Good afternoon and welcome to our 4 year plan strategy update.

Today, I'd like to start by showing you a short video about the milestones and the results we have achieved so far, that confirm the ongoing execution of our strategy, well ahead of schedule.

[VIDEO]

The strategy we presented in July 2014 was based on 4 key pillars:

- the restructuring and transformation of Eni into a fully integrated O&G company,
- the consolidation of profitable growth in all our businesses,
- the turnaround of the mid-downstream and
- the major cost efficiency program which was already under way.

Thanks to the continuous effort and the strong commitment of our people, I am glad to report that all of these key milestones have been achieved in advance, and we are now a leaner and more efficient company.

Through these actions, we were able to enhance financial flexibility and create value also with low oil prices.
So, what is today’s challenge? It is surely the dilemma between short term cash balance and long term growth.

The industry needs to face this very complex challenge – to reduce costs to fulfil short term financial targets without destroying long term value.

Today’s scenario is characterized by a gap between oil prices and costs.

Since the second half of 2014, the oil price has fallen by 70%, while costs have decreased by only around 25%.

There is also much uncertainty surrounding the recovery of the oil price. So, due to this volatile situation, we have revised our scenario, taking into consideration a slower recovery.

And how can we cope with this scenario?

Well, the industry has reacted by cutting capex by more than 35%, postponing or cancelling projects.

But this is a short-term solution. It’s not viable for the long run because it will impact on long term growth and asset values.

The only solution to reconcile long and short term goals is to rapidly align costs and prices in order to continue to profitably invest also when the oil price is low.

Eni is in the right position to meet short term financial constraints and long term perspectives. Why is this?

Because we already have a competitive cost-structure which is based on two main levers.

We have an asset portfolio that is profitable even in a low scenario, and an efficient operating model which aims to continuously revise contractual terms and reduce costs in the supply chain.

First, our asset portfolio. This has been founded on exploration, where in 2008, we decided to strategically invest, developing internal competences and proprietary technologies.

This was the first step in building a resource base focused on conventional assets, at a very low cost.

Since then, we discovered a huge amount of resources and this allows us to have main competitive advantages such as:

- a low cost-base,
- limited exposure to complex projects,
- a diversified asset portfolio, which gives us the flexibility to optimize investment decisions and spending,
- and the capability to anticipate cash flows and reduce capex, by diluting stakes where we have a high participating interest. This is what we call our dual exploration model.

This distinct operating model is also characterized by a high level of operatorship. This puts us in a position to strictly control costs, as well as continuously optimize our supply chain so that we can reduce both capex and opex.

As a result, the average upstream cost of our new projects was reduced from an already low 30$/boe level of 2014 to around 20 $/boe.

This attractive cost structure is built on exploration costs of less than 1,5$, opex of 7 $ and Capex of 11$/boe.
Another crucial aspect of our operating model, is the outstanding result in safety and the environment, which remain our top priorities.

In Safety, we were the best performer in the industry for the last three years. Our 2014 Total Recordable Injury Rate was equal to 0.7, 43% lower than the peer average of 1.24.

In 2015 we further reduced this by 37% reaching a notable value of 0.45. These results show our commitment to improving our safety performance, targeting a zero level of injuries every year.

Regarding the reduction in greenhouse gas emissions, we have defined an action plan that will reconcile short and long term goals. This is mainly based on:

- focus on conventional projects, which are characterized by lower emissions, and increasing exposure to gas.
- flaring down and energy efficiency projects, which increase gas volumes available for domestic market while reducing energy consumption
- the green reconversion of the downstream business, which also give us the opportunity to recover profitability for weaker assets
- the adoption of a carbon pricing sensitivity of 40$/ton on all our major developments, to pursue efficiency right from the earliest planning phases of the projects, and
- finally, we have recently set up the Energy Solutions Business Unit which is dedicated to identifying and implementing growth opportunities in renewable energies.

In the period 2010-2014, we reduced GHG by 27% from 59 MtCo2 per year to 43 MtCo2.

In the upstream sector, we reached a level of unitary emission of 0.2 TCo2 per ton of oil equivalent produced and, for the future, we are planning to further improve these levels, targeting a 43% reduction of unitary emissions by 2025.

And now a look at our targets...

The overall target is to further enhance our cash neutrality during the 4 year plan, where operating cash covers capex at $50 in 2016 and both capex and dividend at $60 in 2017.

To reach this target:

In upstream, our production will continue to increase with an average annual growth rate of more than 3% in the 4YP.

The cumulative growth rate of 13% to 2019 will be achieved, despite an 18% reduction in capex.

In exploration, we will focus on the near-field and complete the assessment of the discoveries made in recent years, with a target of discovering 1.6 billion barrels at a unit exploration cost of 2.3 $/bl.

In the G&P sector, we expect structural breakeven from 2017.

In Refining we confirm a lower breakeven of around $3 per barrel in 2018 with the existing capacity.

In G&A expenditures we increase our cumulative savings in the 4YP from 2 to 2.5 bln €, thanks to additional cost reduction, logistic and operating efficiency and a streamlined organization.
On disposal, in 2015 we cashed in 7 billion €, out of the 8 billion that was targeted for the entire plan. We have now increased our four year target and we will dispose of 7 billion € of assets, mainly through our dual exploration model.

Now more colour on the plan for the different businesses....

..starting with exploration. Here’s a short video showing our recent discoveries.

[VIDEO]

Exploration has been the strategic driver behind our low cost organic growth.

Over the last eight years, we have discovered 11.9 billion barrels of resources at a unit cost of 1.2 $/b. We discovered 2.4 times what we produced in the period, far above the peer average of 0.3.

Zohr is our latest giant discovery, the fifth in the last five years, all of which are located in different basins and prove new plays.

Out of 11.9 billion barrels of resources discovered, so far we have promoted around 8.5 billion barrels of exploration resources to 3P reserves.

Now, what will exploration give us in the future?

Exploration is the foundation of our growth, our very low cost structure and competitive time to market start-ups.

Our discoveries will contribute more than 500 Kb/d of equity production in 2019 and we will promote around 3 billion barrels to proven reserves.

Main exploration activities will be concentrated in North Africa, West Africa and the Far East.

In the four year plan we will drill 94 wells in 25 different countries targeting 1.6 billion boe of resources.

This maintains our average annual exploration spending of 900 Mln €, in line with 2015.

Following this strategy in 2016, 50% of our exploration spending will be dedicated to proved basins and appraisals, while 30% will be invested in near field exploration and 20% in frontier plays.

And now development...

I’d like to highlight that each single project in the 4YP comes from our exploration discoveries.

If we exclude Goliat and Kashagan, all of the other start-ups are the result of fast track development of the last 7 years of our exploration.

All of these projects are remarkable for their short time-to-market.

Examples are:

- Angola, Block 15/06, where we developed a deep offshore field in different phases, in only 4 years after the last discovery, and
- Egypt and Congo, where we reached first production within 1 year of the discovery well.

And now some colour on Zohr: where we are and what we are doing.

Zohr is the best example of our strategic approach and operating model.
Here, we discovered a super-giant, in a new play, located in a mature area and close to existing facilities.

It is a gas field of estimated 850 billion cubic meters in place, lying in about 1,500 meters of water depth.

We reached FID only 6 months after discovery, a remarkable result, and we are well on track to start production by the end of 2017.

We are well in advance in the procurement process for offshore long lead items, such as umbilicals, flowlines, subsea wellheads, and civil works for the on-shore treatment plant.

To reduce costs and financial exposure, we will develop Zohr with an accelerated start up phase and then a fast ramp-up to the production plateau.

