



**A Transaction
Marking a New Step
in the Delivery of our G&P Strategy**

Presentation to the Financial Community

November 26th, 2002



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Agenda

I. Transaction Highlights

Vittorio Mincato, Chief Executive Officer

II. Background and Industrial Rationale of the Transaction

Luciano Sgubini,
Chief Operating Officer Gas&Power Division

III. Financials and Structure

Marco Mangiagalli, Chief Financial Officer

IV. Q&A



I. Transaction Highlights

Vittorio Mincato

Chief Executive Officer

November 26th, 2002



Summary Terms of the Offer

- **Cash offer for all outstanding Italgas shares**
 - **Price: €13.00 per share**
 - **Implied equity value of €4.53 bn**
 - **Implied enterprise value of €5.30 bn**
 - **Premium of 25.7% to weighted average share price over last month**
- **Closing expected in January 2003**
- **Intention to de-list Italgas, following completion of offer**



A Strong Industrial and Financial Rationale

Marking a new step in delivering our natural gas strategy, through:

- A further step in the reorganization of the gas business, focused on commercial activity
- Establish a strong integrated commercial arm for the Italian market
- Exploit complementary Eni and Italgas skills in the gas chain
- Optimize asset base

Delivering value

- EPS/CFPS accretive

To
Maximize
the Value
of our Gas
Business



Focused Strategy in Natural Gas since 1999

STRATEGY

- Optimize sales and margins in Italy in compliance with regulatory ceilings
- Reduce presence in regulated gas business also in light of market dynamics
- Expand in Europe

ACHIEVEMENTS AND TARGETS

- Maintained attractive returns while reducing volumes supplied (from 83% in 2001 to 75% in 2002)
- Snam RG IPO in December 2001 (40% listed)
- Sale of 12 bcm of natural gas in Europe (expected ~20bcm in 2002)
- Acquisition of strategic stakes in attractive markets



II. Background and Industrial Rationale of the Transaction

Luciano Sgubini

Chief Operating Officer Gas & Power Division

November 26th, 2002



A Transparent Regulatory Framework

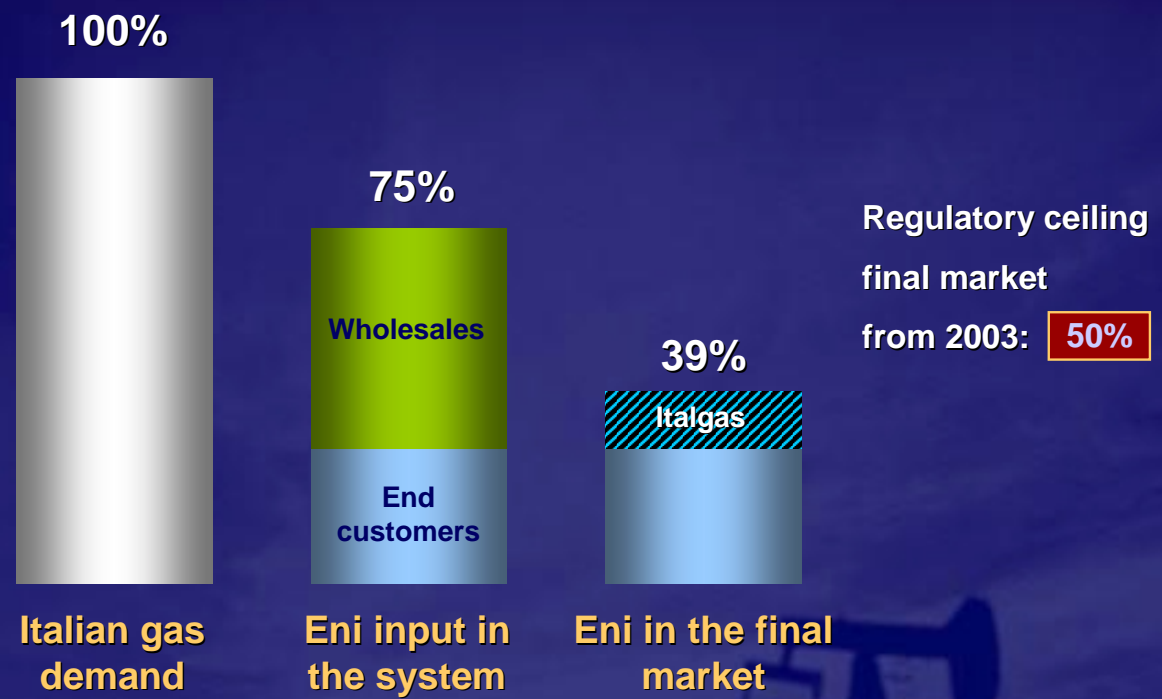
Italy is one of the most rapidly liberalising markets in Europe...

