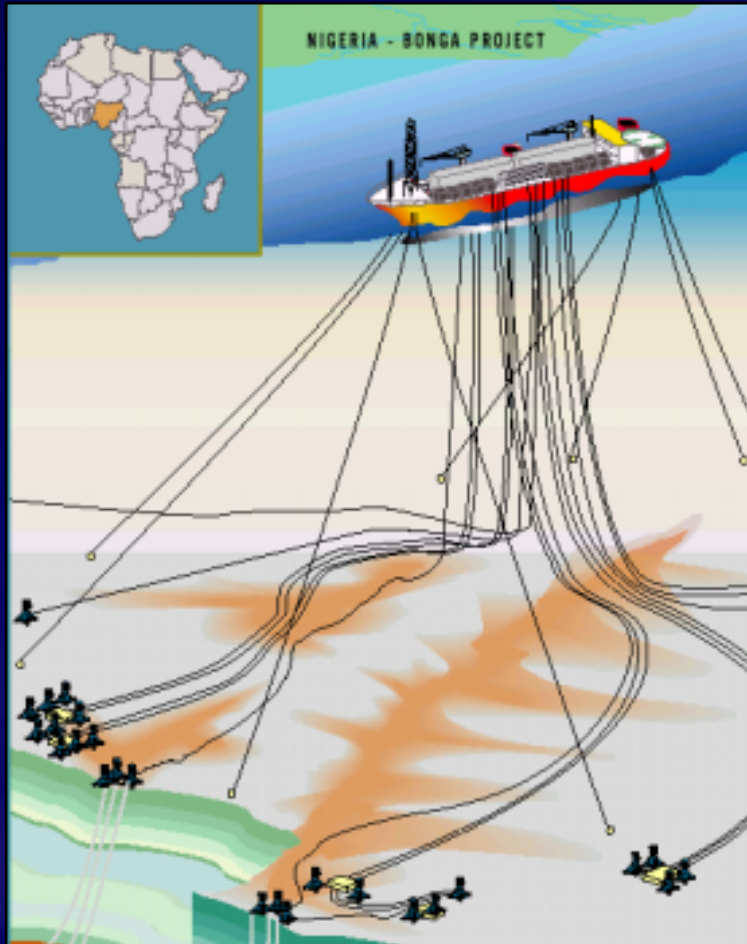
- 80 Mbls of reserves
- Water depth: 650 m
- 6 subsea wells
- Leased FPSO

Eni 50.19% Operator, Shell 49.81%

| | | |
|--------------------------|---------------|--------------------|
| Capex (equity): | 137 | MUS\$ |
| Equity Reserves: | 35 | Mstbo |
| Eq. production: | 13,400 | bopd (2003) |
| First production: | Year | 2002 |



Nigeria - Bonga project



| | |
|--------------------------|--------------------|
| Capex (equity): | 307 MUS\$ |
| Equity Reserves: | 60Mbls |
| Eq. Production: | 23,000 bopd (2005) |
| First production: | Year 2003 |

PROJECT DESCRIPTION

- Located in 950 to 1500 m. water depth
- 27 subsea wells
- 1 FPSO with 2 Mstbo storage capacity and 225.000 bopd process capacity

ENI 12.5%, Shell 55% Operator, Exxon 20%, TFE 12.5%



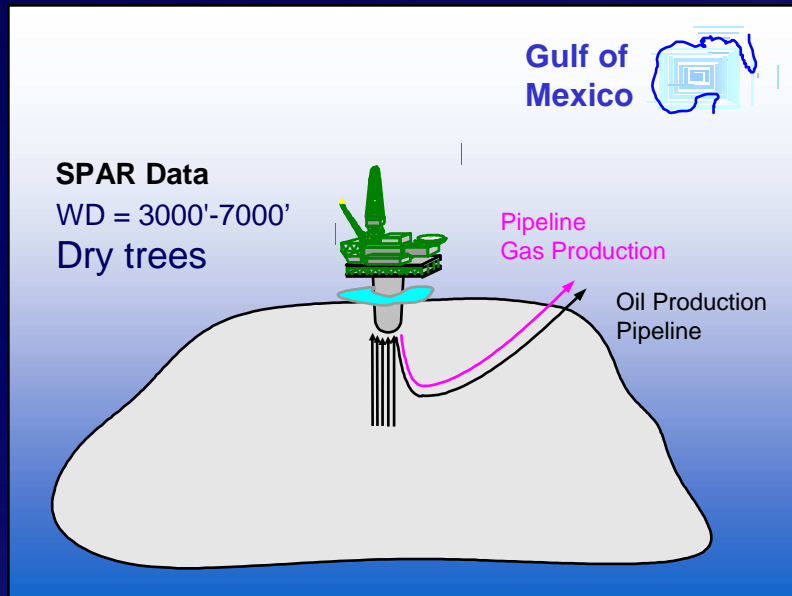
- **Water depth : 1,000-1,300 m.**
- **59 wells**
- **1 Wellhead Platform (TLP)**
- **1 FPSO with 2.2 Mbls oil storage and handling capacity for 250,000 BOPD**

**Eni 20%, ExxonMobil 40% Operator,
BP 26.7%, Statoil 13.3%**

| | | |
|-------------------|--------|-------|
| Capex (equity): | 647 | MUS\$ |
| Equity Reserves: | 145 | Mbls |
| Eq. Production: | 47,000 | bopd |
| First production: | Year | 2004 |



Gulf of Mexico - Champlain project



Eni 50%, Texaco 50% Op.

PROJECT DESCRIPTION

- Water depth: 1,310 m
- 10 production wells
- Spar platform development

Capex (equity): 325 M\$

Equity Reserves: 165 Mboe

First production: year 2005



Kazakhstan - North Caspian Sea

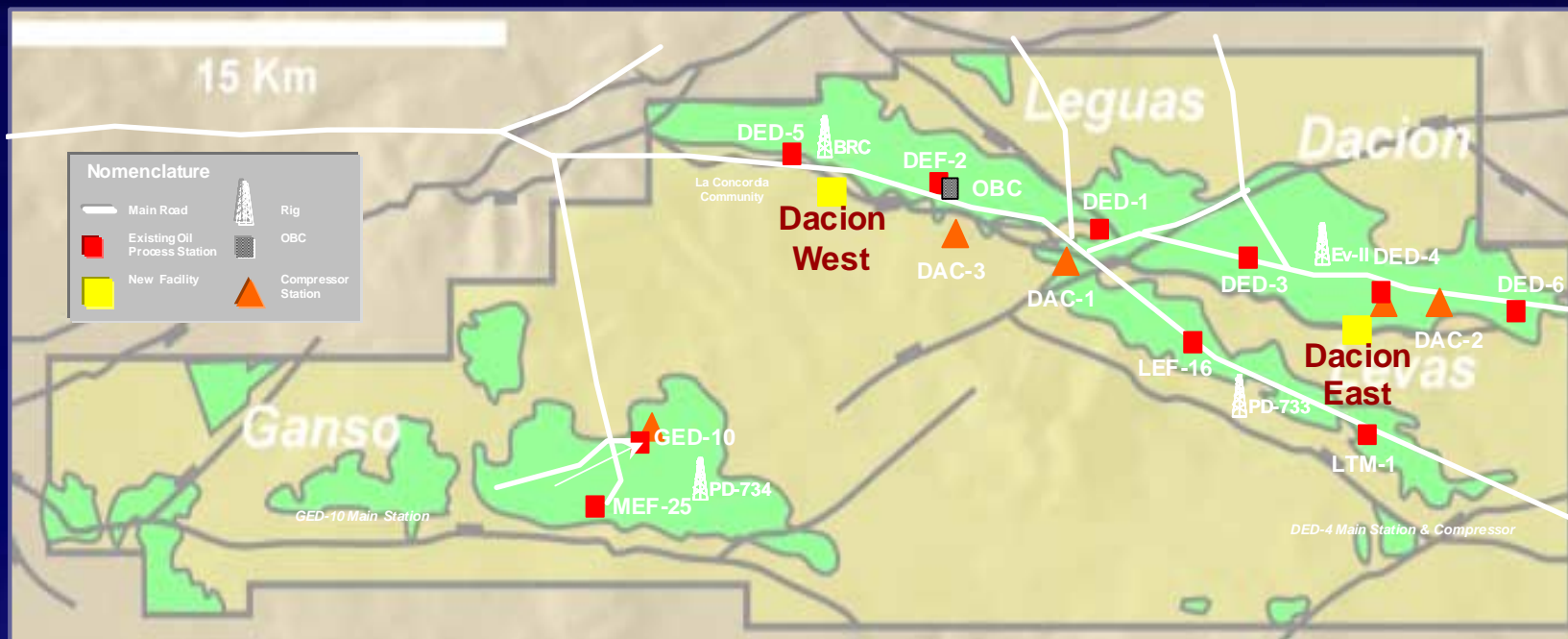


**Eni 16.7% (+2.4%)
Single Operator**

- **Blocks:** 11
- **Acreage:** about 5,500 sqkm
- **Water Depth:** 2-10 m
- **Wells**
 - ★ KE-1: discovery - July 2000
 - ★ KW-1: confirm - May 2001
 - ★ KE-2 : confirm - October 2001
 - ★ KE-3: in progress



Venezuela - Dacion Project



Eni 100% Operator

PROJECT DESCRIPTION

- 215 new producing wells
- 2 new Process Stations
- Revamping of existing Facilities