The accelerated start-up phase is up to 1 bln scf/d, from 6 subsea wells that will be connected to shore through a new gas line.

The ramp-up phase will reach the 2.7 bln scf/d from 2019 through 14 additional wells.

Capex for these two phases is planned to be below 12 billion euro.

The gas will mainly be sold on the Egyptian market, and we have already agreed a contract price formula and securitization for sales payments.

The Zohr project is regulated with a PSA and at plateau, it will contribute more than 400 Kboed to our equity production.

We have just successfully performed the production test of Zohr 2X, the first appraisal well, which confirms excellent reservoir characteristics and has an estimated deliverability in production setup around 250 MMScfd, about 46 Kboed.

Let me now move on to production growth, here's a short video.

All of the projects we have just seen, give us a cumulative production growth of 13% to 2019.

In 2016, we will reach a production growth of more than 2% versus 2015, excluding the one-off items that occurred last year and which amounted to 42 kboed/d.

By the end of the plan, start-ups and ramp-ups will contribute around 800 kboed.

This will come mainly from the North Sea, North and West Africa and the Far East.

We will operate around 90% of the new start-ups, so that we ensure tight control of costs, timing and quality in our projects.

In the next 4 years, our operated production share will remain high, at a significant level up to 75%.

In the long term, 12 large projects with more than 6 billion boe of equity reserves, will sustain our production growth.

For 2016, we have already taken the FID for Zohr and we target a final decision also for Coral.

Furthermore, in 2017-2019 we will sanction main development projects in Congo, Nigeria and Kazakhstan, and we will take the FID for Mamba.
As I said at the start, a strict and constant revision of the supply chain is the other key lever to aligning costs to prices. Through this, we aim for savings of 3.5 Billion € in the 4YP on a total contract base of more than 22 billion €.

We started renegotiating contracts in mid-2014 and last year alone, we achieved savings of 500 million euro.

This represents a combined saving of 18% on roughly 2000 contracts from renegotiation and tenders.

Over the plan, we will accelerate cost deflation by continuing with re-negotiation, bringing forward tenders and refocusing our activities.

The biggest improvement area is in deep water projects where we have obtained major savings not just for drilling rigs, but also for the supply of goods and installation contracts.

The daily cost for drilling rigs will be halved from 9.2 to 4.5 million dollars.

Furthermore, additional savings will come from:

- services in logistics and maintenance,
- bulk materials and a new contractual strategy for EPC contracts.

Based on our huge discoveries, we now have more flexibility to accelerate production, while lowering expenditures.

In Upstream, excluding Zohr, we will reduce total capex by 39%. If we include investments for Zohr, which substitutes more complex and expensive projects, with start-ups beyond the four year plan, the capex reduction is around 18%.

In particular, upstream capex will be reduced by around 18 billion € through:

- the ongoing revision of portfolio activity including rescheduling of projects in Norway, Venezuela, Iraq, Indonesia and revision of the scope of work for a total of 14 billion €, and
- the renegotiation of contracts, with an overall impact on new portfolio projects of 3.5 billion € over the plan.

Net of the capex associated with the disposal program, we decreased total company expenditure by 21% versus the previous plan, to around 37 billion €.

Upstream spending will be 90% of the new total.

Now, let me give you some more detail on our project breakeven which is the result of our efforts to reconcile costs with prices.

Thanks to:

- recent huge exploration low cost discoveries,
- the synergies with existing assets,
- the focus on project standardization and modularization, and
- strict attention to the supply chain, we reached the outstanding result of lowering the average break-even of our projects from 45$/b to 27 $/b of Brent equivalent 2016.

This breaks down as follows:

- for onshore projects around 15$/b
- for shallow and deep water around 30$/b

This crucial result is key to being able to tackle the low scenario and be in the position to continue to grow profitability by capturing all future upsides.

And now where we are and what we have done in the turnaround of the Mid-Downstream.

The progress in the turnaround of the G&P business brought us close to break-even in 2015, even without the contribution of the Gasterra arbitration award, which is now expected in the first half of 2016.

In the 4YP, we will continue to increase profitability by focusing on long term contract renegotiations, improved sales channels and greater operating efficiency.

Contract renegotiations will help us to complete the full alignment to market conditions.

There will be a reduction in contracted volumes, which will bring more flexibility in the portfolio.

We will also exploit the full value of our synergic sales channels:

- expanding our retail customer base by 20%,
- taking greater advantage of trading and
- benefiting from the flexibility provided by our LNG portfolio.

We will continue to be focused on right-sizing of the operating and logistics cost base, saving 350 mln €/year from 2019, compared to 2014 levels.

G&P will generate a cash contribution of nearly 3bn € over the 4YP.

We will reach a positive EBIT in 2016, growing to nearly 900 mln € by the end of the plan.

G&P structural breakeven is targeted from 2017.

And now Refining & Marketing

Our main target for Refining is to lower breakeven to around 3$/b in 2018, maintaining the current refining capacity.

Over the past three years, we have reshaped our European portfolio by increasing production efficiency, exiting or converting loss making assets, reducing refining capacity by one third and rationalizing logistics.

This has allowed us to reach EBIT breakeven in refining in 2015, 2 years ahead of plan, thanks to the reduction of our breakeven margin to about 5$ per barrel.

Downstream is now much leaner and we will not be required to make further capacity cuts in the near future.

Looking ahead, we will focus on maximizing the conversion of the barrel, taking full advantage of the Eni Slurry Technology plant in Sannazzaro, where we are progressively increasing our production levels.

We will also complete the conversion of loss making assets into sustainable green businesses, further enhance efficiency on operating costs and defend our retail market share.
This, will grant economic positive results during the four year plan, reaching an adjusted EBIT of 700 mln € in 2019 and a cumulative operating cash contribution of 2.9 billion € in the plan period.

And now I leave the floor to Massimo for the financial highlights.

Massimo Mondazzi

Thank you Claudio.

First of all, I’d like to emphasize both the historical and prospective cost performance in our main business, the upstream.

In terms of opex, in 2015 we reduced our unit costs by 13% to 7.2$, almost doubling the original reduction target of 7%. This, I believe, further strengthens our industry leading position in this metric.

In the following years, we expect to further reduce opex as a result of contract revisions, additional optimization in maintenance, lower energy feedstock costs and logistic rationalization.

In 2016, we plan to deliver an opex per boe down to 6.4 $, while in 2019, we are committed to keeping it below 7 $, notwithstanding the projected scenario recovery and the start-up of giant fields such as Kashagan and Goliat with higher than average opex.

On F&D costs, we achieved a top quartile position through a disciplined approach to capex that, as you know, are devoted only to conventional assets.

In the coming years, we expect a further improvement on this metric as a result of the capex plan just described by Claudio, and the related promotion of new proved reserves that will largely exceed the production.

As a consequence, our F&D cost is now projected to come back to the levels that we experienced in the middle of last decade.

And now a quick infographic to introduce our Portfolio.

[VIDEO]

Our active portfolio management, as well as cost base optimization, provides us with further financial flexibility.

One year ago, we launched a significant disposal program amounting to a pre-tax 8 billion euro to be achieved in the 2015-18 period, with 6 billion euro anticipated in the first two years.

Actually, we have greatly exceeded this short term target as we have already cashed-in 7 billion, including the cash effect of the now completed Saipem deal.

And looking ahead, we expect further material disposals even in this weak scenario.

In fact, our exploration assets remain attractive to potential buyers thanks to their high quality, size, desirable locations and competitive cost structures.

Therefore, we plan in the next 4 years additional pre-tax disposals of 7 billion euro, mainly through the share dilution in recent material discoveries, in line with our “dual exploration model”.

