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Speakers:
Paolo Scaroni - CEO
Claudio Descalzi - COO

Paolo Scaroni

Good morning ladies and gentlemen, and welcome to our presentation.

This is the first time we have hosted an event specifically addressed to investors with a sustainability approach, and we have chosen to hold it in Paris where there is a strong SRI tradition. I understand there are also some people connected from London so to all of you, thank you for joining us today.

The main aim of our presentation will be to illustrate eni's approach to sustainability, and how that is a core part of our strategy to create long-term value for our shareholders.

For us, sustainability is not a particular area of activity but the way in which we do business - across all of our divisions and subsidiaries and everywhere in the world. It means managing risks, political, operational and financial. But more than that, it is a lever to create new business opportunities and grow profits.

I am sure you hear that from a lot of companies. But one of the distinctive features about our approach is that sustainability was how Eni got started in the first place. I don't want to give you a history lesson over lunch, but it is worth taking a look.

In the 1950s, Eni's first CEO Enrico Mattei faced a challenge. To start the business, he needed to gain access to oil and gas resources. But this was a sector which was dominated by the big Anglo-Saxon majors.

To get his foot in the door, Mattei therefore had to offer producing countries something different. And that was the birth of the Mattei Formula, where Eni offered partners better terms than had previously been available. But more than that, Eni implemented a new approach to the IOC/ producing country relationship, based on long-term cooperation, skills and knowledge transfer, and mutual development. This distinctive approach led to Eni's phenomenal growth, especially in Africa.

For us, sustainability wasn't just a business ethics decision. It was a business decision. Working side by side with producing countries, developing long-standing relationships with local institutions and local communities, being flexible and adapting our approach to local needs – this was Eni's competitive edge.

And this is still the way we do business today. Our Eni model of cooperation with producing countries is the Mattei heritage for the 21° century, and - as Claudio and I will illustrate – it continues to deliver benefits in terms of access to new resources and the management of political risk.

While the Mattei formula and Eni model mainly apply to our E&P activities, we have built on this legacy in all of our businesses and corporate activities.

Amongst other milestones, in 1994 we issued a Code of Conduct, which has since been revisited as our Code of Ethics. We were one of the fore-runners in endorsing the UN Global Compact and the first energy company to adopt an integrated sustainability and financial report.

This is simply a reflection of the way we manage the business. Sustainability is embedded into our planning & control system – from the definition of our strategy, to the targets which are cascaded down the organization and of course to our management incentive schemes.

Our efforts have been recognised by the leading sustainability stockmarket indices, including the FTSE 4 Good and Dow Jones Sustainability.

This approach brings two main benefits.

The first is that it promotes long-term growth. That means new business opportunities – for instance gaining access to new oil & gas countries and being granted a licence to operate in environmentally sensitive areas such as the Barents Sea. But it also means enhancing profits by maximising efficiency and reducing waste.

The second benefit of our approach is that it helps to manage risks.

Let me give you an example of how our model has produced growth and mitigated risk – our activity in Africa.

The success of the Mattei formula and the Eni model is plain to see.

Since entering in Egypt in 1954, we have grown rapidly in Africa, both in terms of countries of activity and in terms of equity production. Over the last 40 years, our production in Africa increased by almost 7% a year.

Today, we are the leading IOC in Africa, where we produce around 1m boe/d in Africa– or around 55% of our total production. We can count on relationships spanning several decades in North Africa, Angola, Nigeria and Congo.

And through our Eni model we have built a strong presence in the new oil-producing countries on the continent, including Togo, Ghana, Gabon and of course Mozambique, where we have made the largest discovery of 2011 and the largest ever operated discovery in Eni's history.

When we talk about being big in Africa, the first question is often about political risk. This is a complex issue, with many aspects. But there is one broad point I would like to make. If I were thinking about where to invest my pension money, I would prefer a bank in New York to one in Uganda.