- **Unbundling of supply and sales activities from transport and distribution**
- **TPA to infrastructures on equal terms and at regulated tariffs**
- **Sales activity fully liberalized from 1 January 2003**
- **Regulatory ceilings (until 2010) allow no player to:**
 - **Input more than 75% of gas into the Italian transmission system from 1 January 2002 (61% in 2009)**
 - **Sell more than 50% of gas to the final market from 1 January 2003**



Eni Current Position in the Italian Gas Market

(2002E data)

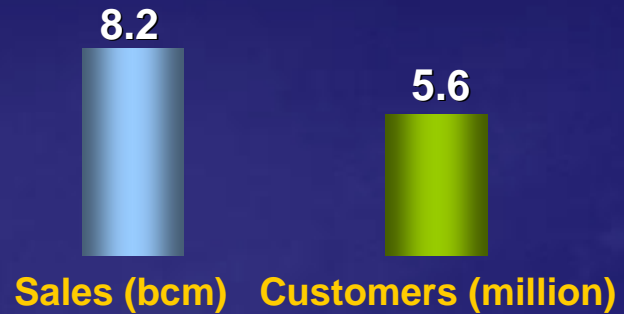




Italgas: Leading Position in the Italian Market



- Largest gas distributor in Italy with strong commercial position and brand recognition



- Well positioned in international secondary distribution





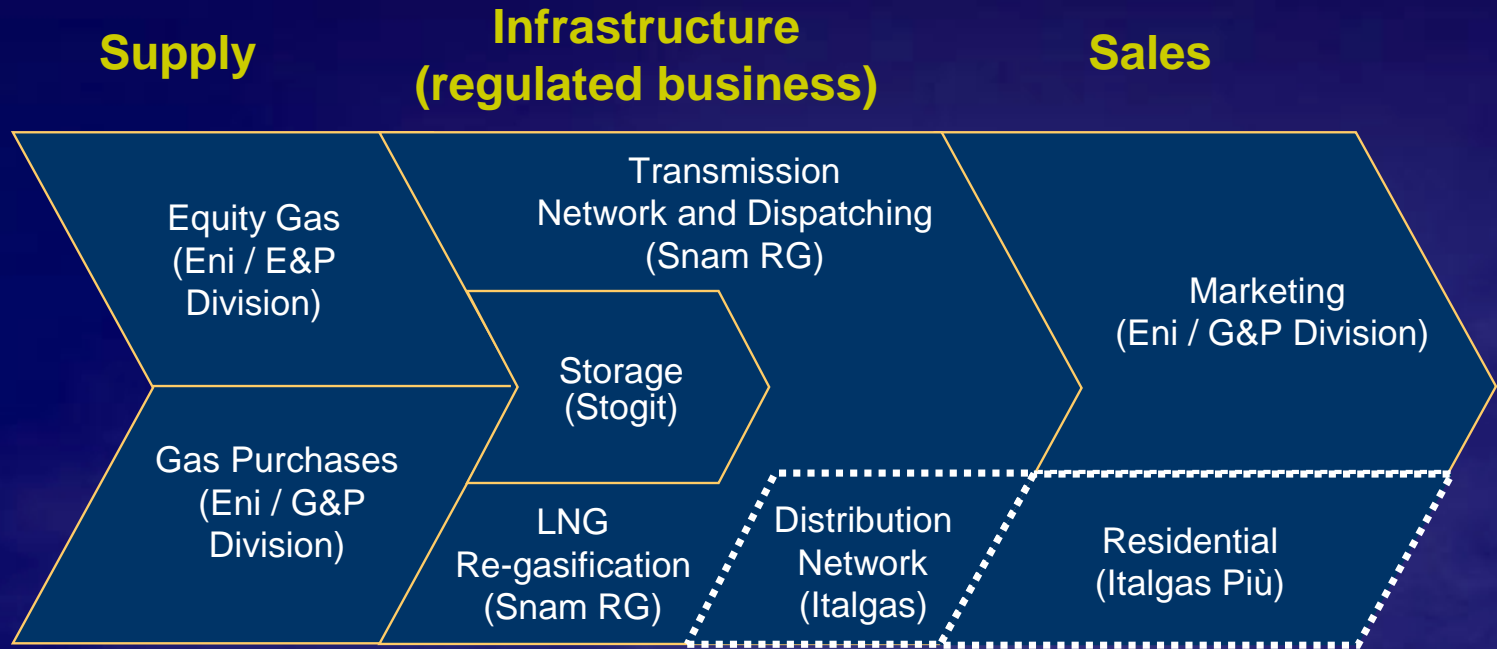
Transaction Driven by Strong Industrial Rationale