This new disposal plan is once again front-end loaded, with around 80% of the overall value scheduled in the first 2 years, envisaging the positive outcome of some ongoing negotiations.
Portfolio activity will also include the continuing rationalization of our position in both mature upstream and non-core mid-downstream assets.

And now let me show you the overall cash flow effects of our strategy.

Upstream’s sustainable growth, completion of the turnarounds in other businesses, cost efficiency and portfolio management will all contribute to a material improvement in our cash generation.

In 2015, the resilient contribution from operations as well as working capital, including non recurring actions, allowed us to reduce our organic capex coverage to 50$/bl.

In 2016-17, projecting a lower average oil price of 45 $, we expect cash flow from operations to be in the range of 8 bln euro per year versus capex of around 9 billion euro.

This gap would be covered by an additional 5 $ on Brent to 50 $, confirming the balance already achieved in 2015 without the contribution of last year’s material non-recurring items. This target is well below the 63 $ guidance we released during our previous strategy presentation.

In 2016-2017, our disposal program is expected to generate an average of around 2.5 bn € post-tax per year.

In 2018-19, the actions we have undertaken will increase operating cash flow by 17%, ensuring the full organic capex coverage even at the lower Brent floor of 45 $.

A rise in the Brent price to 63$ in 2018-19 as per our scenario, would complement operating cash by an additional 31%, bringing the overall improvement of CFFO vs 2016-2017 to around 50%, above our dividend coverage requirements.

In addition, we expect a further €0.7 bn per year from disposals.

Uncommitted capex for around 40% of the total investments in 2017-2019 gives us great flexibility in the event of a lower scenario.

On the other hand, should the macro scenario be better than projected, significant upsides could be achieved thanks to the beneficial effects of the growing production.

As an example, a $10 higher average Brent price per year would improve average annual cash flow by an estimated 2 bln euro.

Regardless of the scenario developments, we remain committed to a strong balance sheet throughout the 4YP, maintaining leverage within our 30% ceiling.

Finally, our shareholder remuneration policy.

In 2015, we committed to pay a floor dividend of €0.8 per share with a progressive distribution policy in line with our underlying earnings growth and scenario upside.

Today, even in a much lower oil price environment, we confirm our commitment to pay a full cash dividend 2016 of €0.8 per share thanks to the remarkable operational achievements we have undertaken, as well as non-core disposals, thus maintaining satisfactory financial flexibility.

This commitment is compliant with the two key conditions we assumed to test our dividend sustainability: pay out and cash neutrality

The payout ratio is expected to remain higher than 100% in 2016 and 2017, penalized by the underlined weak scenario, but should be back below 100% from 2018.

Cash neutrality has been significantly reduced from the previous plan and now is expected to be:

- 50 $/bl in 2016, including disposals, versus the previous guidance of 60 $/bl,
• 60 $/bl in 2017, excluding disposals, versus the previous guidance of <75 $/bl,
• Below 60 $, excluding disposals, in 2018-2019.

I will now hand back to Claudio for the conclusion.

Claudio Descalzi

Thank you Massimo,

To conclude, Eni has started a new cycle of profitable growth and has the potential to extract more value in the future.

Since 2014, we have worked to increase resilience whilst fuelling value growth.

We have transformed Eni to a fully integrated O&G company, focused on the upstream business, and we have successfully completed the turnaround of mid-downstream.

This, together with the complete revision of our cost structure, means we have become a leaner, more resilient company.

The discovery of a huge amount of resources at low costs will sustain our production growth, through a pipeline of profitable projects at very low break even.

These support stronger cash flow generation, give us the flexibility to optimize investment decisions and continue to feed our dual exploration model.

Thanks to our competitive cost structure, Eni is now in the position not only to succeed in this downturn, but to capture additional value, leveraging price upsides in the near future.

As I said at the start, the dilemma is how to align costs to price. Eni is in very good shape to do this and our current break-even is testimony to that.

We are now beginning a new cycle where we will express our full potential, boost our value creation and increase profitable growth.
Questions and Answers

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So good afternoon. We're now ready to open the Q&A session, so please raise your hands and state your name for us.

THOMAS ADOLFF, ANALYST, CREDIT SUISSE: Thomas Adolff, Credit Suisse. Two questions, please. At the start of the presentation you talked about the importance of managing the cash cycle and returns in the short term, but also not to forget about the longer term and to take FID on projects that make sense longer term if you have a positive NPV. But as far as LNG is concerned, in this environment, if you take FID on LNG, you commit a lot of capital, so it's really hard to manage your short-term cash flow, cash balance, and your returns. But at the same time, taking FID in this environment, LNG projects is also not the best idea because the contracting (multiple speakers).

CLAUDIO DESCALZI, CEO, ENI SPA: Not one of the best, you said?

THOMAS ADOLFF: It's not a good idea.

CLAUDIO DESCALZI: It's not a good idea.

THOMAS ADOLFF: Because the contracting environment is not so good, which means, from an NPV perspective longer term, you might be also leaving some value on the table. So my question really is where does Mozambique sit in your priorities? And the second question, I guess more for Massimo potentially, is the chart you showed on operating cash flow in 2016 and 2017 you show an EUR8 billion CFFO and I wanted to understand the moving parts from 2015 down to 2016. What is included and what is not? Is chemicals included? Is gas retail included, etc., so to better understand the moving parts? Thank you.

CLAUDIO DESCALZI: I start with LNG, Mozambique. First of all, the plan we presented as [insidethe Coral FID] in 2016 and by the end of 2017 also Mamba. LNG is not a mono-dimensional picture because LNG depends on the upstream cost from one side and then the modularization and the phases of your LNG. We discovered 85 TCF. We're going to develop the first 5 or 6 TCF with the first LNG, that is a 40 LNG.

From the market point of view, so upstream is very cheap, very low. To drill a well in three or four weeks you need very high rates so you need just a few wells, three or four wells. You can cover the first production, so upstream very low. And from the market point of view this is the best period to close your contracts. Your supply chain is wonderful for any point of view because the yards are empty, there is no investment. So that is the right moment, if you upstream is good, if you are able to close your gas sales in 15, 20 years so everything is guaranteed, that is the best moment to close your supply chain.

So we put in the plan, Coral first and the FID, I say 2016. I hope that before June we are in the position to take it. We got the approval for the POD, plan of development. We closed practically the GSA, so now just we are in a process of internal authorization and the variables are above our other rates. So it depends -- it's not monetization. You have to look at all the dimensions inside your projects.

MASSIMO MONDAZZI, CHIEF FINANCIAL AND RISK MANAGEMENT OFFICER, ENI SPA:
Thank you, Thomas, for your questions. As far as the cash flow, the chemical business is assumed to be among the EUR7 billion of disposals, but in this cash flow we assume that the disposition is
at the end of 2016. So just 2016 numbers are included in this projection. On the cash flow, from the cash flow point of view, I would say the contribution will be positive and should be substantially equal to the investment that you are retaining among the investments that we are consolidating here. So the final algebraic sum would be close to zero, so the same cash flow from operation and the same value investment is inside.

So to be precise, we would be, more or less, EUR300 million on the cash flow from operation versus the EUR300 million including in the CapEx as far as 2016. And then the assumption is disposition at the end of this year.

HAMISH CLEGG, ANALYST, BOFA MERRILL LYNCH: Thanks very much for taking my questions. Hamish Clegg, Bank of America. First up, it was a slightly sort of abnormally high tax rate last year. I wondered if you could tell us how to think about tax this year. I know there was some complications with production sharing, etc. One for Massimo.