Capex*: 881 MUS\$
Reserves*: 333 Mstbo
Production Plateau: 90,000 bopd

First Oil from New Facilities:
Dacion West February 2002
Dacion East July 2002



Nigeria - Integrated projects in the gas chain

Creating value, employment and reducing the gas emissions



Gas re-injection in Ob/Ob, Kwale, Akri/Oguta, Obama

Gas supply to Power Generation plant (450 MW) in the Kwale area

NGL supply to Eleme's petrochemical plant

NGL Export from Okrika plant

N-LNG extension 4° & 5° trains of the Bonny plant

Brass LNG: feasibility study for LNG plant in Brass



2001 - Highlights

Lasmo

Portfolio Rationalization

Production Trend

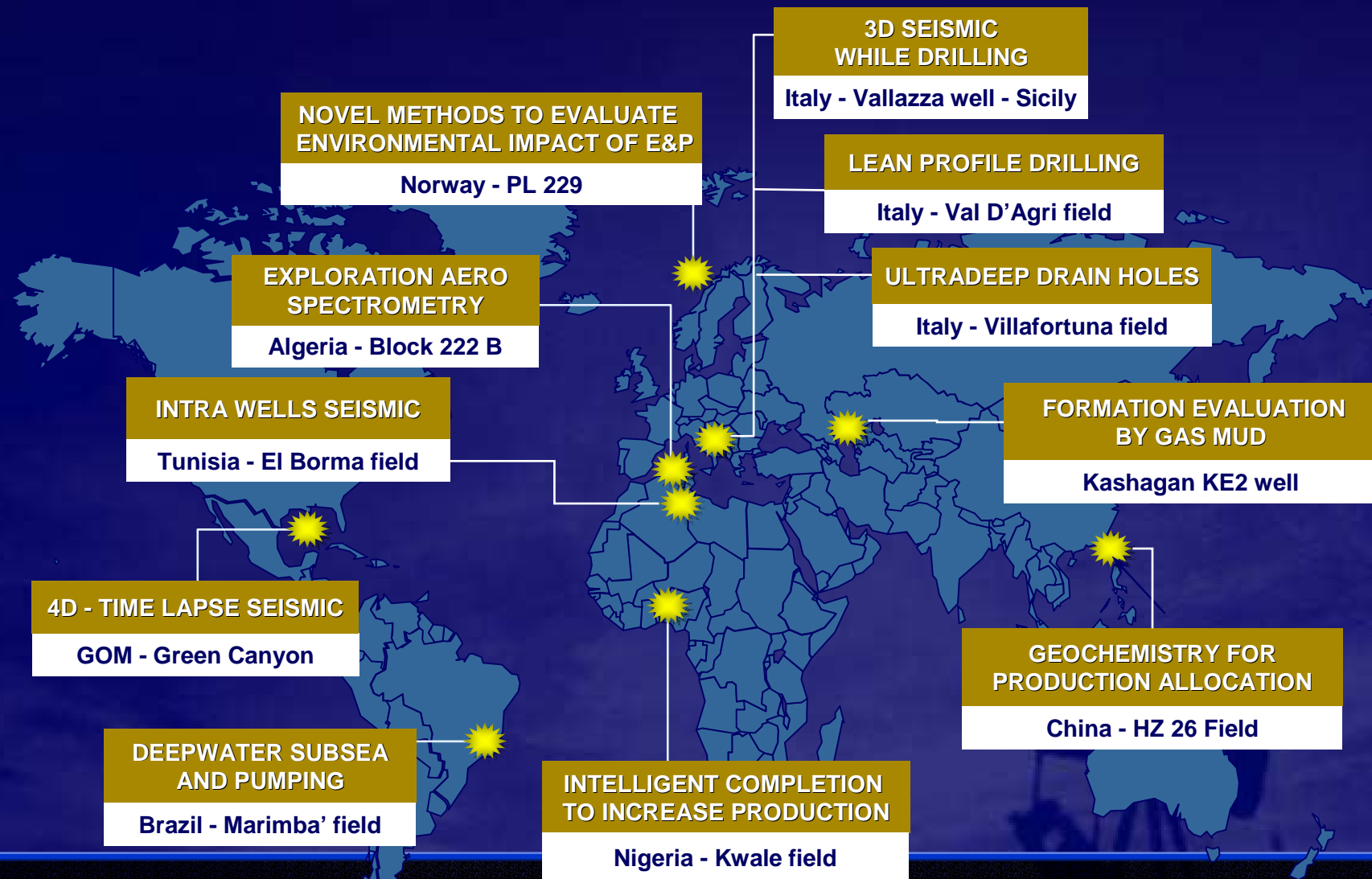
Main Projects

Technology

Efficiency



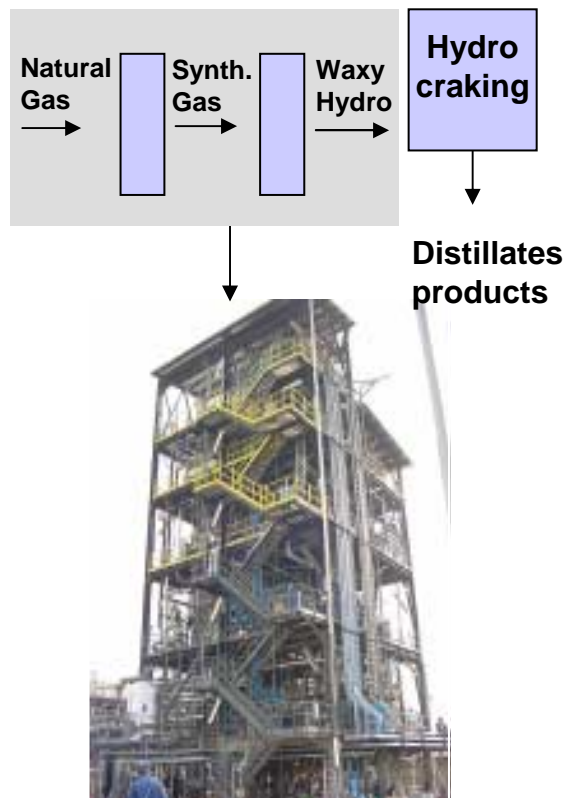
Leverage to create value



Recent developments

REMOTE GAS

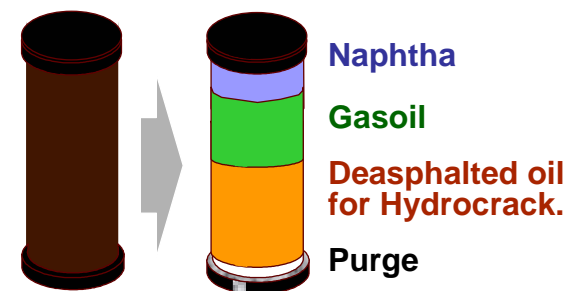
Gas to liquid conversion
pilot plant in Sannazzaro - Italy



HEAVY OIL

EST: a new process to convert heavy oils and petroleum residues into light oil products

- Deep conversion to distillates without producing fuel oil
- Catalyst recycling





2001 - Highlights

Lasmo

Portfolio Rationalization

Production Trend

Main Projects

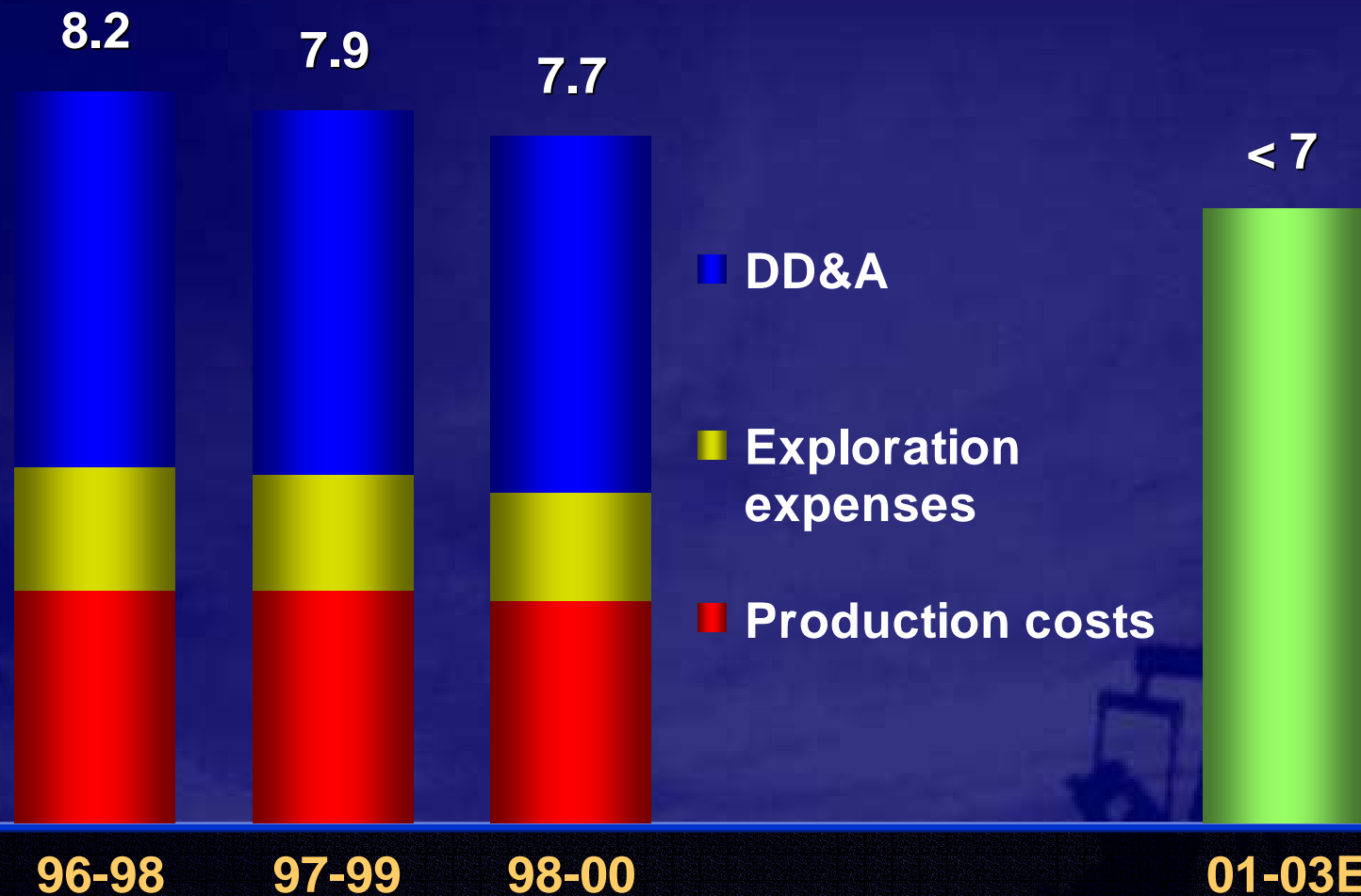
Technology

Efficiency



Technical costs - strong improvement

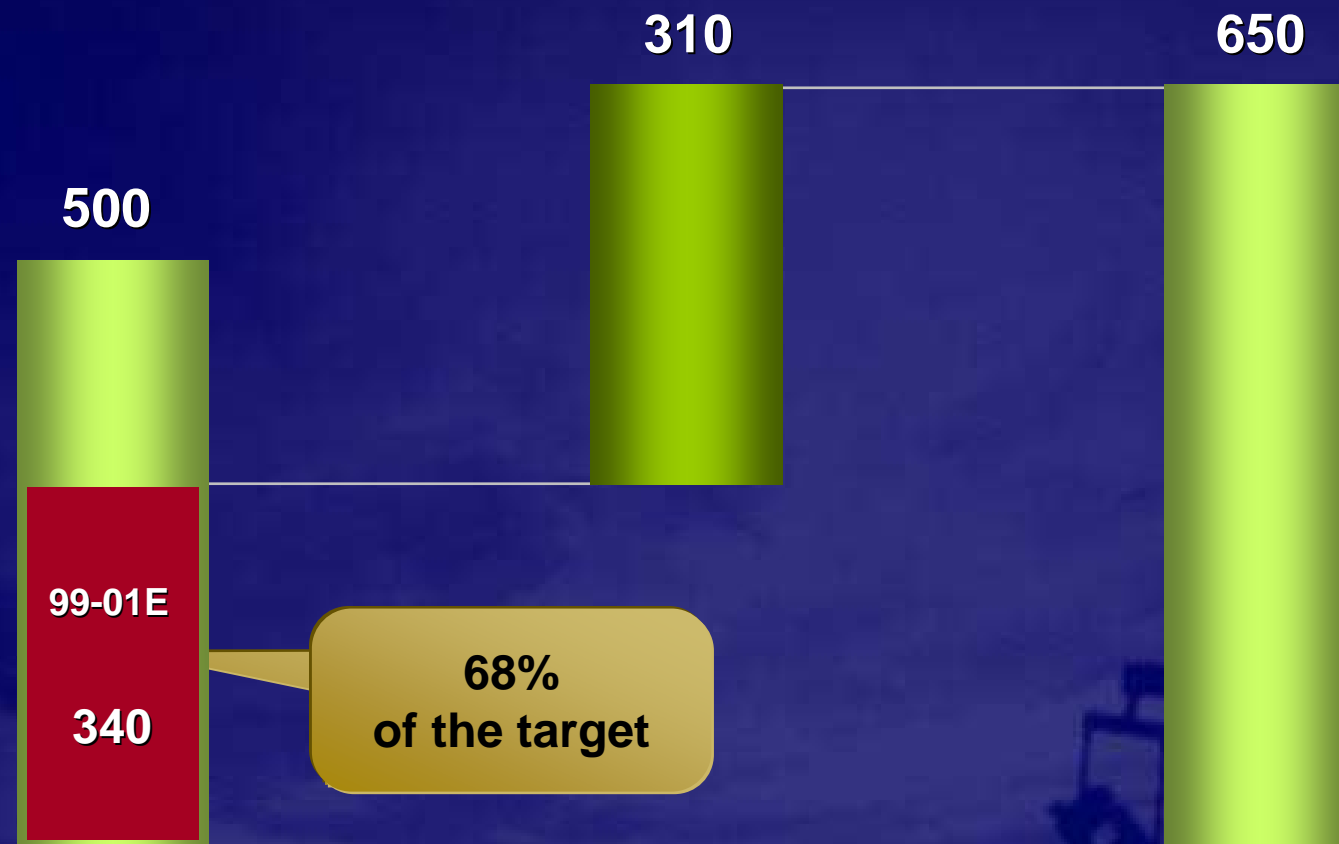
\$/boe





Cost cutting program

Million €real terms





Concluding remarks

- **Production: 6% CAGR 2001-2005**
- **Enhance the value of E&P portfolio through:**
 - **Rationalization**
 - **New developments in core areas**
- **Increase in cost cutting target by 2005**



