



eni's upstream model – the key to business development

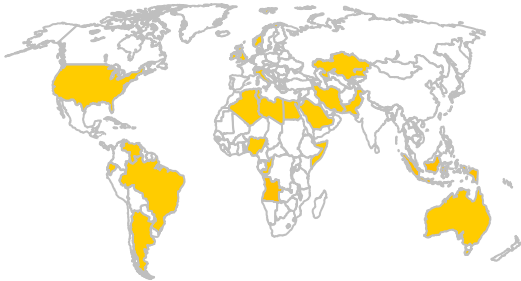
Claudio Descalzi

13 May 2013

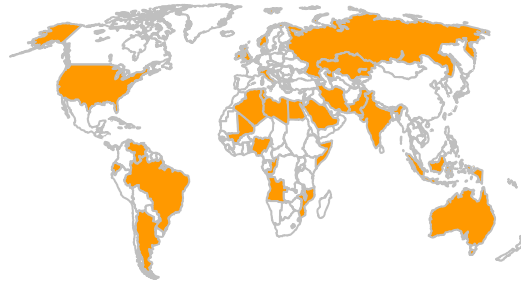
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exploration & production: a global presence

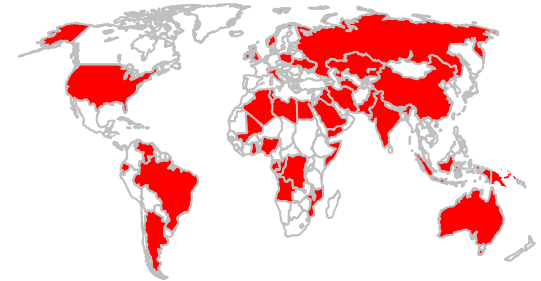
2005: 30 countries



2007: 34 countries



2012: 43 countries



2012 production 1,701 kboed



■ Africa ■ Europe ■ Asia ■ America ■ Others

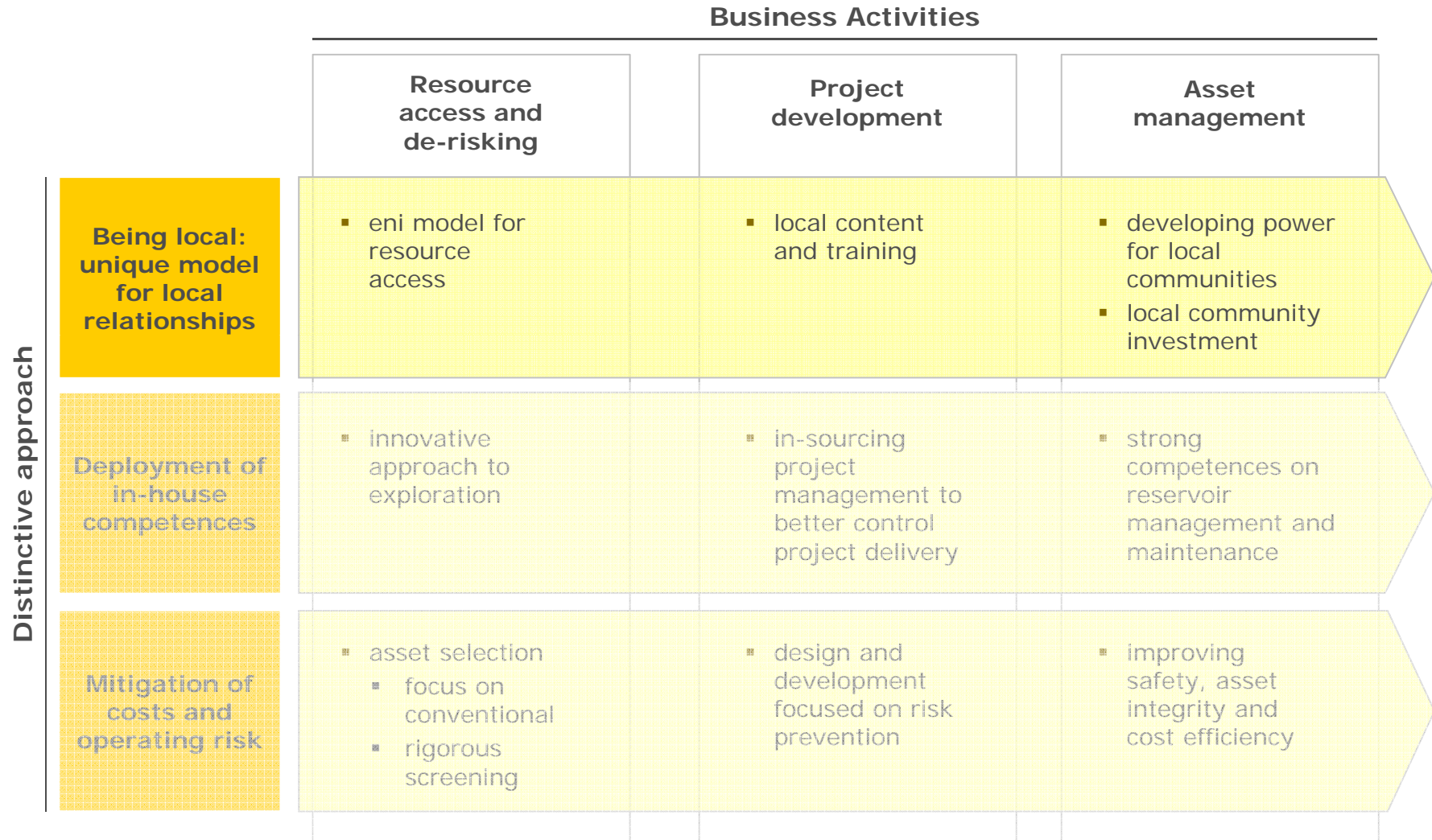


e&p: we apply our unique model throughout the business

		Business Activities		
		Resource access and de-risking	Project development	Asset management
Distinctive approach	Being local: unique model for local relationships	<ul style="list-style-type: none"> eni model for resource access 	<ul style="list-style-type: none"> local content and training 	<ul style="list-style-type: none"> developing power for local communities local community investment
	Deployment of in-house competences	<ul style="list-style-type: none"> innovative approach to exploration 	<ul style="list-style-type: none"> in-sourcing project management to better control project delivery 	<ul style="list-style-type: none"> strong competences on reservoir management and maintenance
	Mitigation of costs and operating risk	<ul style="list-style-type: none"> asset selection <ul style="list-style-type: none"> focus on conventional rigorous screening 	<ul style="list-style-type: none"> design and development focused on risk prevention 	<ul style="list-style-type: none"> improving safety, asset integrity and cost efficiency