I have one for you, Claudio, actually but first I have one for Luca actually just on exploration. I wondered if you could tell us what the sort of nearer-term exploration catalysts might be. How soon are you drilling any sort of material prospects? Are we looking at things like Portugal as the GALP guys alluded to earlier in the week or more focus in the Barents Sea?

And finally for you, Claudio, Versalis, what rough percentage of the disposal plan could that be and is downstream restructuring sort of basically finished now?

CLAUDIO DESCALZI: Okay, we can start with the tax rate, the easier one, then the others.

MASSIMO MONDAZZI: Okay. Definitely we recorded a high tax rate in 2015 around 90%. I just commented about this result during the fourth-quarter conference call and I said that it is due to the strong contribution from PSA that, by definition, are I would say much more resilient in a low oil price environment. But normally they present a higher-than-average tax rate.

This effect has been combined with negative results in countries in which we take concession with negative results in 2015 such as the United States. So the algebraic effect of these positive and negative results in tax rate and commodity tax rate came from a mathematical point is even higher than the highest tax rate that you pay. So that's the mathematical effect of this 90%.

As far as 2016, you are seeing we are projecting a $40, so even a lower Brent scenario. And with the lower Brent scenario, the effects I just mentioned would be still present in our numbers and we expect that the tax would be even higher than we have seen in 2015. We forecast to be back to a normal tax rate starting from 2017, even at $50, because of the movement in our portfolio because new project, even in PSA such as Kashagan with a significant taxable income, with a lower tax rates because in Kazakhstan tax rate is 35%, will allow us to be back to a much more normal P&L tax rate in the range of 60%.

Having said that, I would like to comment also on the cash tax rate. You remember probably during The conference call I had the occasion to comment what we got in 2015 that was a number in the range of 38%, so we expect this number even lower in the coming years with an average that will be around 25%. So this number is the ratio between the cash flow from operations before moving some core changes in taxes, versus the amount of taxes really paid in that year.

CLAUDIO DESCALZI: Now I have some questions to answer. Before giving the floor to Luca, I just wanted to make a general comment on our explorations. Now we are in a situation and a position where we discover 12 plus another potential 3 billion or 4 billion, so now we really moving close to
our discoveries and close to our existing field to be able to work on -- with a time to market that is in the range of 12 to 24 months. That is what we want.

We keep cost of the investment for exploration, but having in mind that we want to do and replicate what we did until now. You saw that in the last seven years, but especially in the last four years, we had exploration that has been able to put in production the four-year plan 500,000 barrels per day.

So that is our model. Then we have also some big -- somewhere where we tried something more risky, but we're working with a POS, with the probability of success in our exploration between 50% and 80% now. So now Luca is going to talk about the riskier exploration that we are now planning.

LUCA BERTELLI, CHIEF EXPLORATION OFFICER, ENI SPA: As Claudio explained, our exploration CapEx for frontier exploration has been reduced for 2016. This is mainly for the reason Claudio explained: we have a lot and we have to digest our exploration. We have few, some few wildcat in frontier basin this year, two or three, and we will test new plays and new basins and also we will honour our commitments. This is what we will do in frontier basins this year, so a well in the Barents sea, a well in Portugal, and one in Angola, that's mainly. Then our focus will be on appraisal of the discoveries and near field and incremental exploration around our facilities and our future hubs of production.

MASSIMO MONDAZZI: If I may to complete the answer about tax rate, the expected cash tax rate in 2016 will be in the range of 29%.

CLAUDIO DESCALZI: So now that last point about -- covering Versalis’ question. What we announced in 2014 in July when we have this mini-strategy in London was that we wanted to be more upstream in oil and gas, so Versalis was one of our mains steps or milestone to become more upstream. So immediately, also before, Versalis did very well because they transformed their business model. We invested money, but after 20 years we succeeded for the first time last year to become positive in EBIT, in cash without still -- free cash flow we are still investing.

So we're happy about Versalis. It's very good product. It's not in our strategic view for the Company we want, so we are discussing now to find somebody that is helping us to make these investments.

We are going to reduce our share, limit the share, and we are under negotiation, as you know, so I cannot disclose more because this is a commercial negotiation. So I can't disclose also what is the percentage of Versalis inside the EUR7 billion. I hope that we are going to discover very soon.

IRENE HIMONA, ANALYST, SOCIETE GENERALE: Irene Himona, Societe Generale.

I had three questions, actually. Firstly, you have lowered the oil price you assume in your four-year plan. You are targeting 3% a year production growth. Can you talk about -- can you quantify the positive PSE effect in that 3% from the lower price?

Secondly, you show a remarkable reduction in your new project sort of cash breakeven -- I think it's slide 14 -- from $45 to $27. Can you say what the implied IRR is in that?

The final question, in terms of -- going back to the asset disposals, the $7 billion target, can you talk about retail gas and exploration in that? So how can we think about these two assets, let's say? Thank you.
CLAUDIO DESCALZI: Massimo will talk about PSE content and the internal rate of return, and I'm going to talk about the rest.

MASSIMO MONDAZZI: So the quantitative effect on production, more or less, Irene, is 1,500 BOE. As I say, (multiple speakers) per dollar.

And in terms of internal return in our portfolio, is in the range of 15% without Kashagan. So if you take Kashagan out, the average is 15%. And as far as -- and I will leave the floor to Claudio – the disposal, the number I've shown, retail gas and power is not included as we are not including in that number any further disposition of second shares. The decision will be taken but the number is not quantified in this EUR7 billion.

And I will leave the floor to Claudio to comment about retail.

CLAUDIO DESCALZI: Just a few words about retail gas that with Versalis has been one of the items that we mentioned in 2014, because it is not a typical business, the retail gas typical business of an oil and gas integrated company. Where we are: we are trying to get the maximum value before thinking about any other step. It's not in our plan.

We have enough disposals in terms of we already got a lot, because in one year we did practically 90% of what we wanted to do in four years. We have additional disposals on which we are negotiating, naturally, so we are not, I hope, far to conclude on some of them.

So gas, retail gas we think that we can improve the value. We can improve the value and also the impact on our Italian market and return, so we want to wait and try to maximize it. So there is no short-term thoughts on it at the moment.

OSWALD CLINT, ANALYST, BERNSTEIN: Thank you very much. Oswald Clint, Sanford Bernstein. I wanted to ask a question about the EUR3.5 billion cost reduction through the plan. You've pointed to the areas where you expect that to happen within the upstream.

Can you say is that based on early conversations or is that your aspirations there? And how quickly could you expect to get that number? And actually, if you do get it quickly, are you starting to think about locking in contracts at that price point for the next three, four years kind of lump-sum turnkey? You mentioned it with LNG, but is that something you are starting to think about much more broadly?

Then secondly, maybe with Angola. You have quite a bit of production projects in that area. Maybe you could just tell us if you are seeing any fiscal improvement from that country, please. Thank you.

CLAUDIO DESCALZI: First of all, the EUR3.5 billion is not just an aspiration at all; is something that we already got in our plan, causing some FID and some contract long-lead items and our fleet in terms of drilling rigs. So when we talk about these EUR18 million reductions without Zohr, which we got in a cost reduction of 39% and EUR3.5 billion is on that that we got on 2,000 [contract] then additional 1,600 [contract] is something that we have our hand on.

And as you said before, for the answer at the very beginning of the LNG, we are working a lot of that. We are working positively with contractors and I think that is really a good moment. If you have resources, if you have projects and we want to lock in the value for the future, it is the right
moment try to cause everything and to have good contract for the future. Thinking that now we are really close to the minimum oil price or we got it behind us. So I think that we still have a window maybe of one year where you can really progress very positively in terms of future margin and that's what we are doing. We are very, very happy.