Gas & Power Business Trends

Luciano Sgubini
Chief Operating Officer
Gas&Power Division

January, 2002



Gas & Power business



GAS

**GROW IN EUROPE
MAXIMIZE SALES IN ITALY**



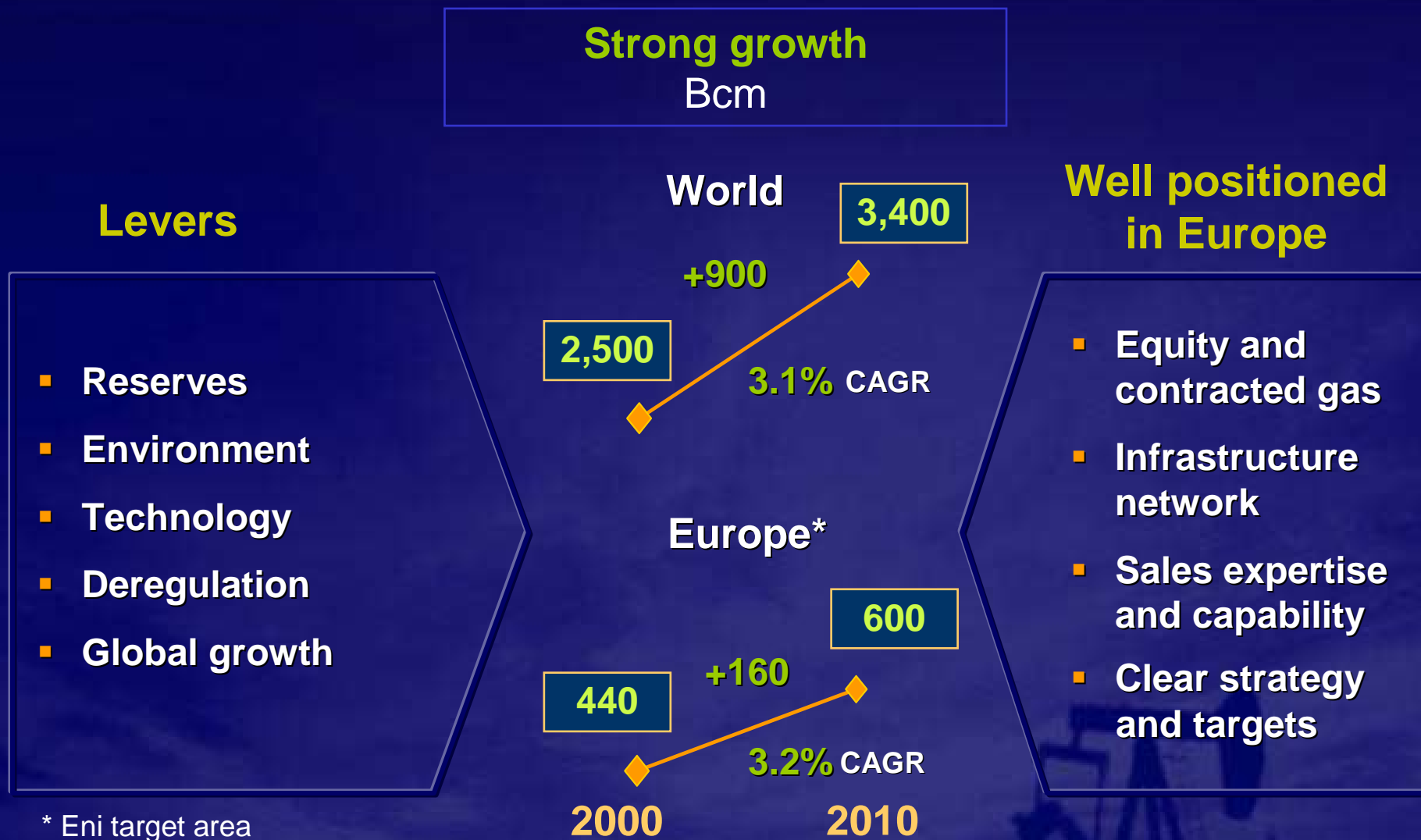
POWER

FOCUS DEVELOPMENT IN ITALY



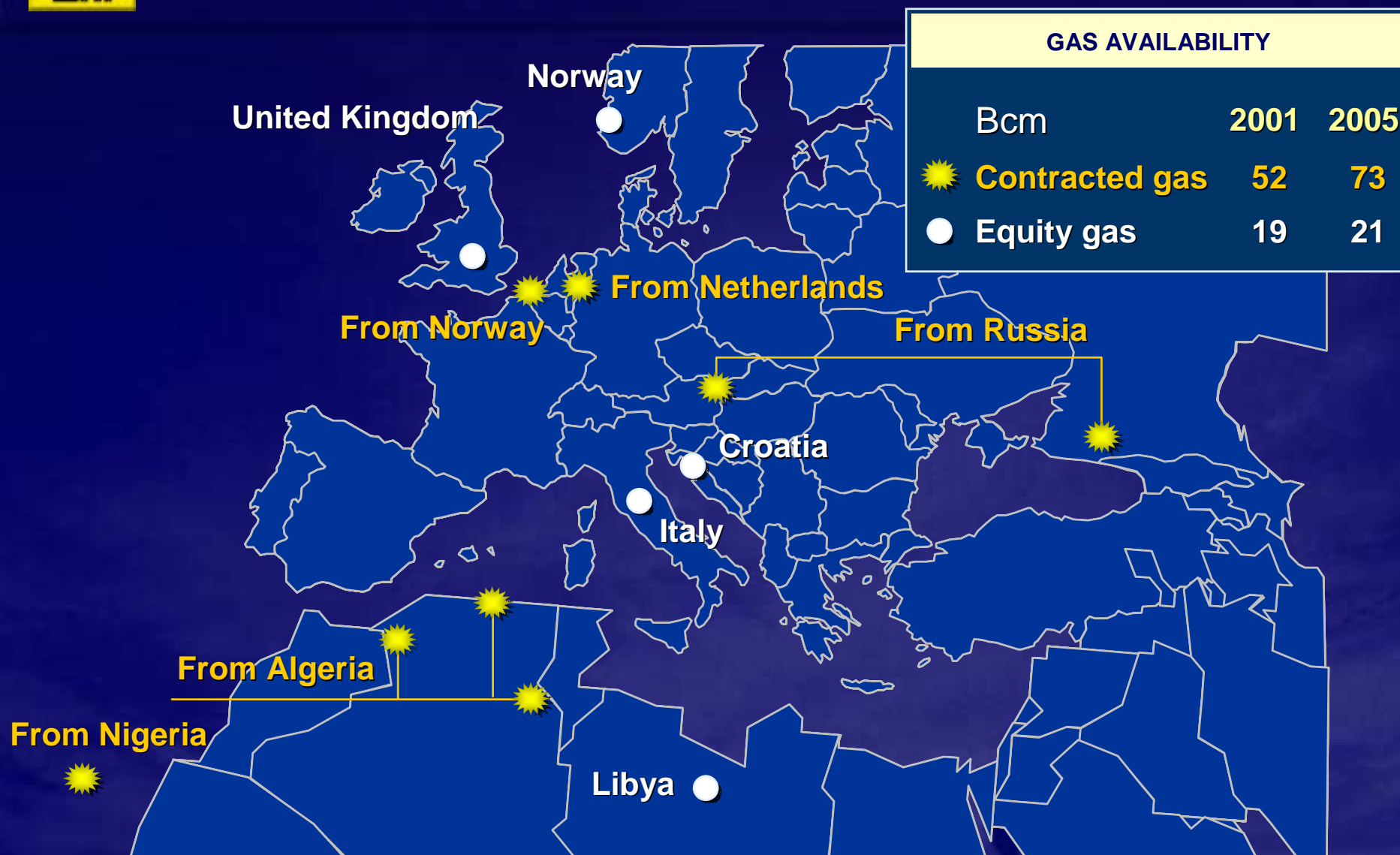


Gas demand prospects and Eni position





Eni well positioned throughout gas chain





Eni well positioned throughout gas chain







LNG SHIPPING

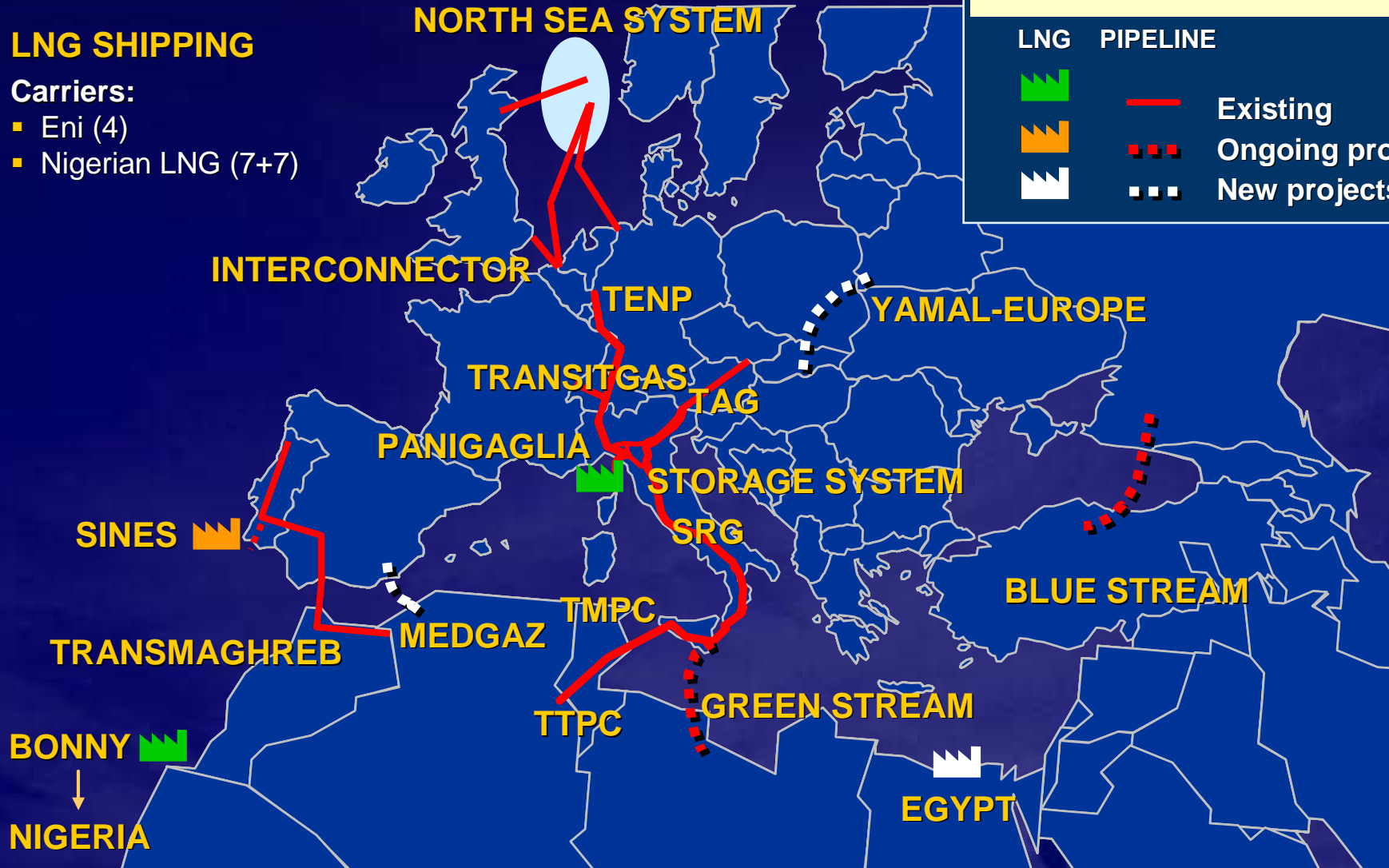
Carriers:

- Eni (4)
- Nigerian LNG (7+7)

NORTH SEA SYSTEM

NETWORK SYSTEMS ENI PARTICIPATION

| LNG | PIPELINE |
|---|--|
|  |  Existing |
|  |  Ongoing projects |
|  |  New projects |



WIDESPREAD AND BALANCED TRANSMISSION SYSTEM



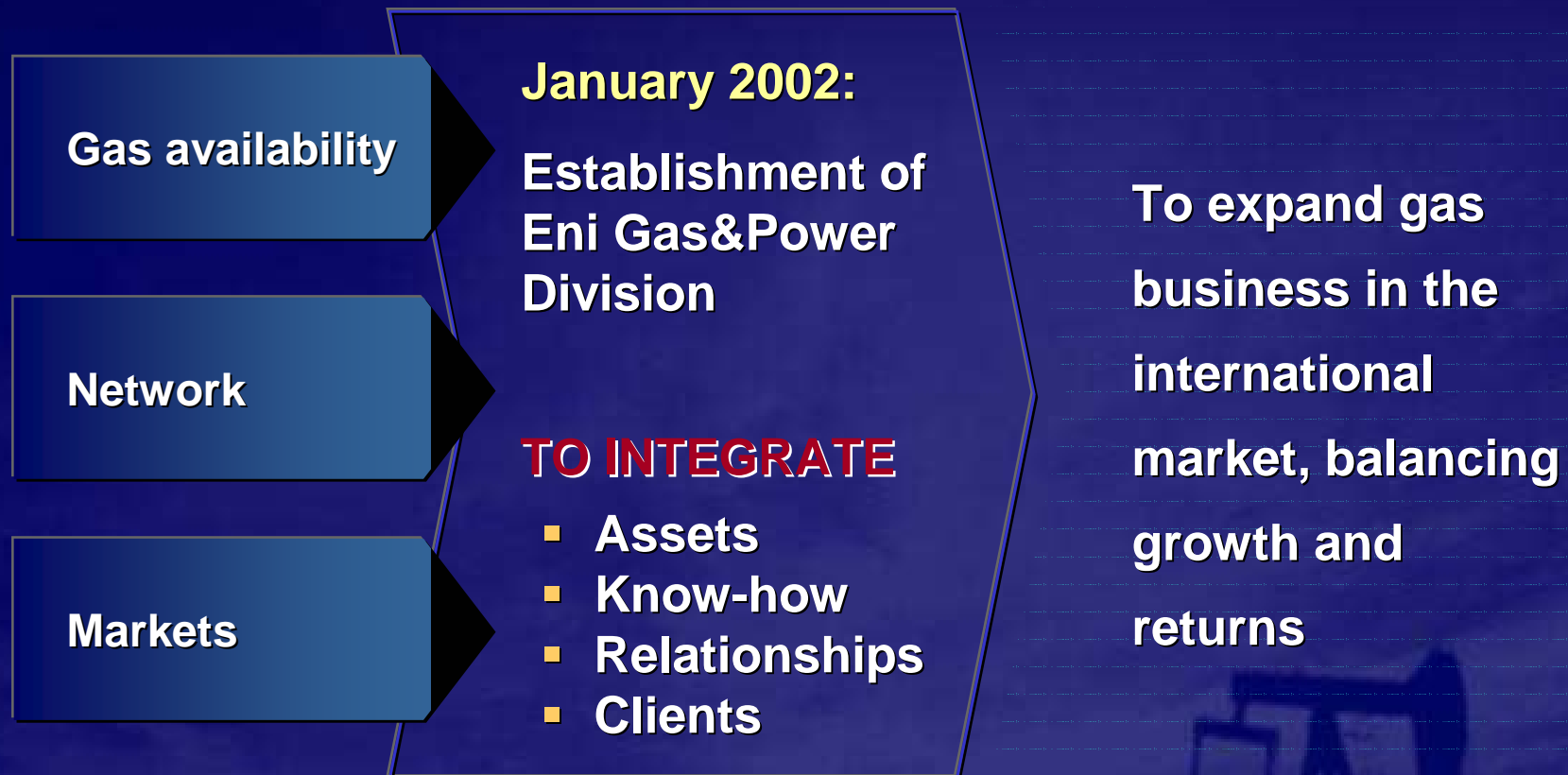
Eni well positioned throughout gas chain