But is Africa as risky for oil & gas investment? Our 50 years of experience on the continent suggest it is not.

We have operations in a number of different countries, and have lived through wars, coups and civil wars – including such complex situations as the civil wars in Congo and Angola and the many periods of unrest in Nigeria. In all that time our African operations have never been destroyed, expropriated or nationalised, and our contracts have never been cancelled.

To give you a more recent example, let’s look at the Arab Spring, a turbulent time in North Africa. Throughout this period, in Tunisia and Egypt we didn’t lose a single barrel of production. Libya had a much more difficult transition. But while our Libyan operations were almost completely suspended for the duration of the crisis but today – only a few months after the end of the civil war - we are already almost back to pre-crisis levels of production.

The resilience of our operations is the result of two phenomena. Firstly, oil & gas operations tend to be a crucial part of producing countries’ economies. It is in no-one’s interests to destroy the industry, even when power changes hands.

And secondly – as Claudio will explain – our Eni model of cooperation, with its emphasis on consolidated relationships with host communities and promoting local development, can help us protect our assets and our business even in difficult situations.

Over the years, our strategy and approach to sustainability have strengthened Eni and its prospects. And today we can leverage on a solid base of resources, relationships, market positions and skills to target sustainable growth.

In E&P, the progress we have made in the last few years means we can target over a decade of sustainable growth, leveraging on:

First, our global scale – built through annual production growth of over 4% a year since 2000.

Second, our strengthened position in legacy areas. Looking at the last 10 years, growth in Africa has been almost 7%, or faster than Eni as a whole. And being big in Africa has advantages in terms of access to giant conventional projects with relatively low decline rates.

And thirdly, growth will come from our exploration success. We have discovered around 10 bn boe of resources over the last decade and our strategy is to turn these into reserves and then production as quickly as possible.

Turning now to G&P, our strategy has been to leverage on our long-term relationship with gas suppliers – established from the 1970s – to grow sales, and in particular outside our domestic market. Today, the division is suffering from a fall in European consumption and increased availability of spot LNG cargos at lower prices, a challenge which we are tackling through contract renegotiations with our suppliers. Looking at the longer-term, however, we believe that our leading position in the European gas market will be an area of strength. Gas is the cleanest fossil fuel, and its consumption is set to grow as the world looks for ways to fuel growth while cutting carbon emissions.

But our strategy hasn't all been about growth; in R&M and petrochemicals, where we face difficult long-term market trends, we have focused on efficiency, delivering around €800m of savings since 2006. Looking ahead, efficiency will continue to be a core part of our strategy in these sectors, coupled with innovative ways to enhance profitability, which I will illustrate in this presentation.

I will now take you through some distinctive examples of how our approach to sustainability will continue to support our growth - examples which are distinctive because they play to our strengths.

As you will see, the key differentiating factors in these projects are our willingness to invest with a long-term view, our flexibility in adapting solutions to specific country needs, and our capacity to put our core competences to use for the development of host communities.

Let's start with our access to energy programme.

Energy poverty is a major issue in Sub-Saharian Africa where 600 million people -or almost two thirds of the population - have no access to electricity.

At the same time, a significant amount of associated gas is flared, wasting a precious resource and impacting the environment.

With this in mind, we have leveraged our competences along the whole of the oil and gas value chain - including those in gas & power - to turn gas flaring from an environmental risk into a business and development opportunity: Eni has been the first IOC to invest in power generation in Africa using previously flared gas.

Today, our power stations in Nigeria and Congo account for 20% and 60% of domestic electricity production respectively, with a significant reduction of gas flaring in both countries.

The success of our approach has caught the eye of other countries in the region. Many recently signed MOUs include potential powergen projects, including those in Angola, Ghana, Togo and Mozambique.

A second distinctive example of our approach is the way we have set up different agriculture and development projects in different countries.

For example, in Nigeria - where the Delta region is not suitable for large-scale agriculture - we have set up an integrated project - the Green River Project - which develops improved varieties of locally grown foods crops, promotes fisheries and livestock.