Honestly, we started -- that was part of the initial strategy because we start doing that in May/June 2014 when the price was $110. We restructured completely our supply chain organization and also the contract strategy. Remember we talked in the past about a different kind of EPC contract where we are now running and we are in the position of main contractor, so we didn't want anymore a contractor that are earning different contractor with a different package. We are the main contractor.

And what we are doing in Gabon -- sorry, in Congo, in Angola with Block 15/06 and now in Egypt in a different field is this kind of strategy. So we are interfacing all the different packages. And that makes a huge amount of savings and helps us to have a direct contact with the contractors. And that is continuing, but that is a very good period to do that.

And I didn't understand last question. You're not talking about the situation, political situation in Angola or just a technical point of view I wonder. So maybe Roberto can talk about our projects so the West Hub finalization and the East Hub (inaudible).

ROBERTO CASULA, CHIEF DEVELOPMENT, OPERATIONS AND TECHNOLOGY OFFICER, ENI SPA: Both projects in Angola are going very well. Actually, couple of days ago we had a record production in West Hub with 94,000 barrels a day, which is almost the top of the FPSO capacity. We continue with very short cycle time to put other fields into production in the West Hub.

Meanwhile, the East Hub is progressing. We have drilled all the wells and FPSO works are very well advanced. As you've seen earlier, we definitely confirm the first oil and second quarter of 2017.

THEEPAN JOTHILINGAM, ANALYST, NOMURA INTERNATIONAL: Theepan Jothilingam, Nomura. A number of questions, please. Firstly, could you just give us an update on Venezuela, your exposure there, both in terms of cash flow and capital employed?

Secondly, sort of linked to the question, Claudio, I guess one of the challenges or opportunities for Eni is the mix in the portfolio between non-OECD and OECD. I think we've talked about in the past. And I guess in some ways you continue to sort of have great success with the drill bit, but that puts you more biased to sort of non-OECD. I'm just wondering how you think about that in terms of your strategic outlook.

And related to that question, just on your financial metrics, is there a level of gearing that you would be uncomfortable to sort of move beyond? Thank you.

CLAUDIO DESCALZI: Can you repeat the last one?

THEEPAN JOTHILINGAM: Yes, sorry. Just in terms of the financial framework; I think you've given us a lot of numbers today and that's great, but I wanted to know about gearing. What is your sort of threshold in terms of peak gearing? Thank you.

CLAUDIO DESCALZI: Okay, I'll talk about the first question then the OECD and the non-OECD, and Massimo will talk about the rest. First of all, Venezuela is one of the countries where we
reduced our investment, especially the onshore on the Orinoco Belt and the refinery. We progressed very positively on Perla. Perla is doing very well, now producing about 500 million (inaudible) per day.

We find a very positive agreement with the government, with PDVSA for the local market and also for the exports, and so we don’t have any -- we don’t have outstandings. So we don’t have outstandings payment in Venezuela; that is we don’t have outstanding on the past. We don’t have outstanding on the present and until we cover our position very positively for the future.

We are producing 500 million and we have to reach 800 million in the second phase, (inaudible) per day. Then we have to reach 1.2 million. And they are looking for gas. The looking for gas not only in Venezuela but also Colombia, so it is a market that became the regional market that they enforce; they pay more.

That is a relatively cheap gas for them. It's good for us, because in any case it is a cheap upstream so we have a good margin with the securitization. Venezuela, from that point of view, so far so good. It's clear that, for the moment, we are standing by on the more expensive projects.

Then the second question, the discussion between OECD and non-OECD. I think now the boundaries it's more volatile than before. I think that you know it's very easy to identify OECD and non-OECD, risky and non-risky.

The last couple of years America is a very good country and we like a lot. We are there. We producing more than 100,000 barrels equity production, but each company lost money there, and it is a super OECD country. So I think that we have to balance all the different risks and we have to balance all the different risks and different costs.

When you have cost of between $12 and $18 per barrel operating cost and you have to shut down your production, that is a risk. It's not a geopolitical risk, but it is an adverse business risk if you want to continue to have a cash flow.

Now we have -- this year we are going to have $6.40 per barrel operating cost. And when we show the little barrel with our technical costs and our breakeven, that is a mixture of different kind of countries.

But it's clearly, if you don't have technically $20 per barrel technical costs and $27 average breakeven dollars per barrel you cannot cope and you cannot absolutely -- you are not in the position to manage a price because prices could be high, could be low. You have to run your company and be ready for each kind of price and that is the risk, because we saw what happened in the last two years.

We had six good years, but remember that the high price is an anomaly, not the low price. We had low price for 30 years and high price for six years and now everybody is surprised we have low price. We lived with low price. We have to be ready to live with low price and our company had to take into consideration this kind of risk.

So I think that the kind of -- the picture between OECD, non-OECD, the risky, not risky, we had to be able to have low cost. We have to be able to live with a low price creating value. That's what we want to do and that is what we achieved.

MASSIMO MONDAZZI: I give you just one number that is 0.3, but in terms of leverage, so we are not talking about gearing. And that's our ceiling in our debt structure all along the four-year plan.
MARTIJN RATS, ANALYST, MORGAN STANLEY: Martijn Rats, Morgan Stanley. I must say I appreciate that you are keeping the slides relatively the same last year versus this year, because it makes it quite easy to see what is going on.

So along those lines, I wanted to ask you about two things. If I look at the downstream guidance for last year, adding up R&M and chemicals, it added up to a figure of $1.9 billion of CFFO over the four-year plan. That number seems to have increased a lot to $2.9 billion now in terms of CFFO over the new four-year plan, so I wanted to ask if there are any unexpected positives in the downstream restructuring and basically what bridges that increase.

Along similar lines, the cash flow chart, which I think is now on page 19, shows that at a $63 oil price in 2018-2019 you expect to generate about EUR12 billion of CFFO. And last year at that same oil price -- it's not so easy to read off the charts, but it looked like that number was closer to $15 billion. And at the same time, it's at the same oil price and you had costs of generally surprised on the positive side.

Why do you expect lower operating cash flow by the end of the decade?

CLAUDIO DESCALZI: Maybe I will talk about downstream, then you go with the rest. The downstream is quite faster.

We got some changing in the downstream, that is true. There is a scenario that is better because our oil scenario is lower, and that accounts for maybe 65%. And the rest is something that changed in our operations.

So remember that we said we wanted to reduce capacity to 50% capacity. Now we say with 33% reduction we are okay, because we changed something in some of our refineries and now we are quite sure that we can reduce the breakeven of these refineries. So we got some structural improvements.

So if you look at and compare the two, you can think that 65% is linked to the scenario that is better because the oil scenario is lower, but the 35% is better achievement in terms of operating model.

MASSIMO MONDAZZI: Commenting on the cash flow growth, yes, you're right that we said EUR15 billion during the last presentation, but you remember we had a long-term oil price at $90. Now we are projecting a number at $65 in 2019, so we have $65 today.

So just to explain, I said that the increase from the 80 to the 12 first two years versus the last two years, around 30% scenario from 45 to 63 and the remaining 17% that amounted — represented EUR1.4 billion is the industrial growth. Inside this industrial growth of EUR1.4 billion, more or less half is E&P because of the production growth mainly and the remaining part is equally split between refining and marketing and gas and power, around 300, 400.

This is exactly, I would say, the one year additional contribution because you are right last time we promised a cash flow from operation from these two businesses much lower, so the increase, more or less, is EUR1 billion in each of two on four years. Divided by four is around EUR250 million, EUR300 million per year. So that's the composition of cash flow increase in 2019.