Eni Strategy: growth in gas business

ASSETS





Integration to boost growth

Gas&Power Division Industrial Plan to:

- Increase integration with E&P Division
- Integrate throughout gas chain
- Enhance integration with power activity

TARGETS

- Speed up monetization of stranded gas
- Expand in attractive markets
- Gas to power
- Lean organization



Gas & Power strategic guidelines

PRIORITIES

EUROPE

- Increase market share
- Develop competitive projects
- Marketing and trading
- Develop in fast moving markets

ITALY

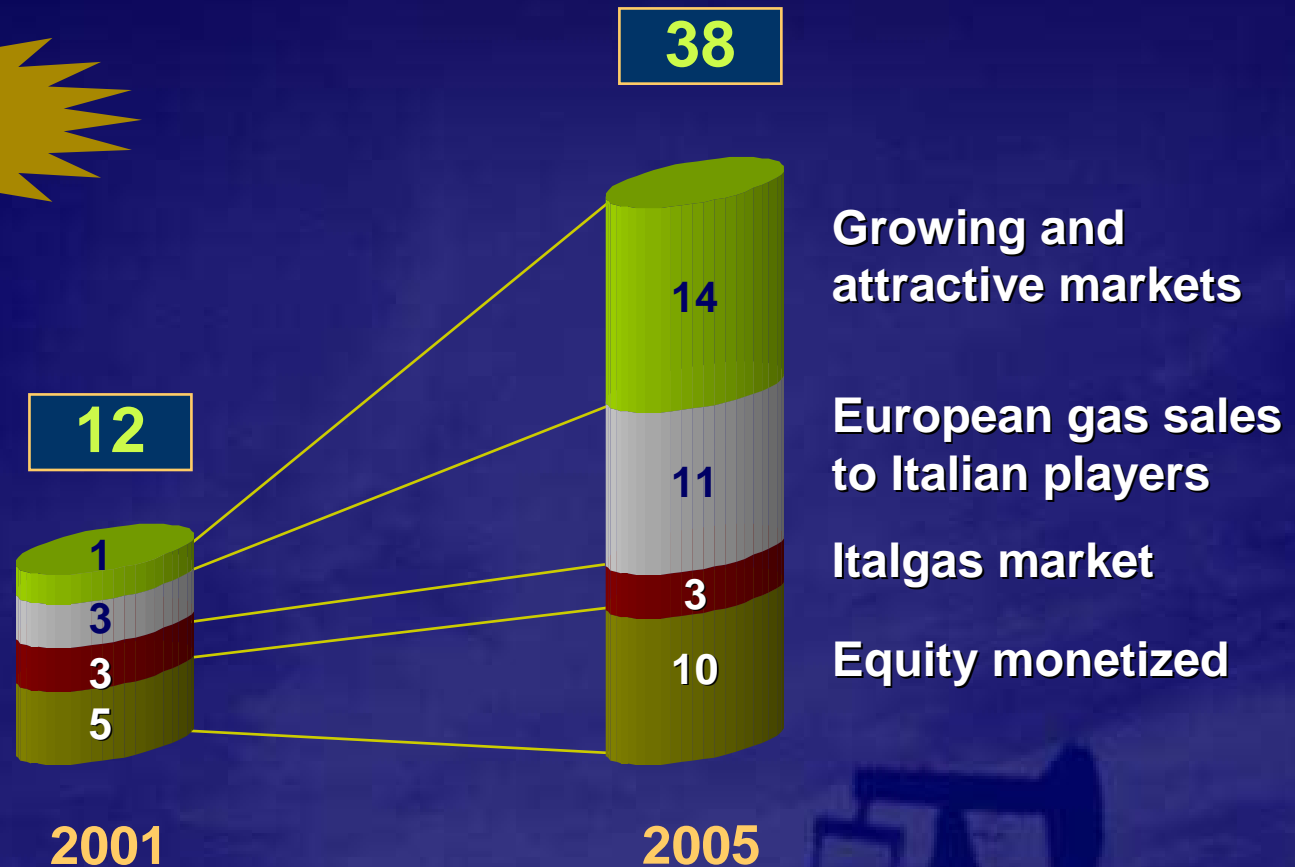
- Maximize volumes and margins
- Manage customer relationship
- Integrate gas and power offer



Gas market expansion in Europe

Bcm

Renewed
and multiple
volumes target





Key projects

- **Developing the Iberian market**
- **Implementing structures in Turkey**
- **Integrating projects for Libyan gas**
- **Growing by alliances and acquisitions in Germany**



PROJECTS

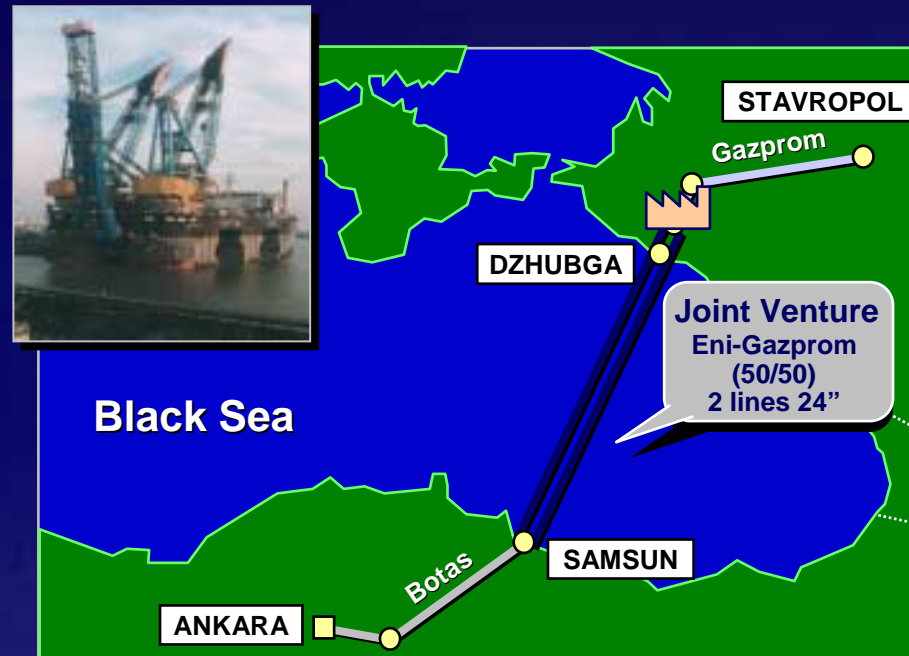
- **Galp Sines LNG plant**
 - **On track: October 2003 expected on stream**
- **Medgaz (12.5% Eni share)**
 - **Feasibility analysis ongoing**





Turkey: Blue Stream project on track

JV with
Gazprom to
build a
16 Bcm/y gas
capacity
sealine to
Turkey



- Supply Turkish market with 8 Bcm/y of Eni gas from Russia
- New opportunities in the downstream

- First sealine in place by first quarter 2002 (maximum depth 2,150 m already reached)
- Second sealine in place by year end 2002
- Compressor station completed by first quarter 2003



Libya: Green Stream transportation system

TRANSPORTATION SYSTEM

- Capacity: 8 Bcm/y
Possible expansion to 11 Bcm/y
- Capex: ~ 1,000 M\$



RECEIVING TERMINAL

- Engineering nearly completed

SEALINE

(32"/540 km/depth 1,120 m)

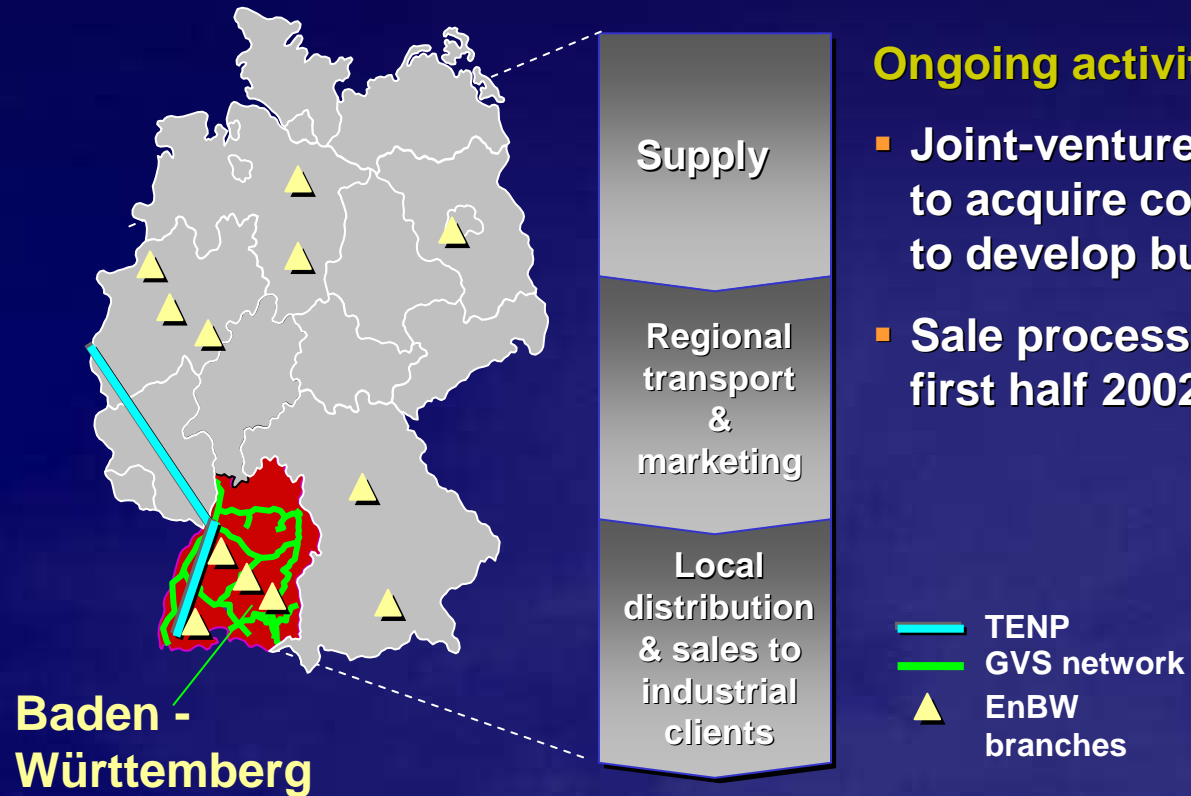
- Pipe: start delivery by Q1, 2002
- Coating: awarded
- Start laying: Q3, 2003

COMPRESSOR STATION (170 MW)

- EPC contract: bids under evaluation



Germany: GVS Regional gas company



Ongoing activities:

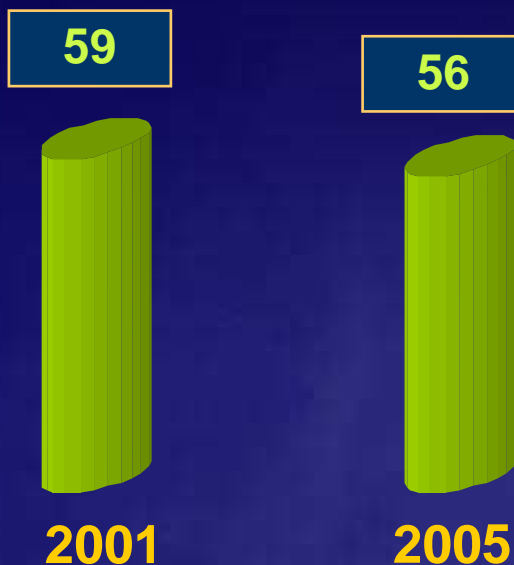
- Joint-venture EnBW-Eni (50/50) to acquire controlling interest in GVS to develop business
- Sale process completion expected in first half 2002

- Sales 8 Bcm/y in 2001
- Over 100 LDCs served
- Network length 1,880 km

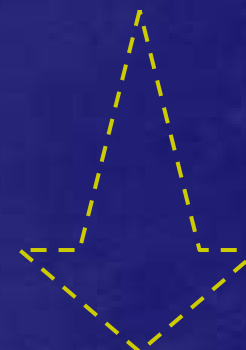


Italy: maximize gas supply

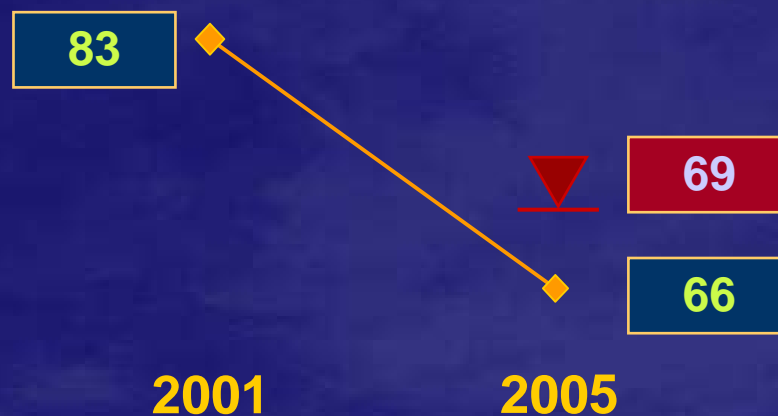
■ **Eni volume**
(Bcm)



Input to Italian grid



■ **Eni share**
(%)



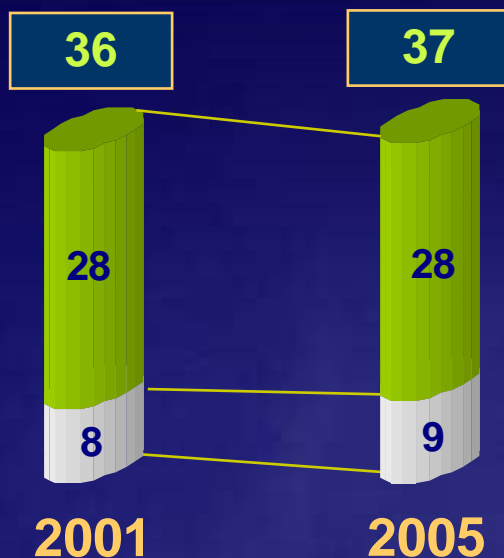
STABLE SALES AND CAP RESPECTED



Italy: opportunities in end user market

■ **Eni volume**
(Bcm)

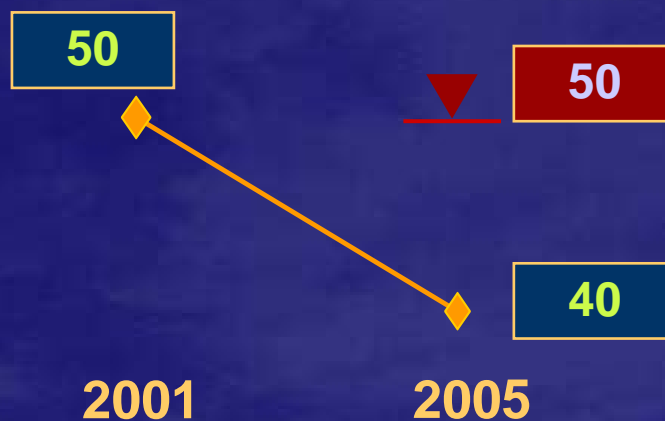
Strategic role
of Italgas



■ Direct sales of
G&P Division

■ Italgas

■ **Eni share**
(%)



Maximum allowed

CONFIRMING PRESENCE IN FINAL MARKET



Marketing focus: primarily on customer

- Customer loyalty
- Innovation
- Life cycle value
- Quality customers
- Price stability
- Customer needs
- Developing skills

**MAINTAINING
MARGINS**

**SATISFYING THE CUSTOMER
AND KEEPING PROMISES**

RESPONSIVE TO MARKET NEEDS



Italy: restructured offer

ACTIONS

New offer

- Shaped to customer
- Flexible to needs
- Cost effective

Customer relationship

- Direct contact
- Contact center
- On-line services

New technical services

- Technical training courses
- Energy/environmental analysis
- Feasibility studies

Risk management

TARGETS

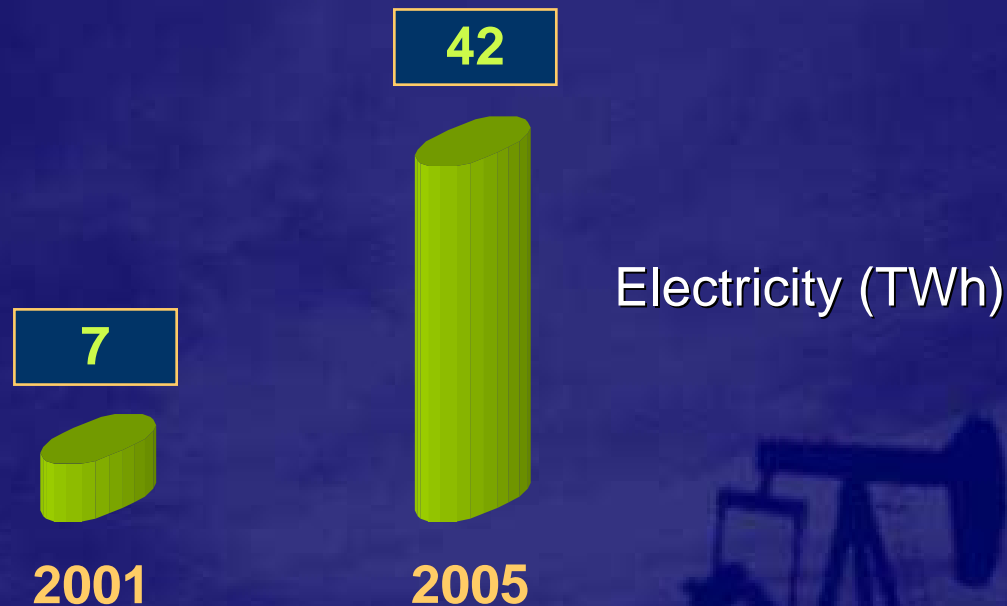
- Produce value
- Satisfy customer
- Compete with newcomers
- Increase efficiency
- Secure development



Italy: focused development on power market

- Power demand is strongly growing
- Power generated by gas in CCGT is the best option
- Self-consumed gas is not capped
- Attractive returns

EniPower





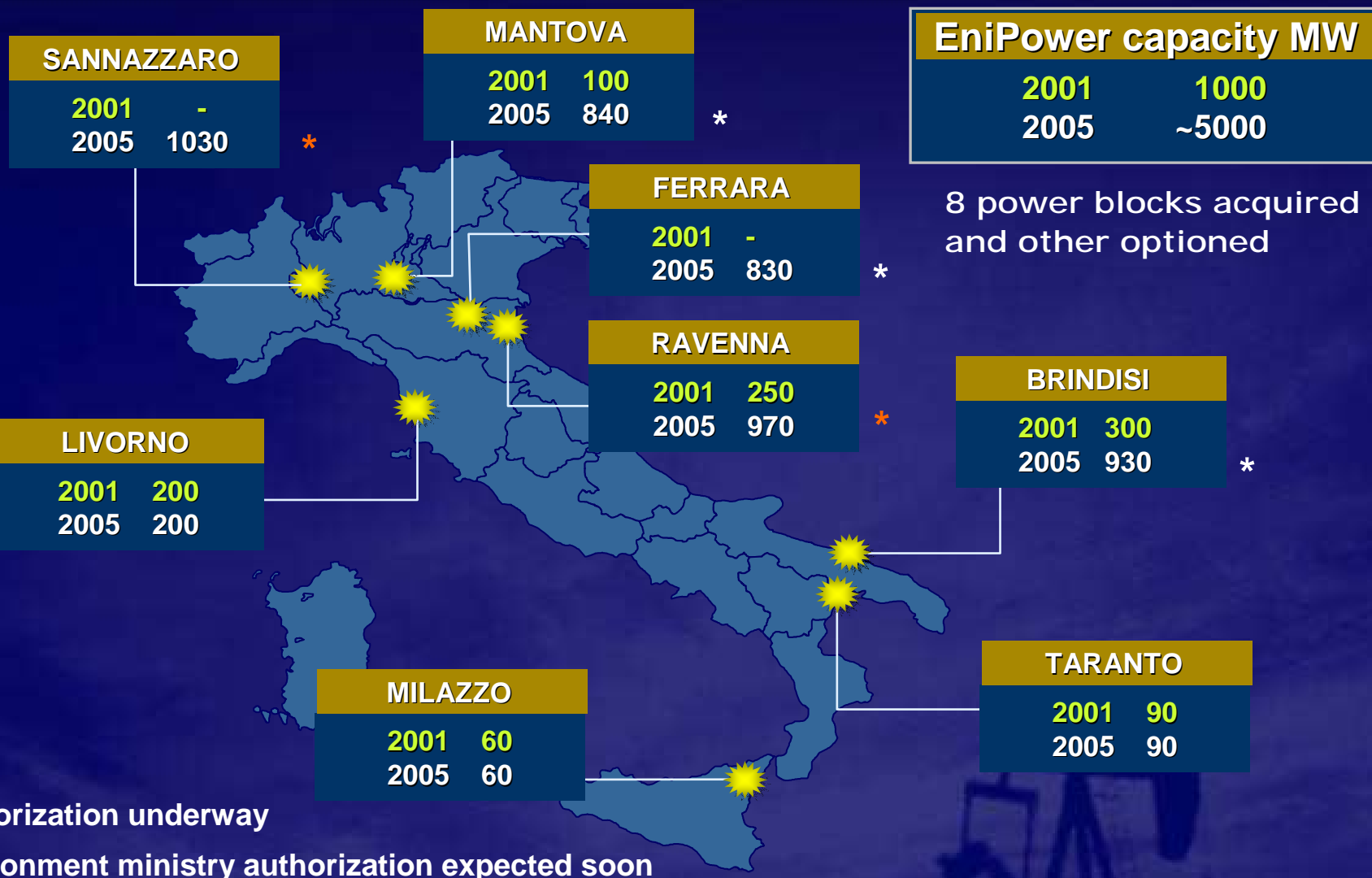
Italy: power capacity growth

ENIPOWER LEADS DEVELOPMENTS IN POWER GENERATION

- Increase power capacity
- Develop CHP/CCGT plants primarily in Eni sites
- Pursue integrated Gas & Power policy
- Alliances and joint cooperation
- Build & operate plants
- Increase production share
- Rising efficiency
- Saving capex and opex
- Dispatching priority
- Gas self-consumption
- Marketing synergies
- Specific projects
- Third party sites



Italy: site plants and ongoing projects





Italy: power generation expansion

EniPower today...