1. A further step in the reorganization of the gas business, focused on commercial activity
2. Establish a strong integrated commercial arm for the Italian market
3. Exploit complementary Eni and Italgas skills in gas chain
4. Optimize asset base



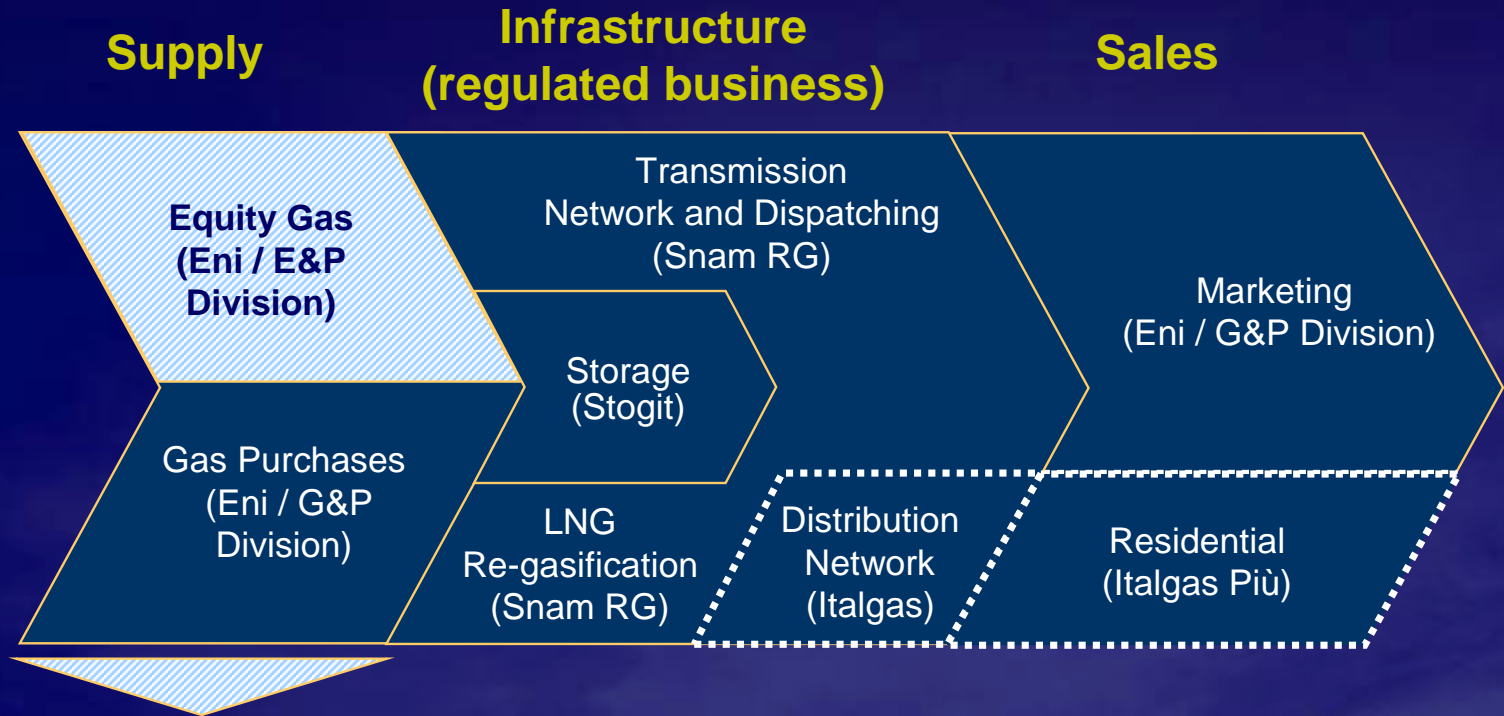


1. Reorganization of the Domestic Gas Business





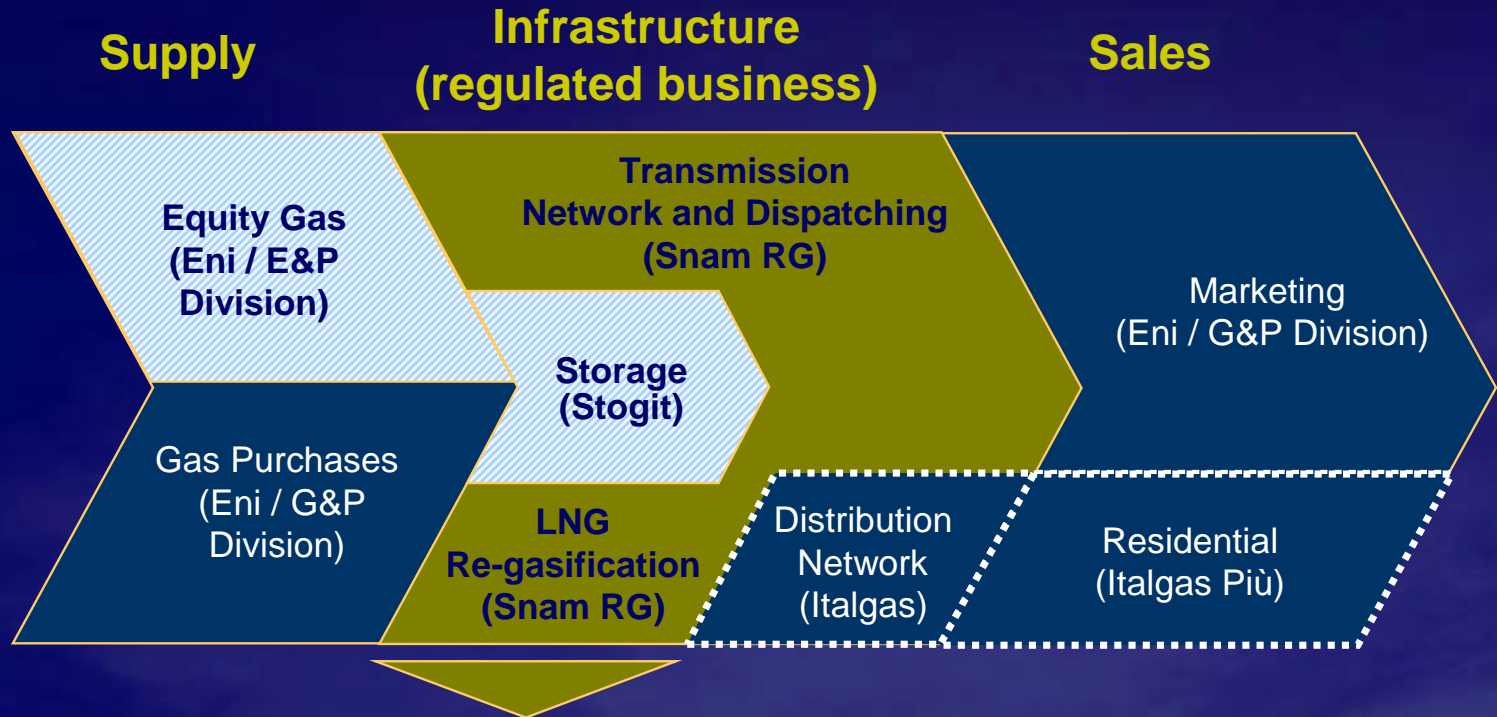
1998: Gas Equity Production Incorporation