JON RIGBY, ANALYST, UBS: Jon Rigby, UBS. Can I ask a bit of a shopping list, I'm afraid? The first is on the Zohr charts that you showed. As I understand it when you first talked about Zohr, you
talked a lot about the integration with the existing infrastructure that you had. You're now showing actually I think a new pipeline to shore and a new gas processing plant, and so on.

So this is a bit of a change of scope or is that just to do with the expanded oilfield development? Can you just talk a little bit about that? The second is, in all the Company presentations over the last year or so, I think one of the tricks that has been pulled is of course CapEx and production outlook don't match. Most of what you are spending over a two-, three-, four-year period is to do with projects that are going to come on beyond that period.

So I just wondered could you talk a little about the sort of 2018, 2019 spend and what you're assuming in terms of what you sanctioned in there? I know you talked about Mozambique and the onshore, but if there's any other megaprojects in there. I'm thinking about Kazakhstan potentially I think.

Then lastly, just to pick up on something that Theepan mentioned, is I take the point about 30% and that being your ceiling, but the nature of the business is changing as well. You're become very much more upstream-oriented. You don't have the reliable cash flows that you did have three, four, five years ago because you restructured.

So over time is there a thought that actually -- although 30% is a nominal level, you talk about your expectation would be you would run a slightly lower-geared balance sheet than that in mid-cycle conditions? Thank you.

CLAUDIO DESCALZI: Just to your comment about Zohr, yes, your remarks are correct. We changed the scope of work. First of all for the volume, because we tried to accelerate our production. So we wanted to -- the gap between the first and the second phase, or the accelerated phase, has closed because we start 2017-2019. And that means that we don't have enough capacity onshore and in the pipeline to accommodate 3 billion cubic feet of gas per day, so we need an additional two plants.

So that is the reason we already started the civil work. We got the land and we also have the contracts already done, so that is one of the main things.

We are still evaluating, because we have some platform. So the pipeline is one point, but we have the umbilical. Through the umbilicals you run all your subsea wellhead, all your wells. So now we are -- in this case we put some different scenario because we are evaluating the cost to restructuring an existing platform to put a remote control with umbilicals or build a new platform from scratch.

And as we said before, because that is a window of opportunity where we have a fast-track platform construction and the costs are low, we are really thinking and the slide is showing that it is faster and less costly to have a new one. So that are the two main reasons.

And the other question was for you I think.

MASSIMO MONDAZZI: As far as the leverage, Jon, I said that 0.3 is our ceiling so that is the maximum we can think about in projecting the numbers. Our assumption is to stay below 0.3. Definitely what we have to do is to manage mainly the first two years in which we are assuming, I would say, a low oil price.

And we have to manage, I would say, the short-term and the medium-term different point of view that Claudio explained very well in his own presentation. So that is the [street], but definitely our
intention is to remain quite below. I would like to remember that you are starting this year from a 0.21 in terms of leverage.

CLAUDIO DESCALZI: So I didn't answer about the FID. Sorry, sorry, I forgot.

In the plan we have 12 FIDs and we are just two into this year: Zohr and the next one will be Coral. And then we have a series of FIDs. And we have in Kazakhstan, in Karachaganak and also in Kashagan, we have FIDs.

The first FIDs for us in Mozambique will be onshore with two trains, but we have still additional two floating LNGs. There we have long phases and we are tuning -- we are fine-tuning the LNG development also with the market. The market will be quite short in 2023-2024, so we are also starting that. But we have at least one additional LNG, the two trains in the core.

Then we have Nigeria. We have Italy. We have, yes, Congo sorry. Congo, we have the Phase 2 and then the Phase 3 and, hopefully, also the Phase 4. Always for [Nenè] because we discovered more than 6 billion barrels of oil in place, so we are just as full core trying to set up.

Our aim is to reduce our inactive capital, so the investment that we have in the four-year plan that are not related to production in the four-year plan. That is a huge -- really a big target for us. We want to be faster.

Now we have about 32% in capital. Why? Because of Kashagan and Goliat and we hope to reach 7% by the end of the plan. So we want to remain in a maximum 10% of inactive capital in the plan. We go gradually, phasing the project and try to attack what we can put in production as soon as possible. We want to have an upfront cash flow that is able to give enough capital to invest without never and never touching the reserves in terms gearing and leverage.

MASSIMO MONDAZZI: To complete what Claudio said about the inactive capital employed, so the working progress we have in our invested capital, the amount is around 30% at the end of 2015. It is expected to drop 12% at 2019, because of the start-up of Kashagan, Goliat, and other projects -- Jangkrik and other projects that will go through start up all along the four-year plan.

DARIO MICHI, BANCA AKROS: Thank you. The first question is on the new projects breakeven, which is very impressive in my view at $27 per barrel. My question is, by excluding Zohr, could you please give an idea of this level?

The second one is on Libya. My question is what's the role Libya is going to play in any strategy in the coming years? When I compare this business plan with the previous one, I noticed that the contribution of Libya is lower and this gives the idea of your flexibility on the one hand, but on the other hand, it's probably testifies something that might worry investors.

The third one is how far do you see the chance to start or restart the buyback program, if you see it? Thank you.

CLAUDIO DESCALZI: For the breakeven I don't know if you have any idea without --.

MASSIMO MONDAZZI: We are checking and --.

CLAUDIO DESCALZI: Okay, so I start talking about Libya, then we give you the figure about the breakeven without Zohr.
For Libya, clearly Libya is still a coal country for us. We are not investing like before. We are reducing using our investment and overall in the four-year plan we have, in the last two years, an average production about 250,000 barrels per day. But remain very crucial.

We are working. So far our production is still in line with the production we presented before. Fortunately, now we are in a much better position in terms of flexibility. We have a lot of resources.

We talked -- we said that in the first phase we have 200,000 barrels per day from Zohr, then we're going to reach 400,000 barrels per day, so EGP is going to give 500,000, 600,000 barrels per day.

But we have also other countries, so Libya is still important at the moment waiting a better situation.

We reduced our investment. Also if you are -- we have been active in exploration because we made a discovery last year in Libya and we are developing offshore Bahr Essalam second phase that is going to give an offshore contribution.

Libya has huge potential and potential about reserves that we already discovered. As we said, we can double our production, our gas production there in condensate. We can double. We are ready also in terms of projects.

So Libya is important. We are there. Now moving on all the big discovery we made. This clearly is still a strategic country for us.

MASSIMO MONDAZZI: As far as the breakeven, the breakeven of the portfolio without Zohr would be $34 per barrel. So from $27 to $34. And I don’t know; do you want to give an answer about (multiple speakers)?

CLAUDIO DESCALZI: Zohr is inside and not outside. Not adjusted to -- because the discovery is there. You can remove everything but that.

MASSIMO MONDAZZI: Do you want to answer on the buyback?

CLAUDIO DESCALZI: No, I think that is -- (the person that needs to) talk about the buyback is you.

MASSIMO MONDAZZI: Thank you very much.

CLAUDIO DESCALZI: I can't talk about everything.

MASSIMO MONDAZZI: So you know that buyback is, by definition, the more flexible tool. So we will leave any decision about this flexibility looking at the cash neutrality and the breakeven that we projected with this four-year plan.

ALESSANDRO POZZI, ANALYST, MEDIOBANCA: Alessandro Pozzi, Mediobanca. I have one question on exploration. Your track record has been very good since 2008, also helped by giant gas discoveries. I was wondering how do you think about exploring gas business oil in the current environment. Also, when it comes to competitive edge on exploration, what do you think your competitive edge is versus your competitors?
CLAUDIO DESCALZI: The first question is what about discovering more gas -- exploring more gas than oil? So as you see in our forecast, the gas is much more than oil and you see we have a ratio of -- I think that is written in the slide, but is one-third oil and two-thirds gas.