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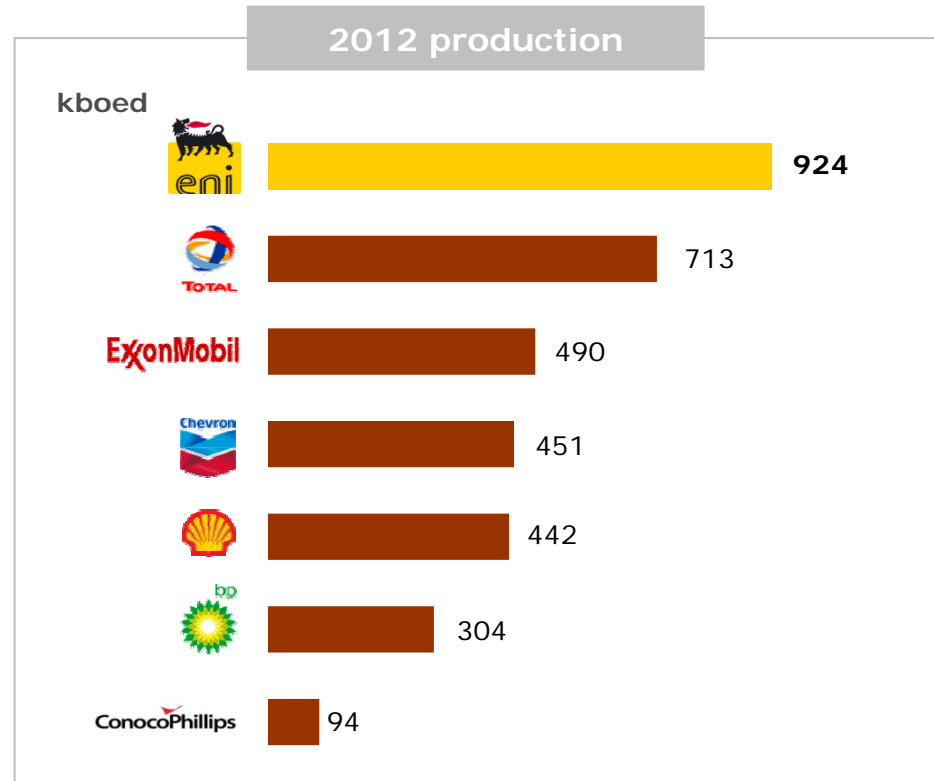
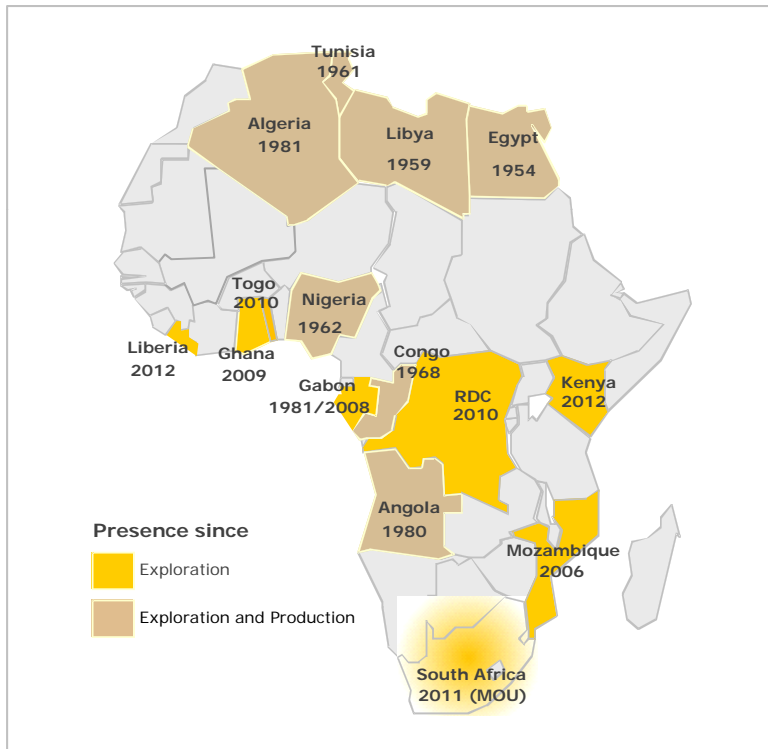