Meanwhile, in Congo – a large importer of palm oil – we are working on a specific, large scale project to support the Ministry of Agriculture in establishing a domestic palm oil industry.

Agricultural projects are a feature of our relationship with many host communities as they are one of the most effective ways to develop sustainable economic activities not directly linked to the oil industry, while reducing dependence on food imports.

Agriculture is not just a feature of our approach in Africa. It is also an aspect of the innovative JV launched by our petrochemicals business to build a bio-based chemical complex in Porto Torres, Sardinia.

The new venture, Matrica, will result from the conversion of the Porto Torres production site from traditional chemicals to bio-based productions. It will have an integrated production chain from vegetable oil to bio-plastics, using feedstock grown locally in synergy with food production.

Matrica will give Eni an important and profitable foothold in the fast growing bio-based chemical market, replacing the currently loss-making basic chemicals operations.

In parallel, this production model, based on technological innovation and sustainability will exploit the skilled manpower from the existing chemicals plant, promote local agriculture and create further employment in the area. This project is an example of the "Green Growth" approach – combining sustainability with economic development – which will be the core theme of the Rio 20 UN conference.

I hope I have given you an overview of how our approach to sustainability is distinctive and how it contributes to growing our business. Claudio will now take you through the benefits it provides in E&P.

Claudio Descalzi

Thank you Paolo, and good morning ladies and gentlemen.

Paolo has already taken you through some of the ways in which our sustainability approach contributes to growing profitability and creating new business opportunities.

I will now focus on the ways in which we limit the main risks of our operations, with particular emphasis on geopolitical and operational risks.

The first pillar of our strategy is diversification.

We have balanced our resource base among the world's most prolific oil producing regions and we continue to diversify our political exposure: from 30 countries in 2000, we are now operating in 42.

Political risk is embedded in our evaluation of project profitability. We assess returns of single projects using specific hurdle rates for each country, with risk premiums factoring in the political, social and economic risks. Hurdle rates are calculated and monitored on a quarterly basis, for some 60 countries where we invest (or plan to invest). The diversification of our operations has resulted in a reduction of our weighted average risk premium over the last five years.

Another way we manage political risk is through the containment of financial exposure per individual country. This is also achieved increasing the use of project phasing, which allows us to limit upfront capital expenditure and to benefit sooner from positive cash flows.

Diversification it is just part of our strategy to manage geopolitical risk. Another is creating synergies in core areas.

In terms of development and production, we are mainly focused on key growth hubs. These are areas where our scale and long-term horizon allow us to build up relationships with a country institutions and local communities.

This translates into a “double flag” approach. We behave like an IOC in terms of technology and management, but we are a local company in terms of investing in the country, taking a long-term view and developing people and economy.

Our capacity to adapt to different circumstances and meet different local requirements is underpinned by our organizational model, which is based on regional business units focused on understanding and managing local operations. These benefit from centralized technical assistance and operate in compliance with strict procedures.

Consolidated local knowledge and constructive community relationships are a key pillar of our risk management strategy. I will now take you through some examples of our approach.

Being local means ensuring that our work contributes to meeting the development needs of both the country in which we operate – through large scale investments - and the local communities, which host our activities.

In the Republic of Congo, the M’Boundi onshore field is an example of large scale investments. Since our farm-in in the field in 2007, we have worked to minimize the environmental impact of gas flaring and to transform it into a sustainable energy hub for the country.

As a first step to develop this hub we have constructed power stations fed by associated gas for a total of 350 MW, and revamped the national grid. This has allowed us to drastically decrease gas flared. Flaring will fall to zero by 2012 also through the implementation of a gas re-injection project which aims to:

- maintain field pressure
- increase the field’s recovery factor and
- completely flare down the gas

All these actions are still in progress and have had a positive environmental impact as well as being very well perceived by local communities.