Honestly, when you explore you don't say I want gas or I want -- it's not in a supermarket so you go there and you want hydrocarbon. We have been in new play with more gas bearing and we think that gas will be the future, honestly. So we think in the long term our position is -- the long, long term will be really gas and renewable in the long, long term, so after 2050.

Within that the gas we discover is in the right position because it's Far East and in the Mediterranean Sea, and we have additional discoveries. But we don't mind to find also oil. We find lots of oil in West Africa because all the main discoveries in West Africa, we have some gas but it's mainly Congo and Angola oil.

Around Goliat we still have a lot of structure, because -- we never talk about that, for example. That is oil that will be ready to be linked to Goliat in the future, so we will to continue to have the plateau. So that is our aspiration.

The second question was about --?

ALESSANDRO POZZI: Competitive advantage and exploration. Your competitive edge.

CLAUDIO DESCALZI: Our competitive edge in exploration is Eni. That is our competitive edge, because we have, I think, the best explorer, the best strategy, and the best results. You must be very lucky, but if you are lucky for seven, eight years and you discover five super giants. And you see we discovered 2.4 times what we produced in the period against the others. They discovered 0.3. I think that is because we decide to be focused on exploration, during the period where everybody bought reserves because we thought they were cheaper, we thought that is not true.

When you discover it, you discover it at $1.50, $1; last year $0.70. You cannot buy anything.

Also now you have to spend at least $5, $6 per barrel, up to $10 also now. So we thought we had to be --. We you got to focus you create your tool, your proprietary tool, your people. You motivate your people. You centralize; before we are not centralized and you say we have to do that. And we started. If you want to do something, especially in an area where -- we are just a medium exploration company so we have a very big area with a lot of space, a lot of space, and you start with a big, regional model and you tell your people you are important. You have to be -- that creates a culture of exploration. For that reason my answer is our upside in exploration is Eni, is us I think.

ALESSANDRO POZZI: Thank you.

LYDIA RAINFORTH, ANALYST, BARCLAYS CAPITAL: Lydia, Barclays. Three questions, if I could. The first one just a definitional thing; on slide 13 on the CapEx numbers, let's talk about upstream at EUR37 billion and then group net CapEx, net of disposals, of EUR37 billion. What adjustments are you making in the disposals? Should I be adding back the EUR7 billion so your group CapEx over the period would be EUR44 billion, or are you just adjusting for the CapEx you would have spent on those disposals?

The second one was then coming back to the disposal slide -- and thank you for the detail on that one. But if I look at the numbers or the value you got from Snam, from Galp, and from others, it was about EUR1 billion less than you might've hoped to get in the plan last year. How were you
thinking about the timing of the disposals and whether you're really maximizing the value you are getting?

Then just another numbers one. Are you able to give the cash flow per barrel of the new production, either on an absolute basis or relative to the base production? Thank you.

CLAUDIO DESCALZI: Okay.

MASSIMO MONDAZZI: I don't have immediately available the cash flow coming from new production. I will let you know.

As far as the CapEx reconciliation, yes. So we are talking about EUR37 billion as far as upstream before disposals and EUR37 billion at the group level after disposals. Means that the amount that should be linked to the disposition we are projecting, the EUR7 billion, the CapEx part, would be substantially offset by the investment in business other than upstream. We are talking about EUR3.5 billion, more or less, plus and minus.

And your third question was about the difference in disposals. No, I would say, as far as Galp and Snam, the amount is exactly the same. It's just a matter of timing. Because you know the Snam disposition has been completed in January 2016, so what is missed versus the previous plan is EUR300 million that is accounting the EUR7 billion we are announcing for 2016-2019.

BRENDAN WARN, ANALYST, BMO CAPITAL MARKETS: Brendan Warn, BMO Capital Markets. Actually just following on from that question from Lydia in terms of slide 13, just to clarify or just to split out some numbers and if I can link it to your growth target out to 2019. Just in terms of your development or sustained business CapEx and your assumed decline rates, so your spend on your base business is part of that EUR37 billion.

And just if I can understand in terms of pre-FID projects such as Coral is any CapEx assumed in that EUR37 billion for future? And let's say we put -- you sound like you are putting 100% probability that you are going to go to FID as Coral. What sort of additional CapEx would we be looking at in the 2018-2019 period?

CLAUDIO DESCALZI: Yes, admittedly on Coral, in this four-year plan we have Coral CapEx inside. How much, so Mozambique overall -- the weight of Mozambique overall is EUR5.3 billion over the plan, if I remember well. Equity investments.

That is covering Coral, but it is also covering the pre-FID costs for Mamba. That is the figure; maybe not completely, but what I have in mind is EUR5.3 billion.

Egypt is the number one country in terms of investment. We have Italy and then we have Mozambique. Then we have Congo, so those are the countries where we're going to invest but they are in sight.

MASSIMO MONDAZZI: And the maintenance of around EUR2 billion per year.

CLAUDIO DESCALZI: The maintenance in terms of production and enhancements. So production optimization and --.

MASSIMO BONISOLI, ANALYST, EQUITA SIM: Massimo Bonisoli, Equita. Just a question just on the appendix and the first is regarding gas. You showed the assumption on gas prices in both US and Europe. Does it makes sense to share with us some sensitivity on gas prices, considering the fact that in Europe maybe they are decoupling versus the oil price?
And the second question is regarding the number on Zohr. The peak production in the appendix is about 200,000 barrels per day and you stated it’s 500,000.

CLAUDIO DESCALZI: First phase 200,000, 2017; second phase 219,000 additional. So you reach overall 400,000, our equity.

MASSIMO BONISOLI: Okay, it's not at the end of the period? (multiple speakers)

MASSIMO MONDAZZI: As far as gas, I guess that Umberto would be the best --?

UMBERTO VERGINE, CHIEF MIDSTREAM GAS AND POWER OFFICER, ENI SPA: In terms of expected price of gas in Europe, I would like to look at that first from which is more important from our business point of view. As already presented in our plan, our main target is to keep our cost of supply progressively more and more linked to the market of destination, to the price of market of destination. So we look for at the differential than the absolute price and we look more at our ability to regain margin by the end of the period on all our supply gas. Certainly, for us, this is the biggest challenge to complete our process of supply renegotiation. Together with the other aspect of cost of gas that is the cost of transportation, for which we have already achieved some savings in 2015, and we have a clear target towards -- to complete by the end of the plan.

Then if we look more at the dynamic of gas in Europe, certainly it's difficult to predict balance between demand and supply in Europe in the next 40 years. Easy to imagine that we will continue to have substantial oversupply, particularly because recovery of economy seems to be lower than expected. And considering the fact that we are not seeing a rapid implementation of initial control measures as they have been announced in the past year.

The biggest upside will be certainly an increase in cost of CO2 emission. That will be a major swing in the midterm for the balance between offer and demand and, therefore, price. The power sector today, basically, is not playing yet a sufficient role in increasing gas demand. We compete with renewables, but basically we compete with coal. Thank you.

GIUSEPPE REBUZZINI, ANALYST, FIDENTIIS: Good afternoon. Giuseppe Rebuzzini, Fidentiis Equities.

First question is again about breakeven price for a new project. You've given us the breakdown between onshore, offshore, and shallow waters. Can you give us also the breakdown between gas and oil?