access to resources through strategic partnership

Prepared to invest with a long-term view

Projects tailor-made to country requirements

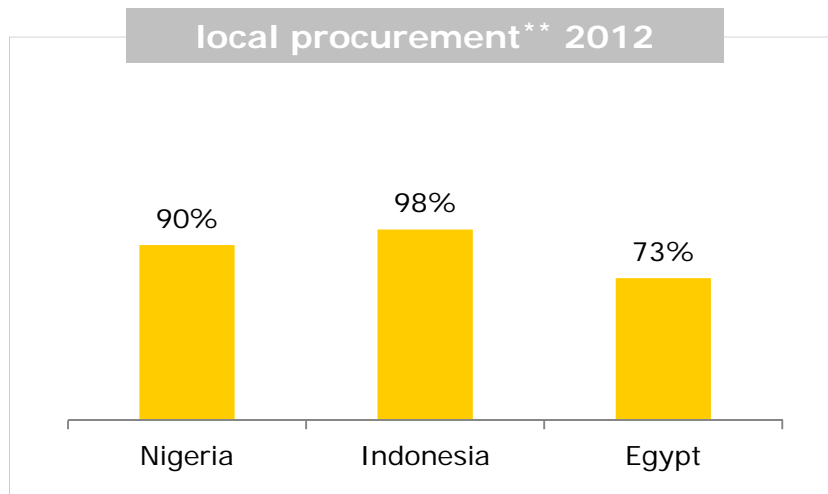
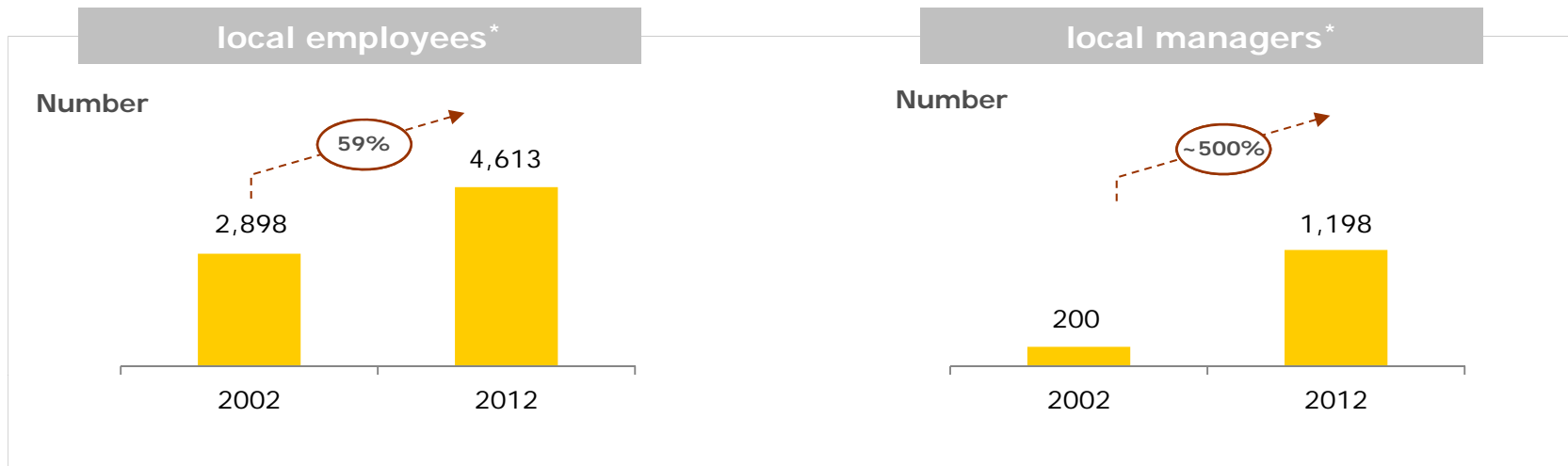
Strong stakeholder engagement