2001

- 1 GW mainly conventional plant capacity
- 2% market share
- Consumes less than 1 Bcm/y Gas

... and in the near future

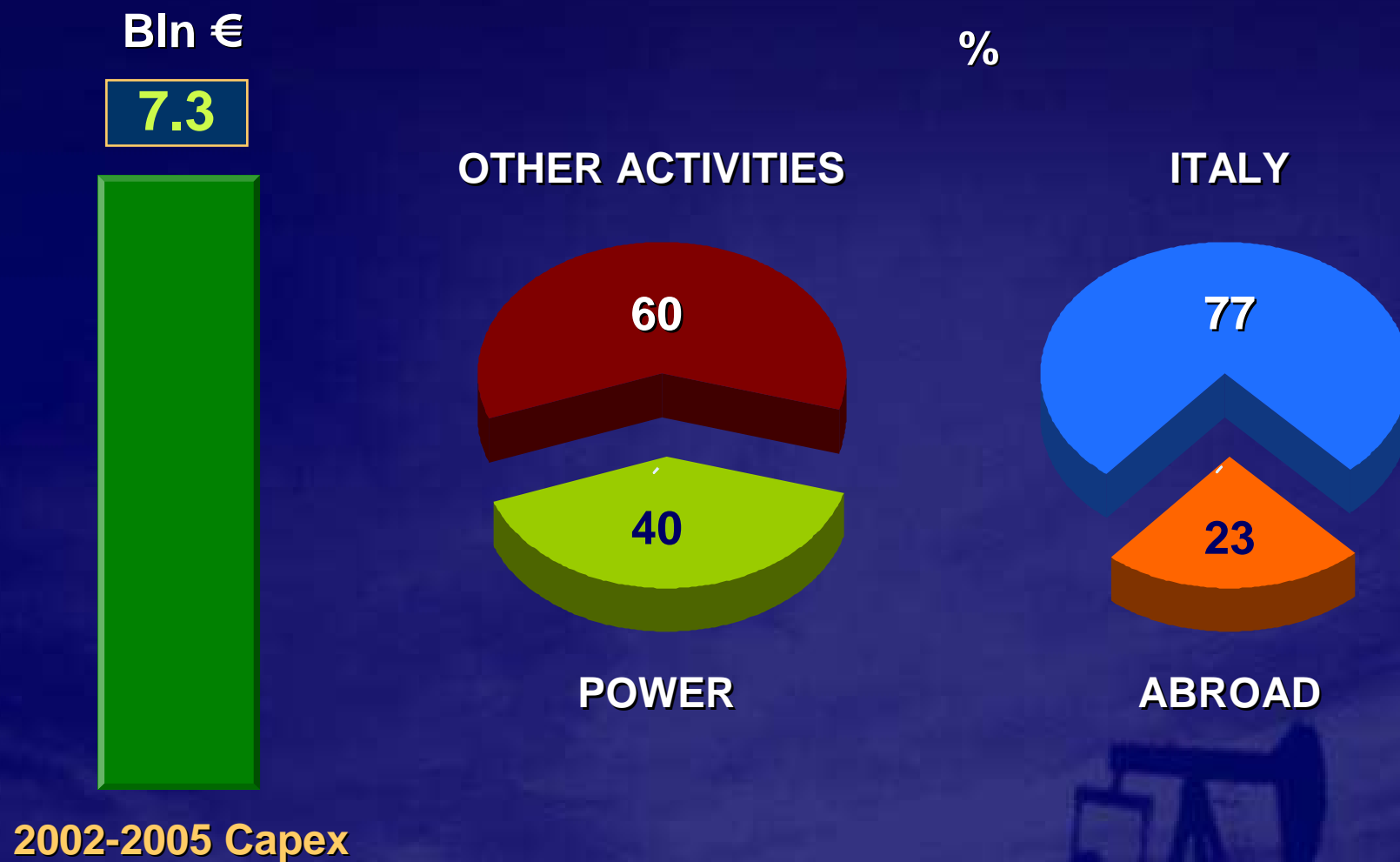
2005

- 5 GW high efficiency operator
- 12% market share
- Consumes more than 6 Bcm/y gas





Gas & Power capital expenditures 2002-2005





Refining & Marketing Business Trends

**Gilberto Callera
Chairman Agip Petroli**

January, 2002



Eni Strategy in Refining and Marketing

Refining: capacity reduction and performance improvement

- Reduce capacity, especially FOB
- Increase refining performance

Marketing: network requalification and enhancement

- Italy: focus on top performing part of the network (representing a market share of 30%), increasing efficiency and boosting non-oil activities
- Abroad: grow in selected areas where we enjoy supply advantage and brand awareness

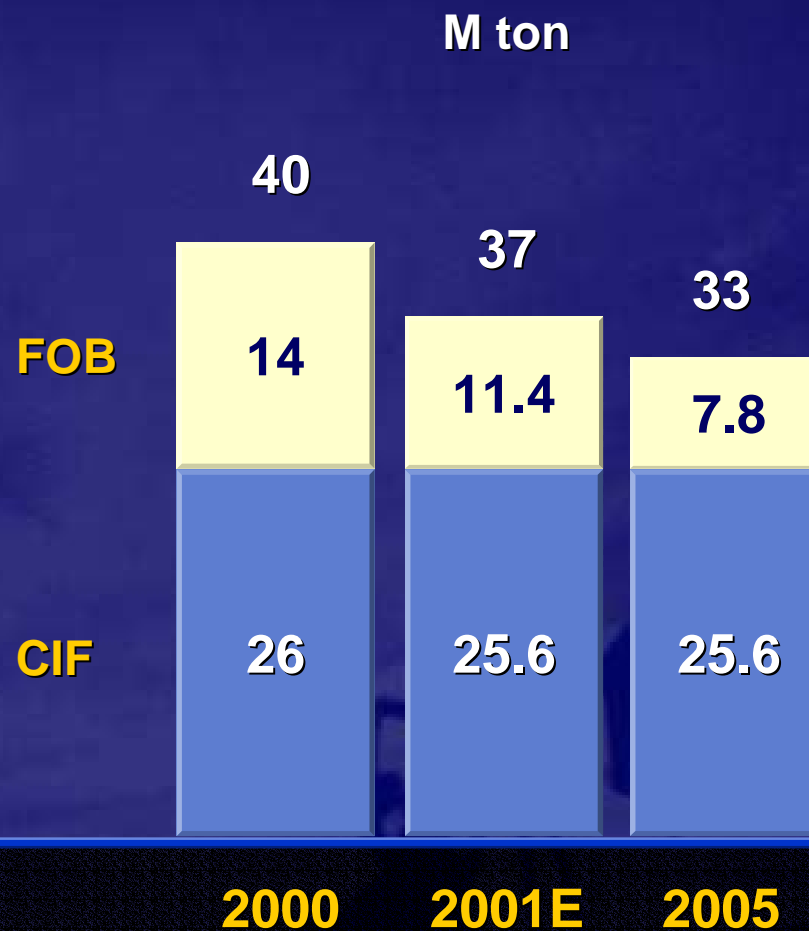


Reducing refining capacity in Italy

INITIATIVES

- Sale of our share in Saras refinery
- Long-term agreements with third parties
- Agreement with Erg on Priolo-Melilli refineries