January 1998
Incorporation of the
Agip Upstream
activities into Eni



2000-2001: Unbundling of Marketing and Regulated Asset

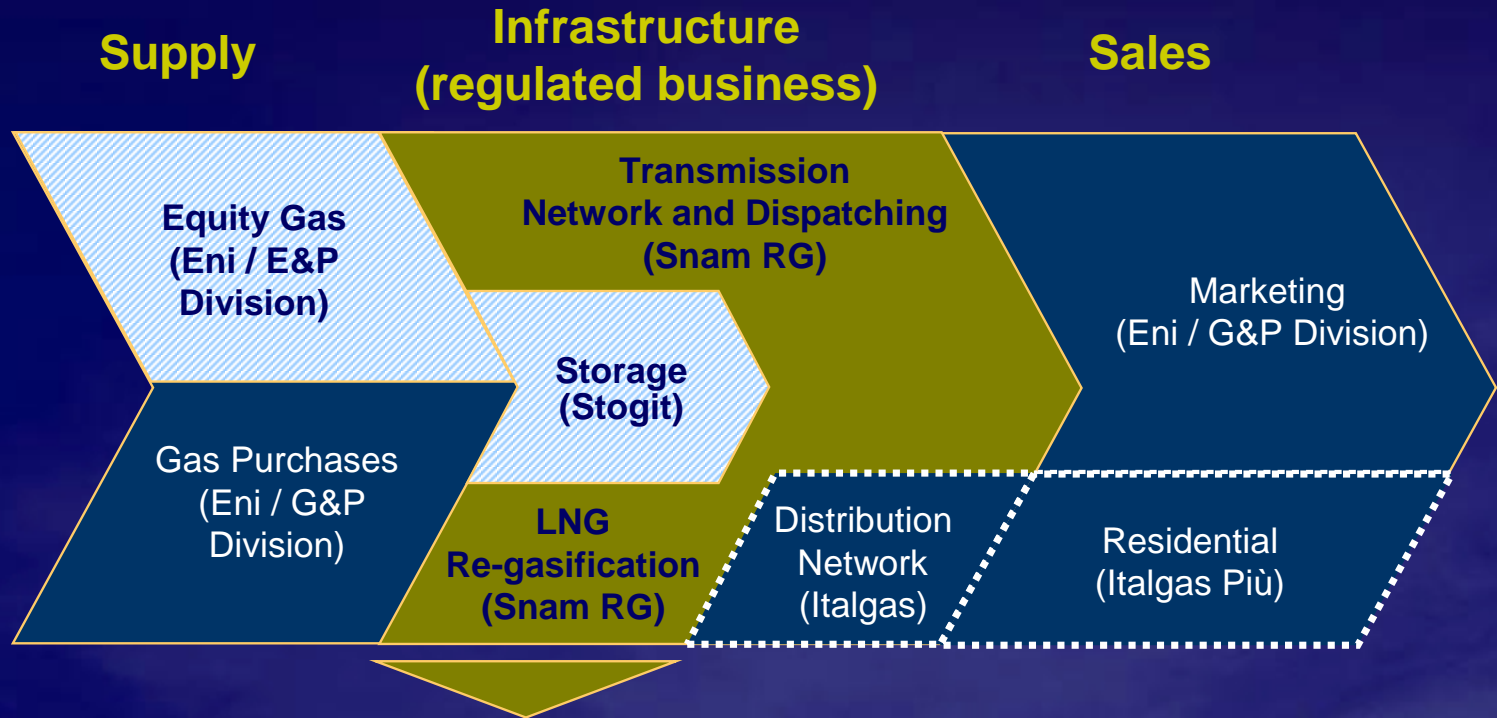


November 2000:
Established Snam RG & Stogit
separated legal entities

November 2001
Established Italgas Più