largest IOC in Africa



developing local staff and businesses



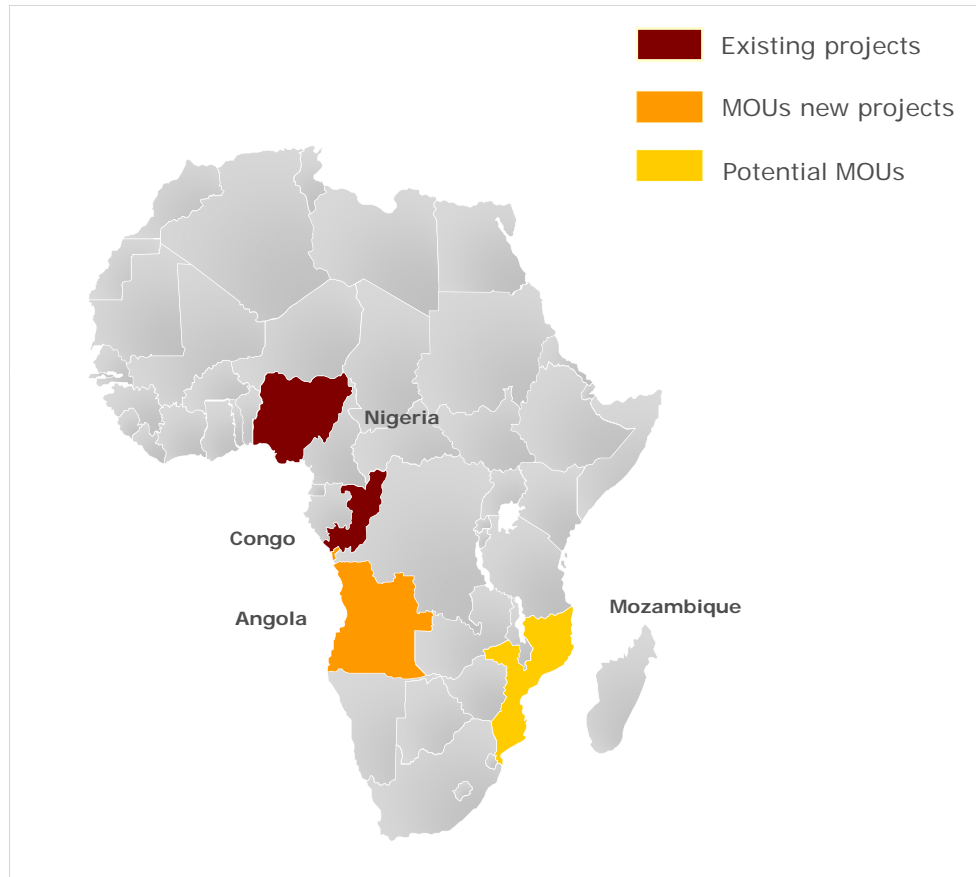
Africa and Asia

- 6,650 suppliers
- €10.5 bn procurement



* Consolidated E&P subsidiaries only
** Analysis based on the Country of Registration of the Legal Entity each contract has been assigned to