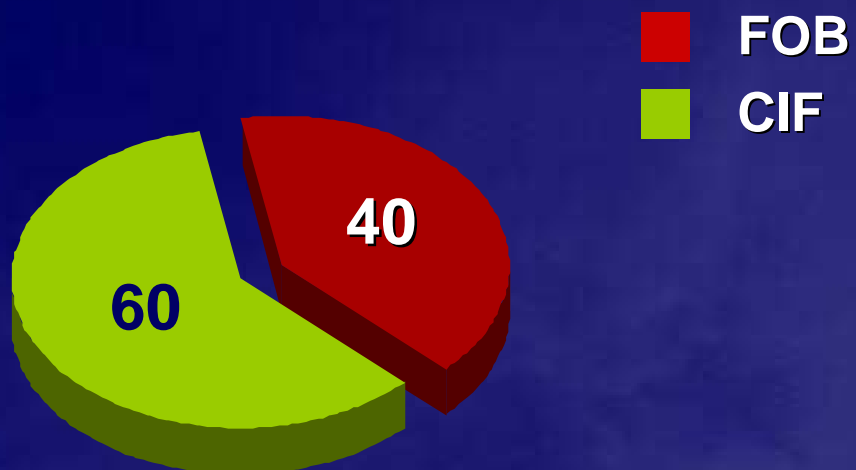
REFINING CAPACITY TREND IN ITALY



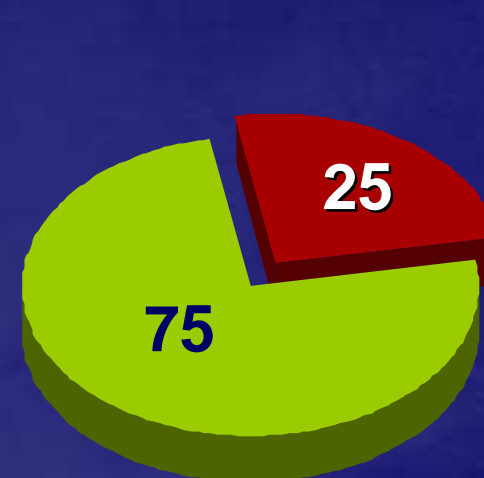


Improve refining competitive position

**ACTUAL
AVERAGE ITALY**



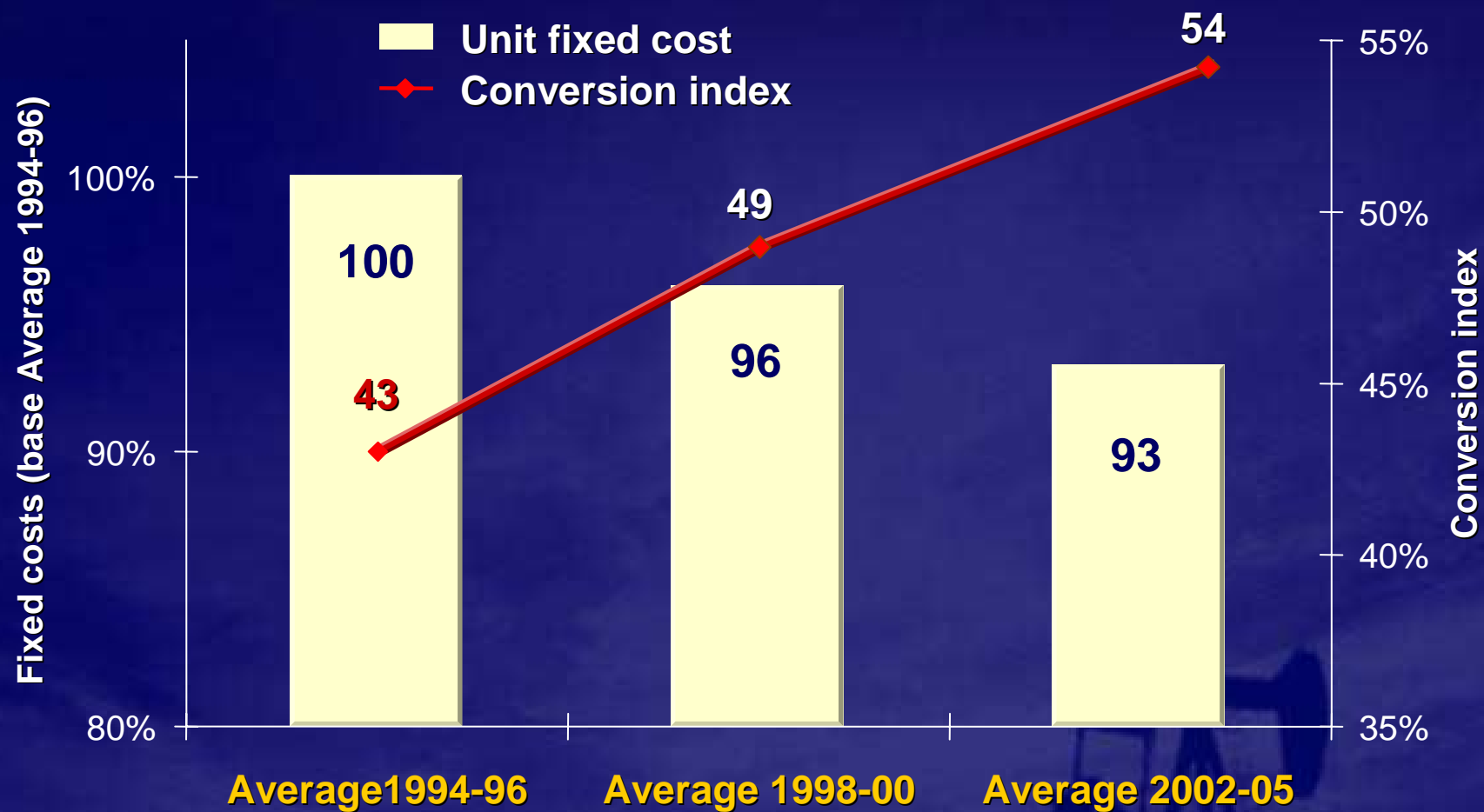
**2005
ENI GROUP**



**In the last two years CIF advantage positioning versus FOB
has been about 1/3 of refining margins**

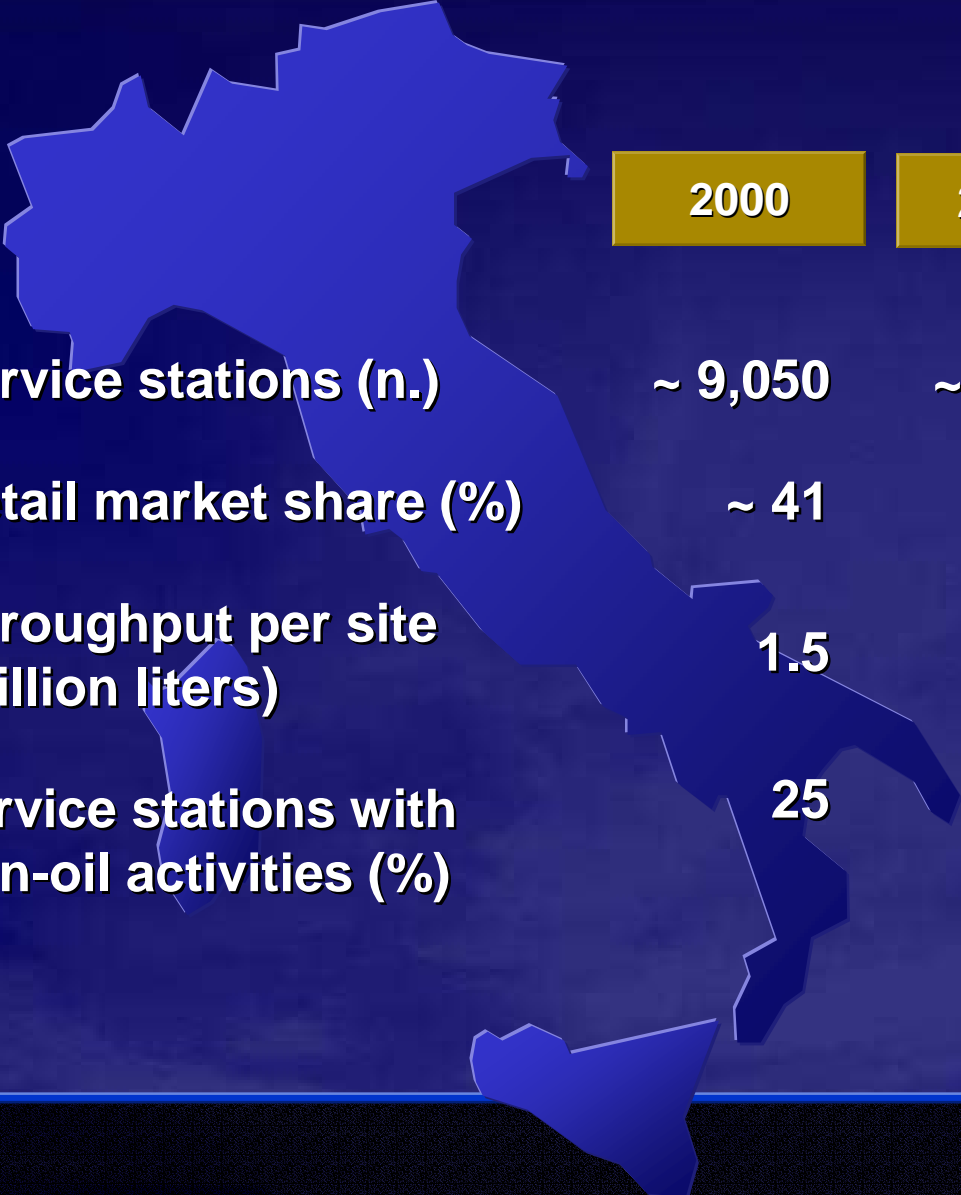


Improving refining performance





Marketing Strategy in Italy: network requalification and enhancement

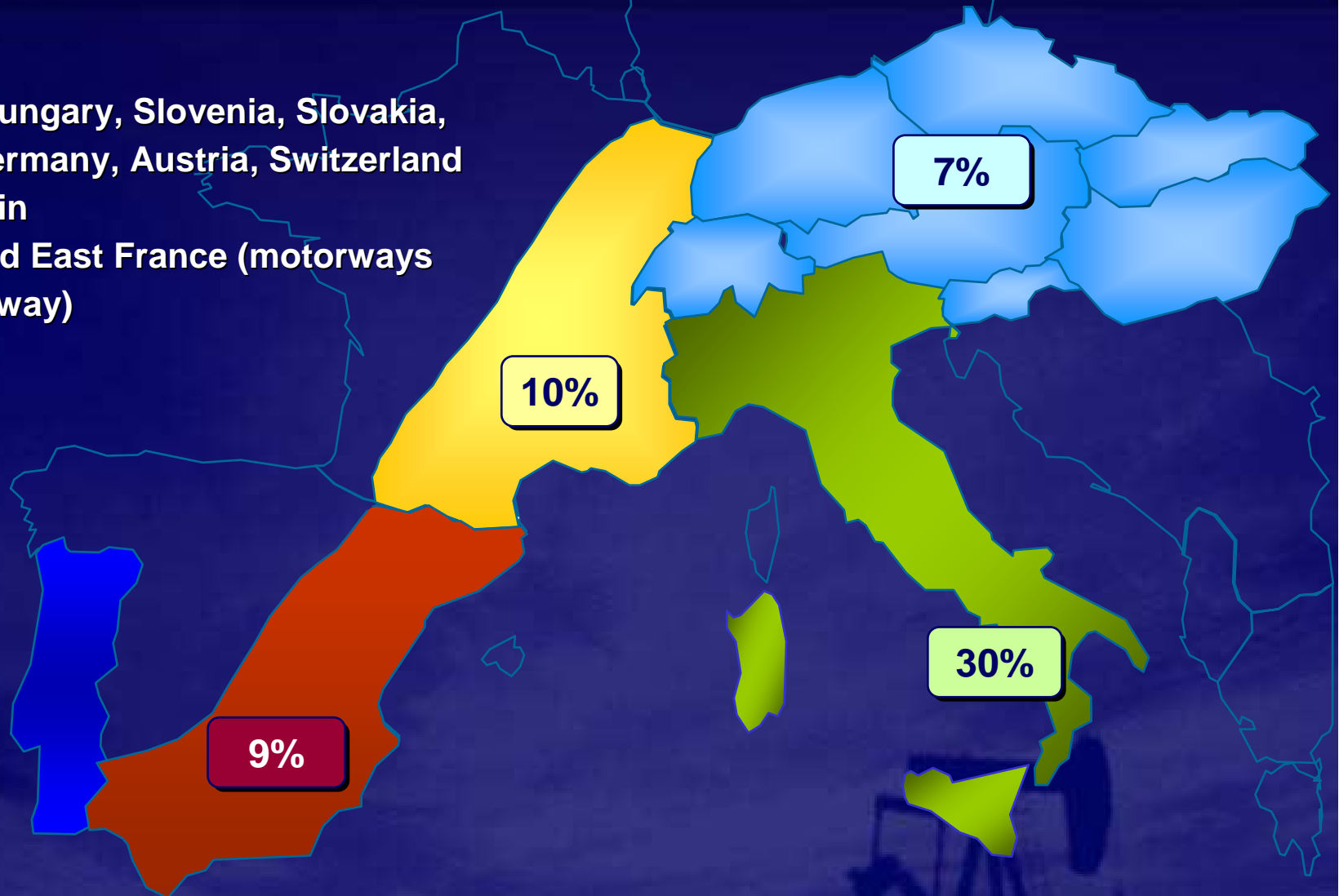


| | 2000 | 2001E | 2005 |
|---|---------|---------|---------|
| ■ Service stations (n.) | ~ 9,050 | ~ 8,600 | ~ 4,100 |
| ■ Retail market share (%) | ~ 41 | ~ 39 | ~ 30 |
| ■ Throughput per site (Million liters) | 1.5 | 1.6 | 2.6 |
| ■ service stations with non-oil activities (%) | 25 | 25 | 65 |



Retail Growth in selected European areas (Target 2005)

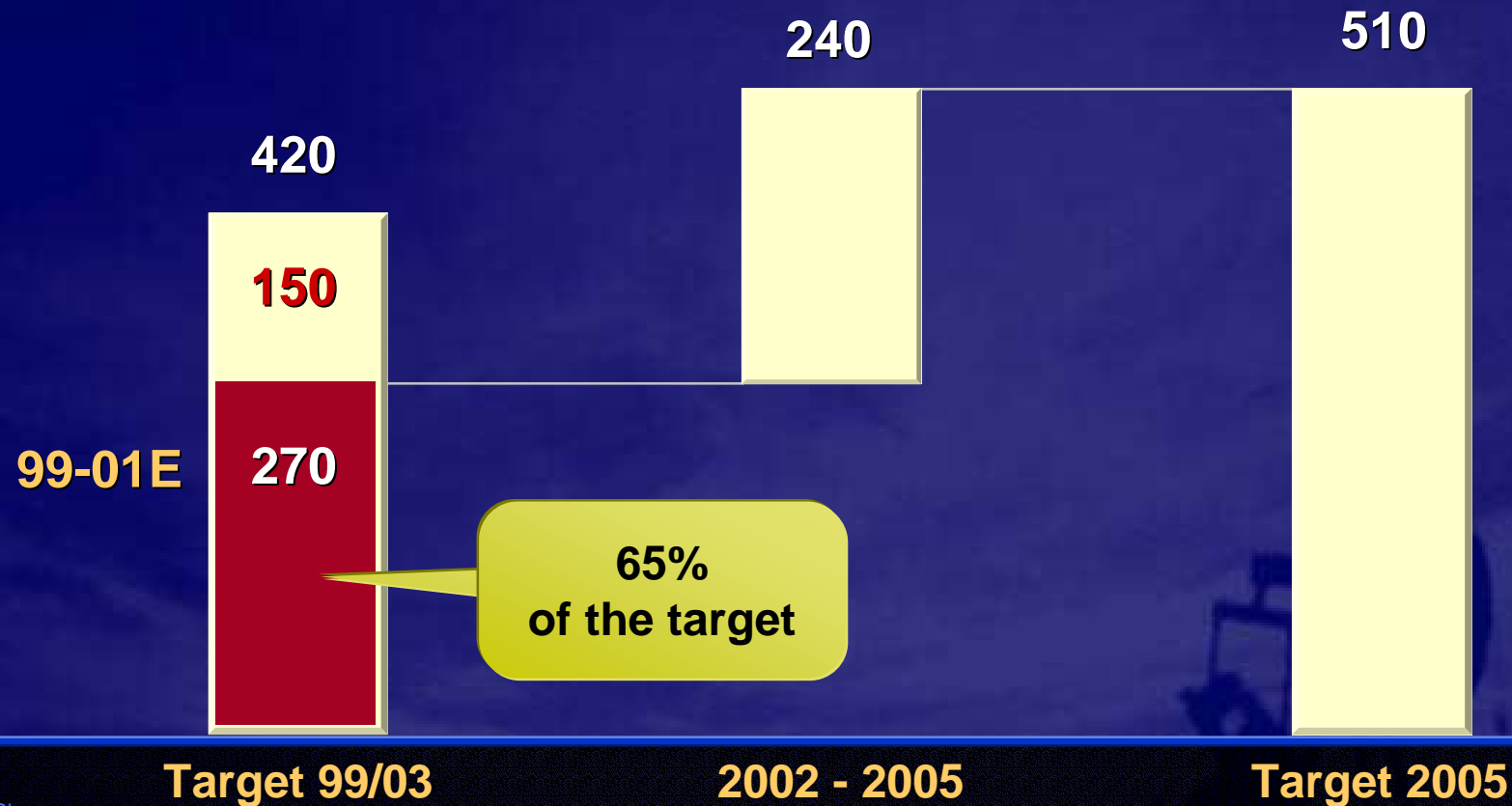
-  Czech, Hungary, Slovenia, Slovakia, South Germany, Austria, Switzerland
-  East Spain
-  South and East France (motorways and highway)