Let me tell you about a very interesting and successful project which meets another development need.

In Nigeria, as Paolo mentioned before, among the hundreds of initiatives carried out in the country, it is worth highlighting the Green River Project. This is an example of an integrated agricultural project which has developed the local economy by promoting agriculture, fisheries and livestock.

Started in the mid-eighties, this programme covered all the aspects of the agricultural value chain by:

- selecting the most appropriate seeds for the area and the soils to be cultivated;
- providing specific training for the local communities. To date, we supported 152 cooperatives to develop modern farming techniques;
- providing micro-credit financing schemes for the purchase of tools and livestock;
- providing assistance in the commercialization of final products.

The Green River became a crucial pillar of our distinctive model of cooperation in Nigeria, which has helped us build excellent relationships with over 350 communities living in the area.

Implementing energy and agriculture projects is not enough to be a local company. Being a true local company, means involving the local community at every level of our organisation, operational and managerial.

Over the last ten years, we have increased the overall number of locals employed in upstream operations by 65%. At the same time, we have significantly invested in training and development initiatives, with over 800.000 hours of training for international employees in 2010.

As a result of our initiatives, at present, the number of local staff in managerial roles has more than doubled compared to a decade ago, and we are committed to increasing it further.

Let's now turn to operational risk, by which we mean the strategies, procedures and investments we undertake to minimize the risk of blow-outs. This is something we are extremely focused on because, in our view, operational risk poses the biggest potential threat to upstream activities, both in financial and reputational terms.

The two key factors in minimizing operational risks are:

First, the asset characteristics. We have been focusing on assets which have low execution risks, either onshore or in shallow water. As a result of this strategy, 74% of our resources today are conventional. Our exposure to HP/HT wells, which have the highest operational risks, is extremely low and represents only 3% of the total wells to be drilled in the next four year.

A second crucial factor is to have a strong grip on all the different E&P operations: we operate 2.8 mboe/d of gross production and plan to increase this to over 4 mboe/d by the end of 2014. This will allow us to deploy our competencies and know-how to:

efficiently manage reservoir and production operations;

- apply our unique portfolio of proprietary technology for drilling & completion, and
- enforce safety standards and procedures to control execution.

Operatorship is not enough on its own to limit operational risks. A company also needs a strong set of procedures and competences.

On operated assets, we apply procedures which are constantly monitored and updated as part of a continuous improvement approach. Following the accident in the Gulf of Mexico, additional preventive measures have been adopted both to improve our processes and to keep core E&P competencies in house.

On processes we have:

- centralized the technical validation and authorization of wells classified as high impact for safety or environmental reasons (e.g. HP/HT and deep water);
- adopted remote monitoring and control devices on all our asset;
- enhanced the presence of eni representatives on all operated rigs and increased the number of emergency tests.

On competencies we have:

- reiterated our focus on training and
- improved knowledge sharing through communities of practice. These had over 1700 participants in 2011, double the level of 2010.

We also apply stringent policies and control to our contractors, including specific contractual frameworks to incentivize safety and correct execution.

Investing in safer technologies and engineering standards is also a key feature of our risk management approach.

In this context, let me give you an example from drilling, which is one of the most sensitive phases of our operations. Here we have developed a proprietary technology, our extreme lean drilling profile. This enable us to drill deeper and safer through a reduced diameter and leaner cavity walls compared to the big hole profile which represents the industry standard.

In general, with regards to the role of technology in the prevention of operational accidents, eni has long worked to innovate and improve.

We have developed more than 40 patented technologies that have significantly increased both safety and operational performance in drilling.

And now some key performance indicators:

The most significant is our extremely low blow-out frequency rate. No blow-out has been recorded in the last seven years. This is despite the significant increase in the number of wells drilled: operated wells have grown from 250 in 2005 to 325 in 2010.

Looking further back, in the last ten years, we have experienced one single blow-out, so that the occurrence of blow-outs in our activities is very much lower than the average frequency threshold in the industry.