developing power for local communities

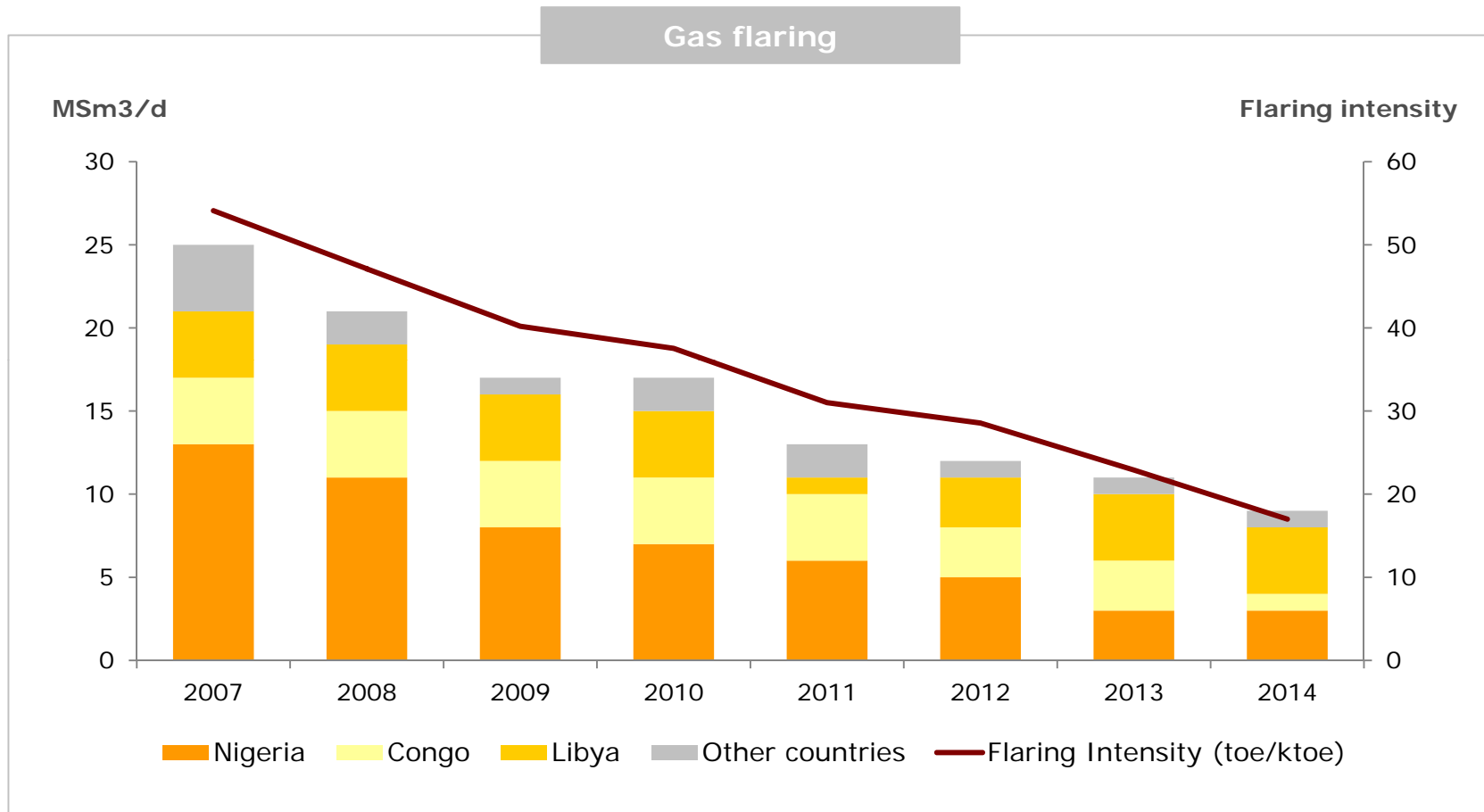


- First IOC to invest in power generation in Africa using associated gas
- Major power generator: 4 plants in Congo and Nigeria serving up to 13 million people
 - 60% of Congolese electrical production