Second question is about the gas and power. In the context of the EUR2.8 billion CFFO across the plan, is there any residual cash flow from May cap gas related to the take-or-pay agreements within that figure and what is that number?

Third question is a follow-up about Libya. In particular, if I'm not mistaken, the Wafa compression project has disappeared from the plan. I was wondering if that is -- why that happened.

And last is about the oil downstream. If I look at your slide it seems that you have completed the restructuring and you're happy with the current structure, so does this mean that you exclude any further disposals on that area, particularly outside of Italy?

CLAUDIO DESCALZI: So the first piece about breakeven, I [can't do] exactly the gas breakeven and what is the oil breakeven because it's a mixture because there are lots of gas that is associated gas. And we have condensate that is associated to the gas production.
What we can see is that our breakeven is coming, for example, from Congo or Egypt. Egypt is not just Zohr; it is also other numerous discoveries that are producing now. Their breakeven are very, very low, so they are really they are creating value in our package.

But also when you look at Angola LNG that is mainly an oilfield and some associated gas. It is a breakeven that is just a little above the $27 per barrel, so it's in the range of $30, $32. What we can say that gas is normally cheaper because -- in terms of treatment, in terms of repressurizing all the system and line and so it's a little bit cheaper. Our gas is absolutely the cheapest because also the volume is big. So that is the answer. But there is now a very low gas and a very high oil. We don't have a discovery in the last seven years expensive projects in terms of oil, a very complex one. Goliath is the highest that we have now; is below $50 so that is going -- that is in production.

Just to give you a piece of additional information, Goliath just started less than one week ago. Today it's producing 90,000 barrels per day, so in four or five days it's practically reaching the full production. Full production remember is 100,000 barrels per day. Then Libya just I talked about the disappeared field. Wafa has not disappeared. It's still there. We didn't mention Wafa now because Wafa is in the south of the desert, so at the moment we consider that it's safer to work offshore and without developing any onshore field. But it's there. Then we have our R&M. We have also R&M on disposal, if I remember well it was the last question. On the moment we are now thinking; we are still some assets outside Italy. Outside Italy we have refining and we are getting good profits from that refining, but we are -- they are in Germany. But we have also the retail in Germany and France, so where we have refineries with a strong retailing network we are along the chain of the value. So before selling we have to think about – I don't want to exclude, but at the moment it's not in our program. But we had a question on the gas environment.

MASSIMO MONDAZZI: Makeup gas, so the remaining makeup gas beginning of this year amounts to 400 million. It would be cash in all along the four-year plan.

ALASTAIR SYME, ANALYST, CITIGROUP: Alastair Syme, Citi. Can I just come back to Mozambique and Coral? Can you give an indication of what the technical barriers are to this project and how comfortable you are with the technology, with the execution? And you mentioned the CapEx number. I appreciate that's all of Mozambique, but it sounds a pretty big number if you gross it up in terms of overall CapEx for Coral.

CLAUDIO DESCALZI: Roberto can answer, but -- how much we believe [is technically] in Coral.

ROBERTO CASULA: About Coral development, well, it's basically a few wells, subsea wells, as Claudio said earlier, and a floating LNG. We spent a lot of time in engineering the floating LNG. You have to consider that the gas in Coral is basically pure methane, so from the process point of view it's not as complex as other floating LNG with a significant content of liquids and pollutants. So process-wise it's simple. And also in terms of storage facilities. Well, LNG carriers are everywhere in the world. So the combination of both made this project definitely a viable project from a technical point of view. And this has been proven also by the fact that the three major consortia who bid for the contract actually, they increased the production capacity from 2.5 million up to around 3.4 million tpa.

Now, in terms of cost, again as Claudio told you earlier, it's really a very good time to launch projects because we were able to achieve impressive cost savings on all the different components. And to give you an idea, the floating LNG itself as a liquefaction capacity is in a range of 1.3 billion per Mtpa, which is comparable with some many onshore projects. And this has been possible,
again, thanks to the engineering effort from one side and the tendering efforts on the other side. I don't know whether I answered your question.

NEILL MORTON, ANALYST, INVESTEC, INC.: Thank you. Neill Morton, Investec. Two questions, please. I noticed recently that Statoil moved to introduce a scrip dividend and they, like you, have a large government stake. Now, appreciate that equity analysts tend not to like scrip dividends, but I just wondered in a depressed oil price environment why you would choose not to have that as part of your financial toolbox. And then secondly on Zohr; this is maybe a question for this time next year, but perhaps talk about follow-on exploration, either in the same license or in the neighbouring blocks, and whether the increased focus or the acceleration of the Zohr development actually makes you less likely to drill these prospects quickly. Thank you.

CLAUDIO DESCALZI: Just a few thoughts about scrip and other kinds of elaborating tools on our financial statement. I think that we want to be -- we decided last year to reduce our dividend, because we wanted to be very clear, very linear, very readable by our investors. Scrip on average we are going to do something that we have to go back with the buyback. You have to -- you enter in a kind of contract with your investors and the situation is not clear.

We want to be simple and simplicity also, like in the project, is also in our financial attitude. So that is what I think. Maybe not so technically as Massimo can say, but I don't want complications with my wife (caused by the relation) between me and my investors. I think that was clear. Now you want to.

MASSIMO MONDAZZI: On top of this (laughter); that definitely is enough. I would like just to say that we are saying fully cash because we can do it. So this is tested in our financial situation. The overall situation including investment and the 0.3 ceiling in our leverage means that this is compatible.

Definitely what we are doing, we are retaining some extra flexibility on top of this. Definitely the 40% uncommitted CapEx I mentioned is one of these. Second, I just mentioned that in the 7 billion dispositions there are some potential projects that are fully aligned with our strategy, so we don't have to divert versus the strategy that has been set. That could be added in case of need.

We mentioned we take some power. We mentioned additional share of Saipem. And I will say, we are not mentioning in this list some extra financial lever of flexibility such as the scrip or a hybrid. That is something that the others have already done, in respect of which we are retaining some more flexibility in responding to our commitments.

CLAUDIO DESCALZI: So to answer what -- the balance between developing Zohr and reduce our activity in the area. What we are going to do this year is not just developing Zohr. We are going also to drill an additional exploratory well in Zohr, in the area. It's clear that when you discover so much gas and you put investments you have to fast recover this investment, because you have to create a value and create margin what you are doing. And I think, as investors, it's the first things you are asking me.

But because we have Zohr and underneath we have another possible play, we're going to run in parallel. So we are going to drill one of these wells. We will go deeper and see if there is an additional potential and then we see what we can do. But that is inside our strategy.

FRANCESCO GATTEI: Okay, the last question. Second one.
THOMAS ADOLFF, CREDIT SUISSE: Thomas Adolff, Credit Suisse. Just around capital allocation, the Question goes back to Mozambique. We've talked about the short-term cash cycle and returns and how LNG fits into that. But I wondered investing in Mozambique Mamba LNG at 50% equity, it's quite a big exposure as far as CapEx is concerned.

So my question is would you take FID at 50% or would you wait until you reduced the equity? And is that part of the budget already presented today? And as far as Zohr is concerned, the second question: is your base case post government backend rights or you're at 50% as opposed to 100%? Thank you.

ROBERTO CASULA: To the first question, I think that in Mozambique 50% is too much I think [you're] saying. So that is you know that we are working on that and we are progressing quite well. For Mozambique, for Zohr we have 100% of the second part here at the moment. I think also in this case to have 100% of a huge reservoir, huge amount of gas with additional potential is to much also in this case. For that reason that are the two possible first assets that we're going to consider for disposal.

CLAUDIO DESCALZI: Okay, thank you very much for your attendance.

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