Another important result is the improvement in the safety indices of our employees, and particularly the improvement on contractors where LTIF rates are now aligned with those of Eni as a whole.

This result has been achieved through:

- the continuous strengthening of our procedures and processes
- our emphasis on initiatives to promote individual awareness on safety, including training, promotional campaigns and management comitment.

With regards to contractors, we have also implemented some contractual changes such as requiring them to adopt an HSE Management System consistent with Eni's and inserting incentives to reward good safety performances.

Our approach to operational control and risk management also produces important results in terms of cost efficiency and effective field management.

We have the lowest operating costs in the industry.

We have also a very low depletion rate, in the range of 3% per year, which we contain through our production optimization activities. These activities imply a close and proactive interaction between reservoir management, well design and production facilities management.

Production optimization activities:

- have a minimal impact on the environment since they exploit facilities already in place;
- and help to support our production: in the 2011-14 period we will produce around 220 thousand boe/d, which otherwise would have been lost through natural depletion.

- They also boost returns on invested capital. Our IRR on production optimization investments is more than 40%.

- After this focus on operational risk management, I would like to take you through our approach to mitigating the environmental impacts of our ordinary activities. I will focus in particular on gas flaring and water use, two common issues for the oil and gas industry.

- As Paolo mentioned, we have always regarded **associated gas** as an opportunity. This is particularly relevant in Africa, where we are giving value to this resource through a number of projects, including access to energy initiatives, LNG development, gas reinjection and local gas utilization.

- In Nigeria, where our effort to curb flaring dates back to the 1970s, associated gas utilization is currently around 90% - a result achieved in large part through the 480 MW gas-fired power plant in Okpai. Zero flaring in the land area is expected to be achieved by 2014, supported by projects such as the Ebocha and Ob/Ob gas compression plants completed in 2011 and planned projects at other treatment plants.

- Nigeria is simply an example of our commitment to zero flaring. Overall from 2007 to 2011 we reduced gas flaring from our operation by roughly 50% and have a target of bringing this to 80% by 2015.

- With regards to disposing of the water produced alongside oil and gas, we have several **water reinjection** projects in place, in particular in areas under water stress.

- We have operations ongoing in Ecuador, Congo Brazzaville and Indonesia and additional plans in Nigeria, Algeria, Tunisia. I'd like to remind you in particular the project in the Belaym area in Egypt, where the commissioning is under way.

- The target is to re-inject 62% of total water produced by 2014, up from the current 41%.

Let me now take you through some of the ways in which we work to manage the environmental impact of our operation in sensitive areas.

I will start by illustrating our approach to an extra-ordinary phenomenon – bunkering in the Niger Delta. Bunkering is a country-specific problem, with no equivalent in other parts of the world. In the last 5 years, the oil spilled due to sabotage has increased by 25% a year on average, and now it accounts for around 80% of all the volumes spilled.

This is a real problem for the Nigerian government and oil operators, in terms of environmental impacts and economic cost, which is estimated at around 10 billion dollars per year.

We are tackling this problem in a number of ways:

- first of all, we try to prevent spills. Investments in asset integrity have tripled between 2009 and 2011, with important interventions on monitoring and early detection, for instance, by laying fiber-optic cables.

- secondly, we have developed techniques to minimize the potential impact of spills. These include treating oil with chemical additives which cause clotting upon contact with air and, therefore, contain the extent of the damage.

- thirdly, we focus on effective remediation, the results of which are tested with soil samples and certified by the appropriate regulatory bodies using international standards. We are also benchmarking different remediation techniques to further improve this process.

Let me now give you an example from another sensitive environment. I will take you through the specific blow-out response plan for the Goliat project in the Barents Sea, which has been designed to address the complexities of the arctic environment.

Goliat's environment is particularly sensitive as it is very close to the coast, in a sea which is rich in fauna and where there is limited visibility during the winter.