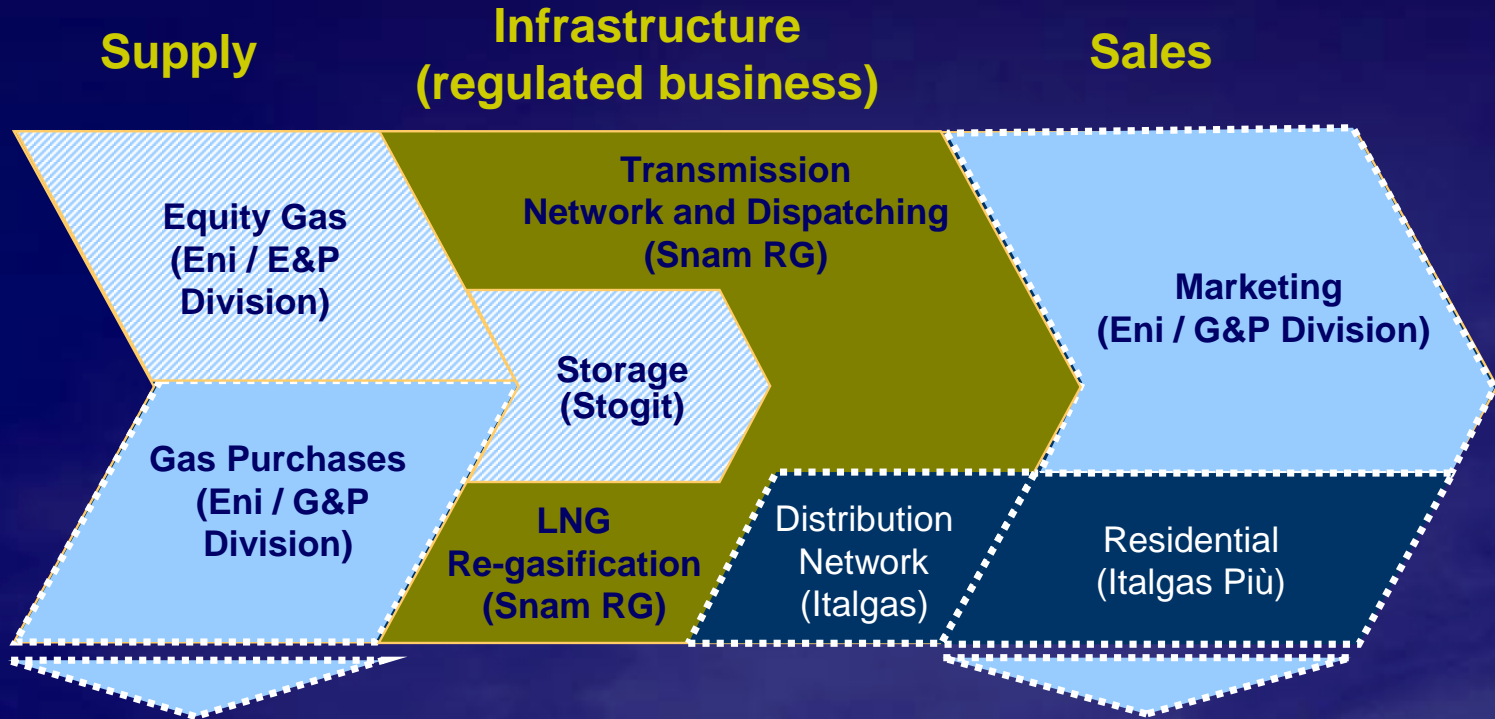
2001: Listing of Snam RG



December 2001:
Flotation of the gas transmission activities



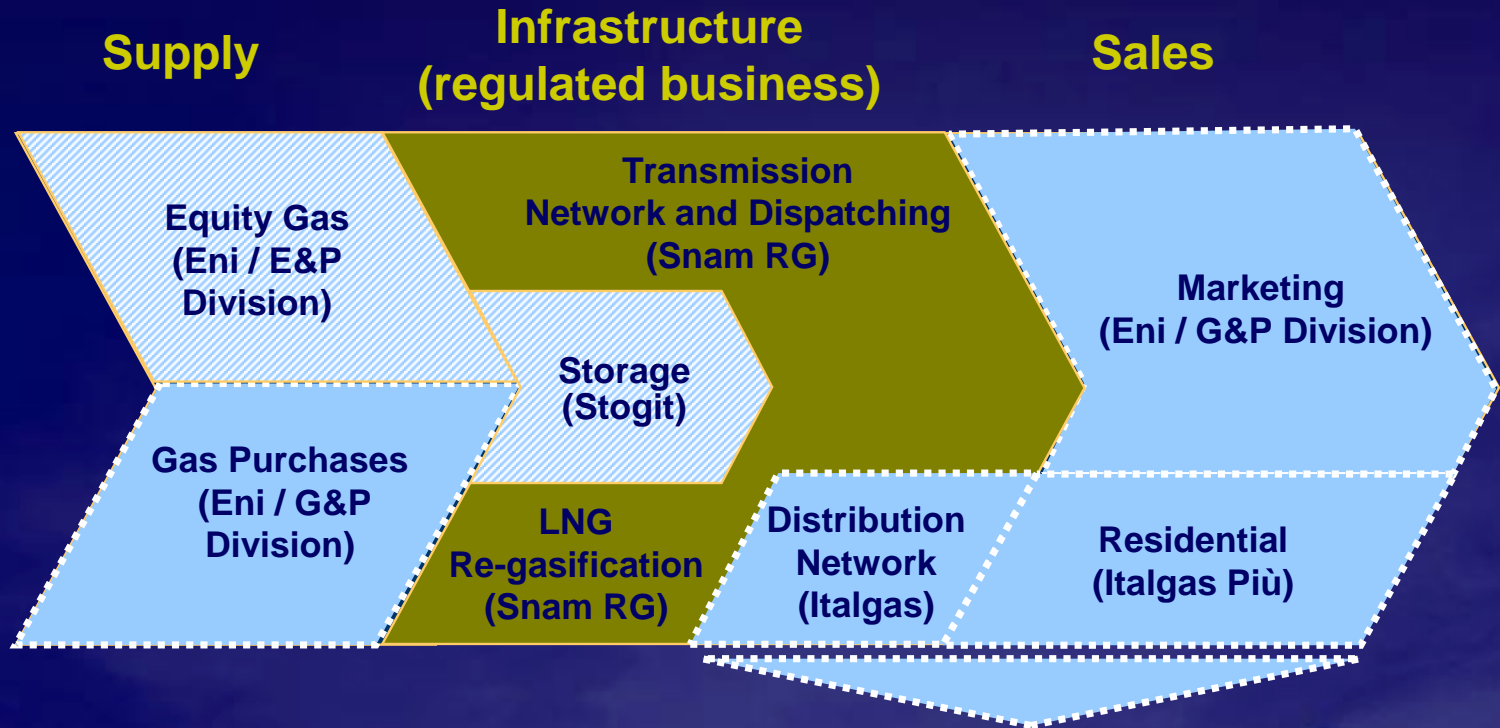
2002: Creation of Gas and Power Division



February 2002: G&P Division



2002: a Further Step...