Performance improvement

Cost cutting, Million €





Eni

Financial Targets

Marco Mangiagalli
Chief Financial Officer

January, 2002



Eni Strategic Guidelines 2001-2005

Completion of portfolio reorganisation

**Enhancement of core business
competitive position**

**Organic growth and further development
in core business**



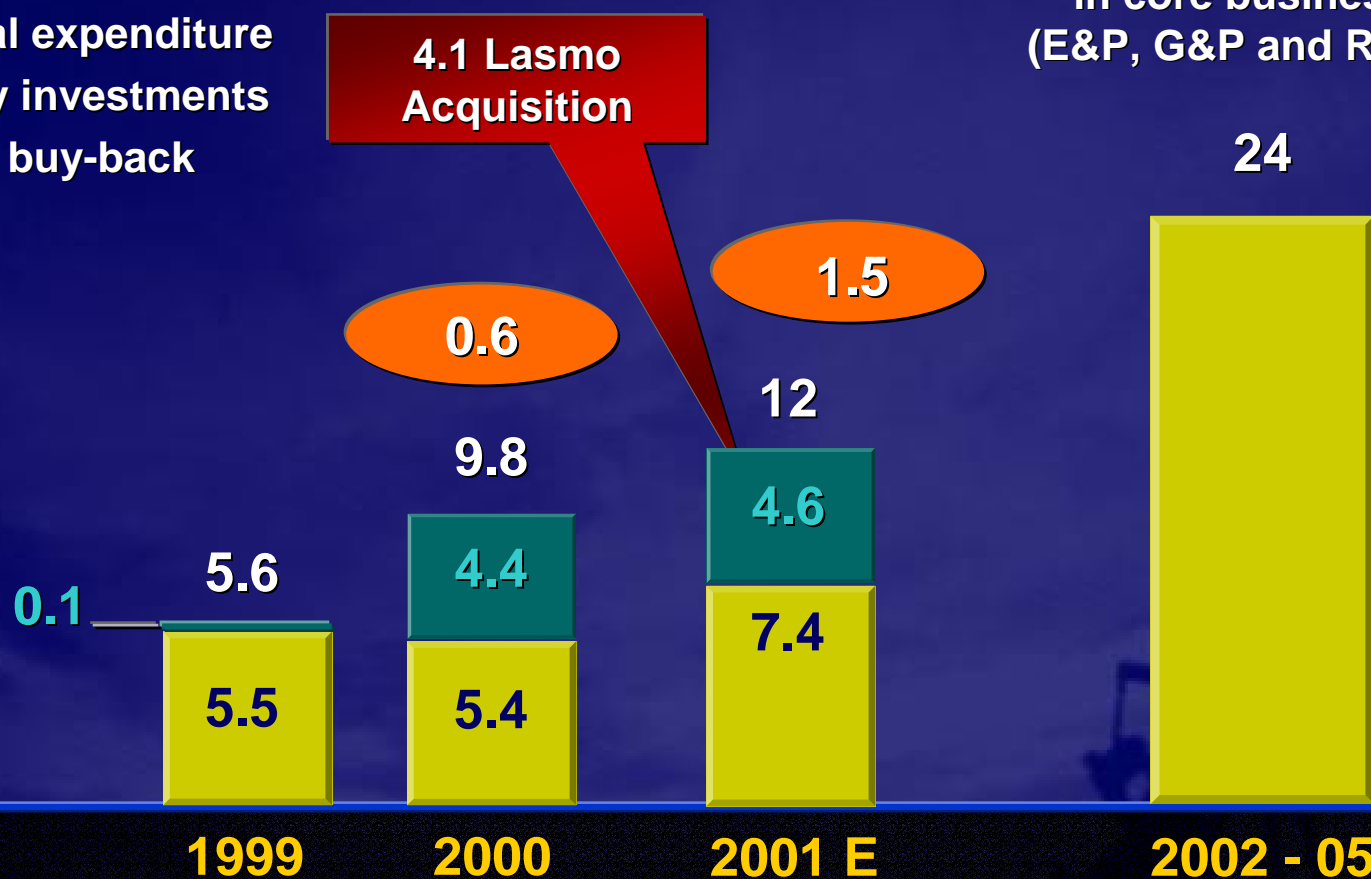
Investments and buy-back

Billion €

TOTAL INVESTMENTS AND BUY-BACK

2002-2005 CAPITAL EXPENDITURE

- Capital expenditure
- Equity investments
- Share buy-back



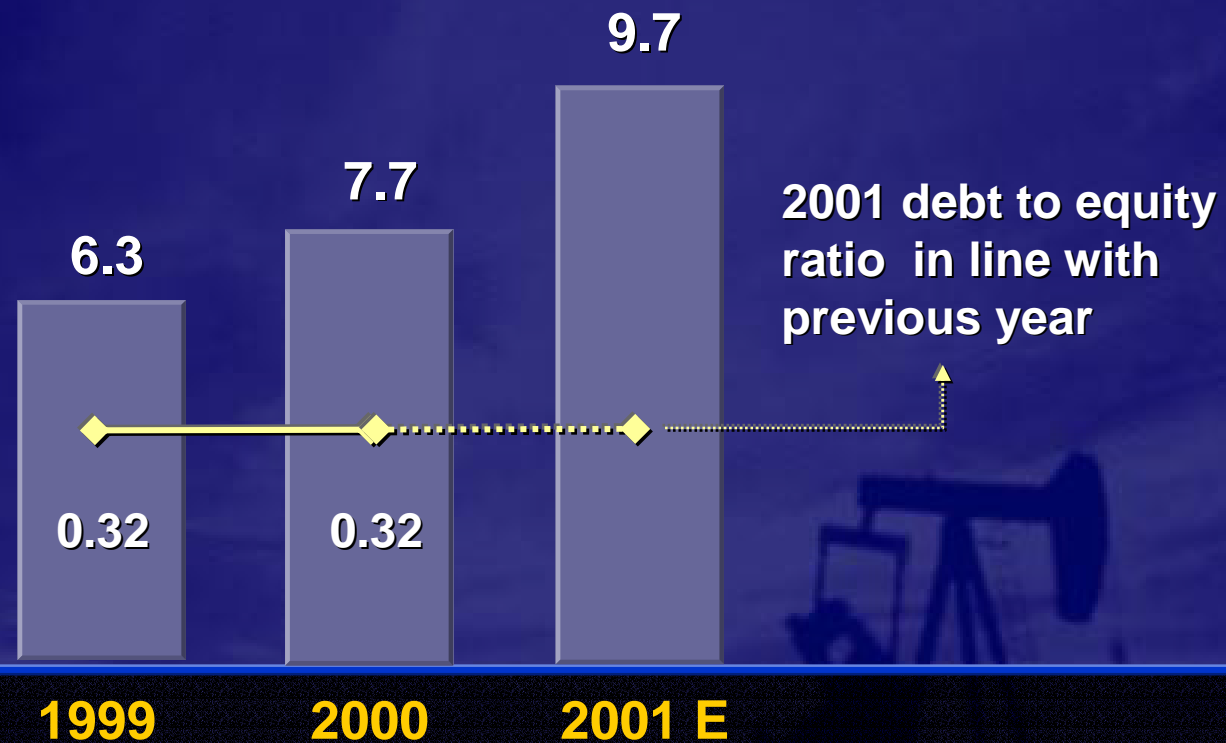


Net debt and debt to equity ratio

Billion €

NET FINANCIAL
DEBT

2005 debt to
equity ratio
target ~0.5



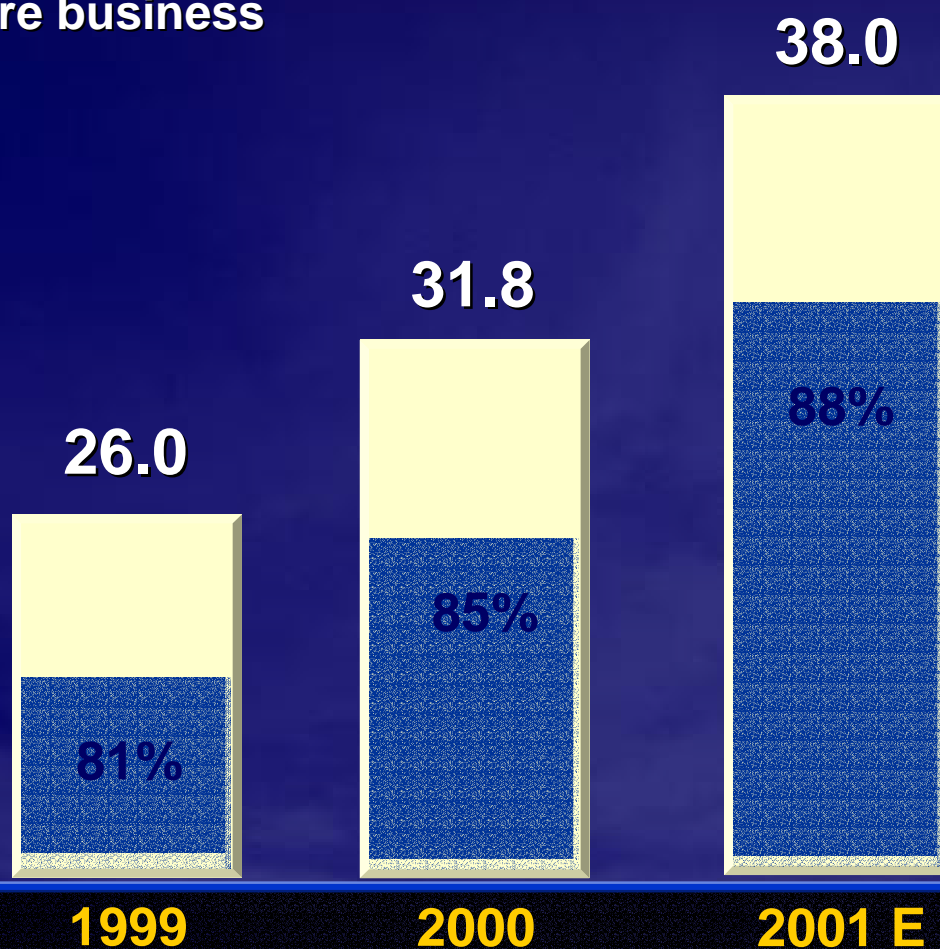


Capital employed

Billion €



E&P, G&P and R&M
core business



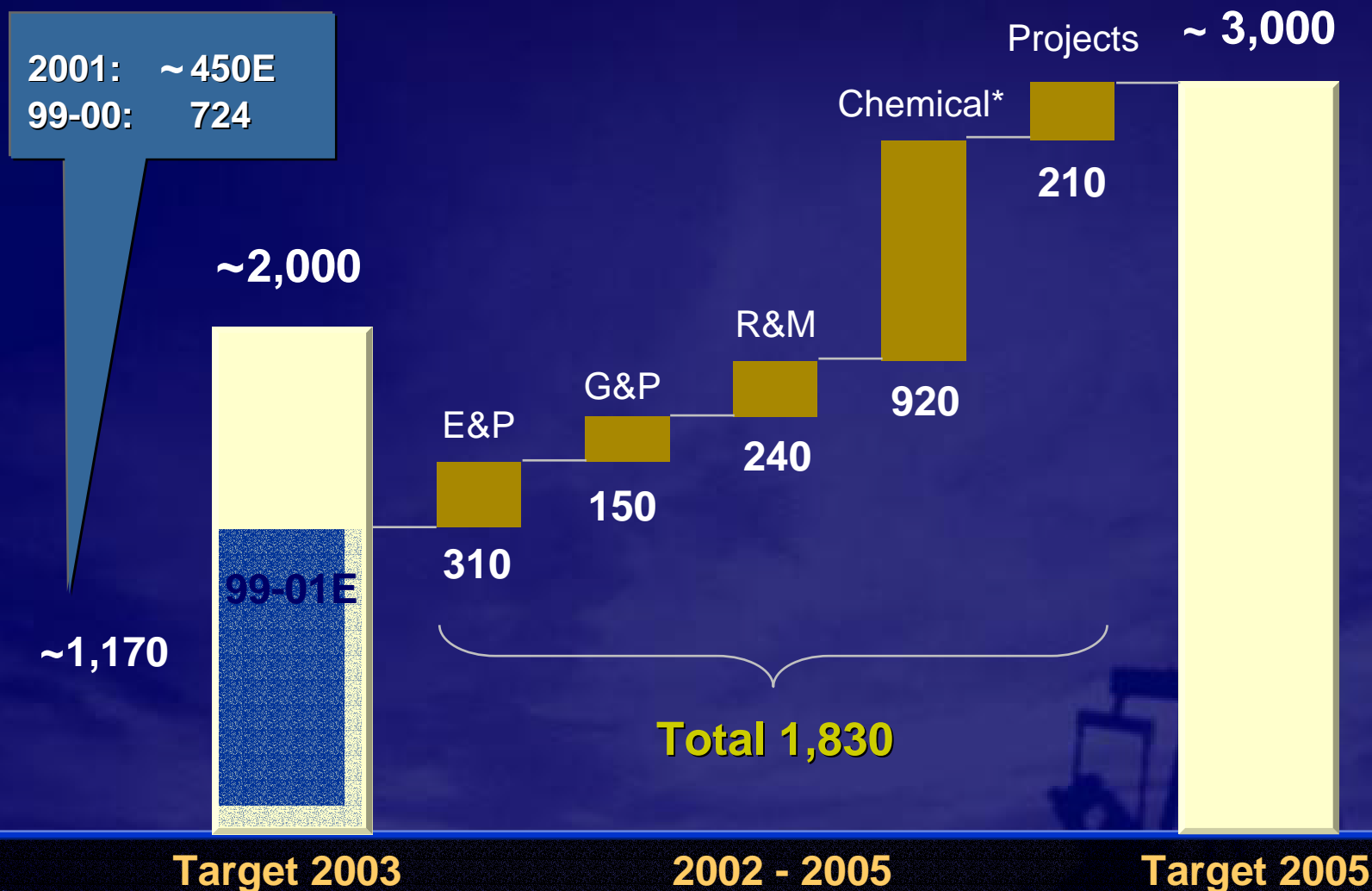
2005

>90%
capital employed in
E&P, G&P, R&M



Cost cutting by division

Million € real terms





Financial target for 2005

■ 2005 Roace: **13%** 16\$ / bbl

■ Excluding the impact of
the higher purchase cost **14%**
on Lasmo net equity