In this context, we worked on the detection and monitoring of possible spills, with radar and infra-red coverage systems on stand-by vessels, sensors on subsea templates and a satellite-based monitoring system.

We have also focused on effective recovery systems, with offshore and coastal barriers.

In addition, a Beach Emergency operation group has been set up with locally recruited people to provide a quick response in the event of a spill, and many local fishing vessels are also involved in the plan.

Finally, let me now show you an example of our risk assessment approach: the Tar Sands project in the Republic of Congo. This project is particularly sensitive from an environmental and social viewpoint. With our risk analysis, we aim to mitigate impacts of our operations from the design phase.

To select the most appropriate area for the project, we have conducted a comprehensive and detailed environmental study, including:

- Geo-characterization studies of the entire extension of the two exploration permits in order to classify the vegetation species;

- ecological and hydro-geological studies to have a complete understanding of the area's environmental characteristics; and

- studies to assess the impact on local communities.

After more than two years of detailed analysis, we have selected one of the areas with the lowest possible impact, on which to run our test. The aim of this long process was to avoid operations in areas of primary forest and high biodiversity.

As far as the next steps of the project are concerned, this year we will carry on exploration activities to assess the best extraction method (in situ or mining) to exploit the tar sands and to limit the impact on the environment. An FID will be taken after the results of this first test phase are available.

After these case studies, I would like to sum up the key pillars of our approach to risk management and how this will evolve in the future.

The fundamental goal of our approach to risk management is to focus on prevention and be ready to respond in the event of emergencies to contain impacts and remedy potential damage.

This means continuing to invest in our people, in their competences and motivation, and working to constantly improve our processes and technology.

Thank you for your attention and I will now hand you over to Paolo for his closing remarks.

Paolo Scaroni

Thank you Claudio.

As I hope we have illustrated today, Eni has a distinctive approach to sustainability, which has been the driver of our growth over the past 50 years and will continue to be central to our strategy looking forwards.

We welcome the dialogue with socially responsible investors who believe, as we do, that the issues we have talked about today are not side-lines but crucial to delivering long term value creation.

So, over to you . We will now be pleased to answer your questions.

LTIF index of employees and contractors improved significantly over the last few years. If we go back to 2005, there has been a reduction of around 70%.

- Improvement has been achieved in all business sectors.
- LTIF index is part of top management MBO incentives
- The Board of Directors is regularly informed of our initiatives to promote safety and of our performance.

- We have recently launched a new programme – Eni in Safety – to improve further. The programme has already started with a Safety Day held in our offices in December for 400 senior managers and HSE specialists.

- Eni in Safety is a cascade programme, in which management commitment is highlighted at every level to promote cultural change.

Our governance model is compliant with global best practices, including the strong presence of independent directors on our board. In addition, being listed in the United States we have adopted the necessary Sarbanes Oxley provisions and controls.

We have a strong set of procedures, applied to all of Eni worldwide and tested by our roughly 100 internal auditors.

But within our system of governance and controls, I would like to draw your attention to our best in class anti-corruption programme. It is extensive in terms of policies, which span from fair employment to relationships with partners, suppliers and clients. It is universally applied in all Eni divisions and subsidiaries, and imposed on all our business partners. And it is supported by a vast compulsory training programme for all managers, which in 2010 reached 2500 key officers. We are the first company in Italy to adopt an anti-corruption system with specific focus on higher-risk areas and to form a dedicated organizational unit to deploy it. In addition, we have been the only company invited to speak at the International Bar Association's knowledge sharing initiative on anti-corruption measures.

A strong anti-corruption programme is essential for a company like ours, with business activities in different cultures and jurisdictions. Impeccable integrity is the bedrock of our eni model of cooperation, and a crucial element of mitigating risks.

After this overview of our history, approach and targets, I would like to conclude by giving you three concrete examples of sustainability initiatives from different parts of our company.