PRESENT DEAL



2. Establish a Strong Integrated Commercial Arm for the Italian Market

- **Integrate complementary skills available**
 - Sourcing and contracting competences of Eni G&P
 - Commercial and marketing competences of Italgas
- **Reach faster decision-making process through organizational streamlining**
- **Maximize flexibility in switching between customer segments**



Integration of Commercial Activity to Maximize Synergies and Profitability through...



...a Market Segmentation Policy

Segments

- Industrial
 - Powergen
 - Large commercial consumer
 - Centralized heating
 - Public administration
-
- Small commercial consumer
 - Individuals

Characteristics

- Few consumers and multisite clients
 - Trend to centralized purchase
 - Sophisticated buyer
-
- Fragmented customer base
 - Unsophisticated buyer

Objectives

- Synergy benefits from integrated sale network
 - Tailored offer
-
- Centralized and enhanced services nationwide



2. Managing Direct Access to Final Customers

- Focus on most valuable customers
- Selected enlargement of client base
- Enhance offer of energy related services



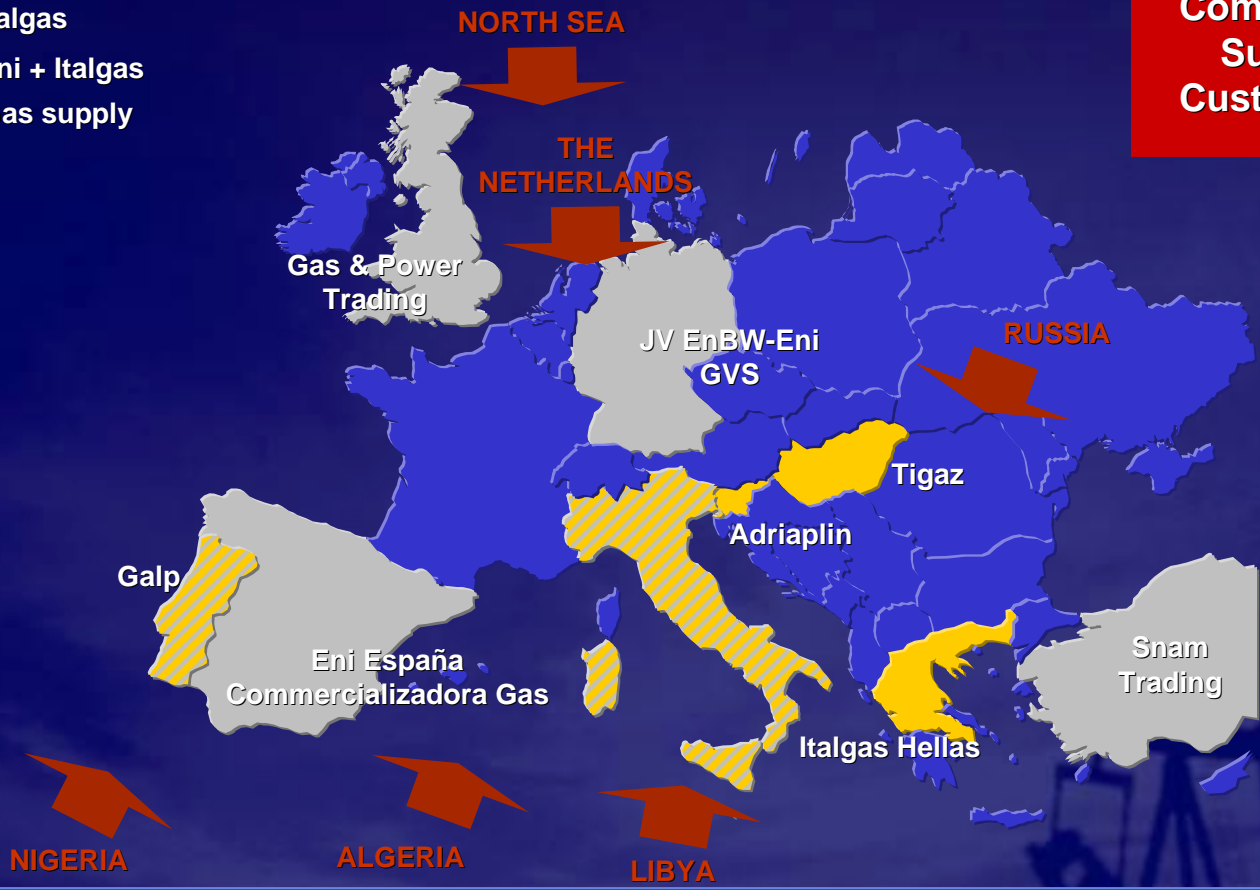
Fully Capturing the Value of Final Customers



3. Excellent European Platform

- Eni Gas & Power
- Italgas
- Eni + Italgas
- Gas supply

Complementary Supply and Customer Skills





4. The Future Evolution of our Asset Base will be in Line with our Stated Strategy

■ Italgas acquisition temporarily increases exposure to regulated businesses...

■ ... but increases Eni flexibility to optimize its presence in regulated businesses

Strategic Target

To reduce exposure to regulated assets according to market dynamics



III. Financials and Structure

Marco Mangiagalli

Chief Financial Officer

November 26th, 2002



Offer Terms

- **€13.00 per Italgas share represents a premium of:**
 - **19.1% to official price of November 22nd**
 - **25.7% to weighted average share price over the last month**
 - **24.3% to weighted average share price over the last six months**
 - **10.4% to highest official price of Italgas shares (02/07/2002)**
- **Max cash outflow for Eni of €2.54 bn**
- **Conditions of the Offer**
 - **Anti-trust approval**
- **Offer not extended to US investors**



Financial Impact

Deal Impact

P&L / Cash Flow

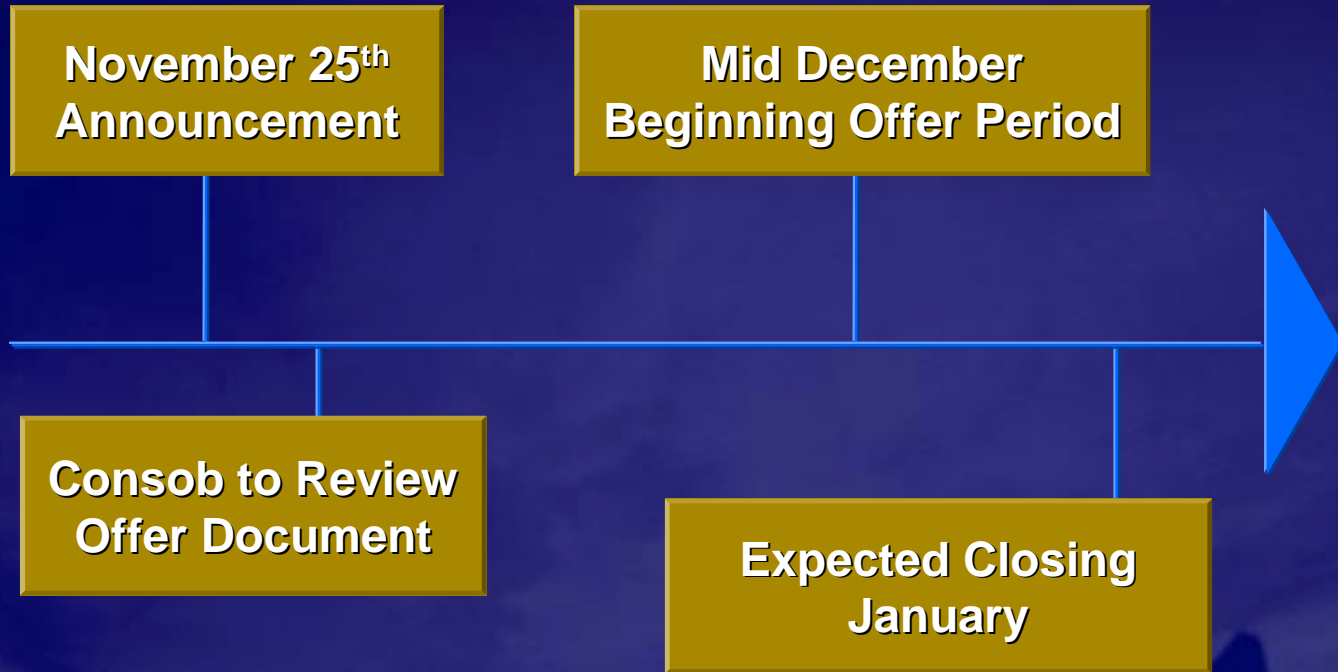
- EPS and CFPS accretive from year one

Balance Sheet

- Transaction 100% debt-financed
- No impact expected on rating
- No impact on dividends and share buy-back policy



An Expedited Timeline





IV. Q & A

November 26th, 2002