 - 20% of Nigerian electrical production
- MoUs for new power projects in Angola
- Further potential in Mozambique

access to energy for development



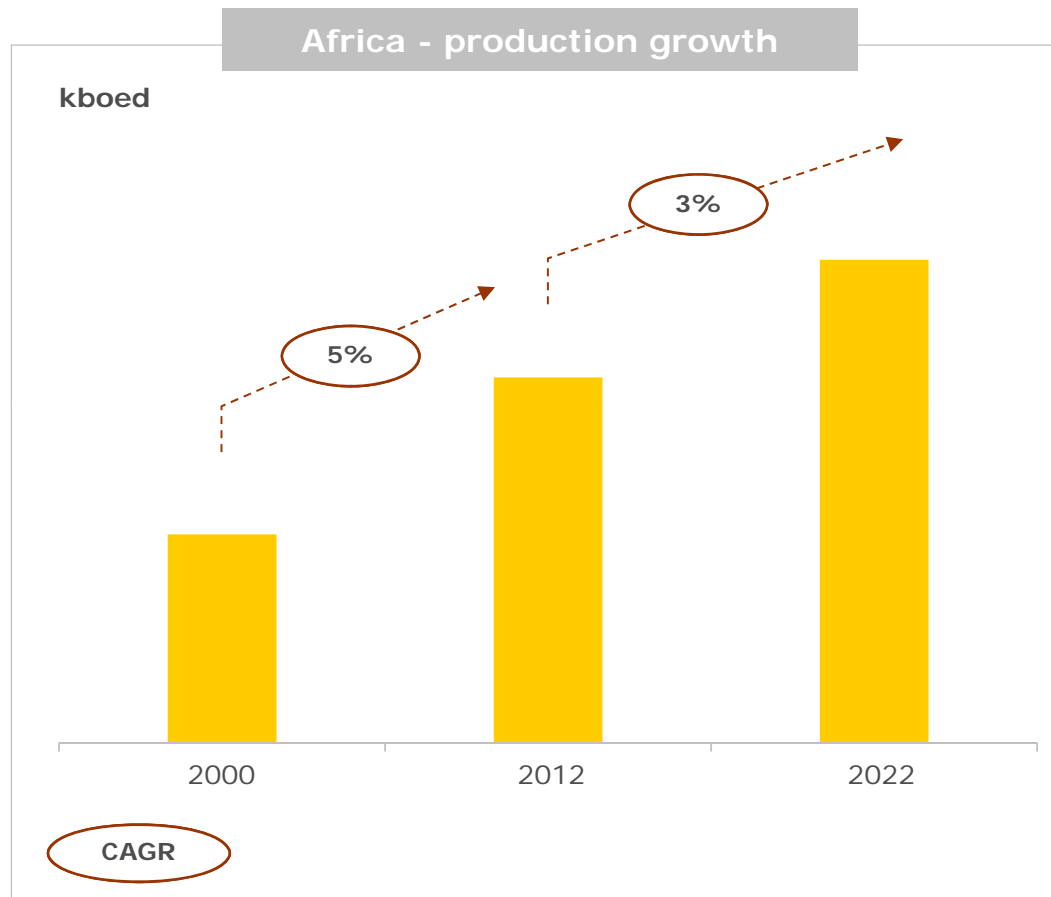
managing assets to reduce environmental impact



zero flaring by 2017



being local: a driver of eni's development

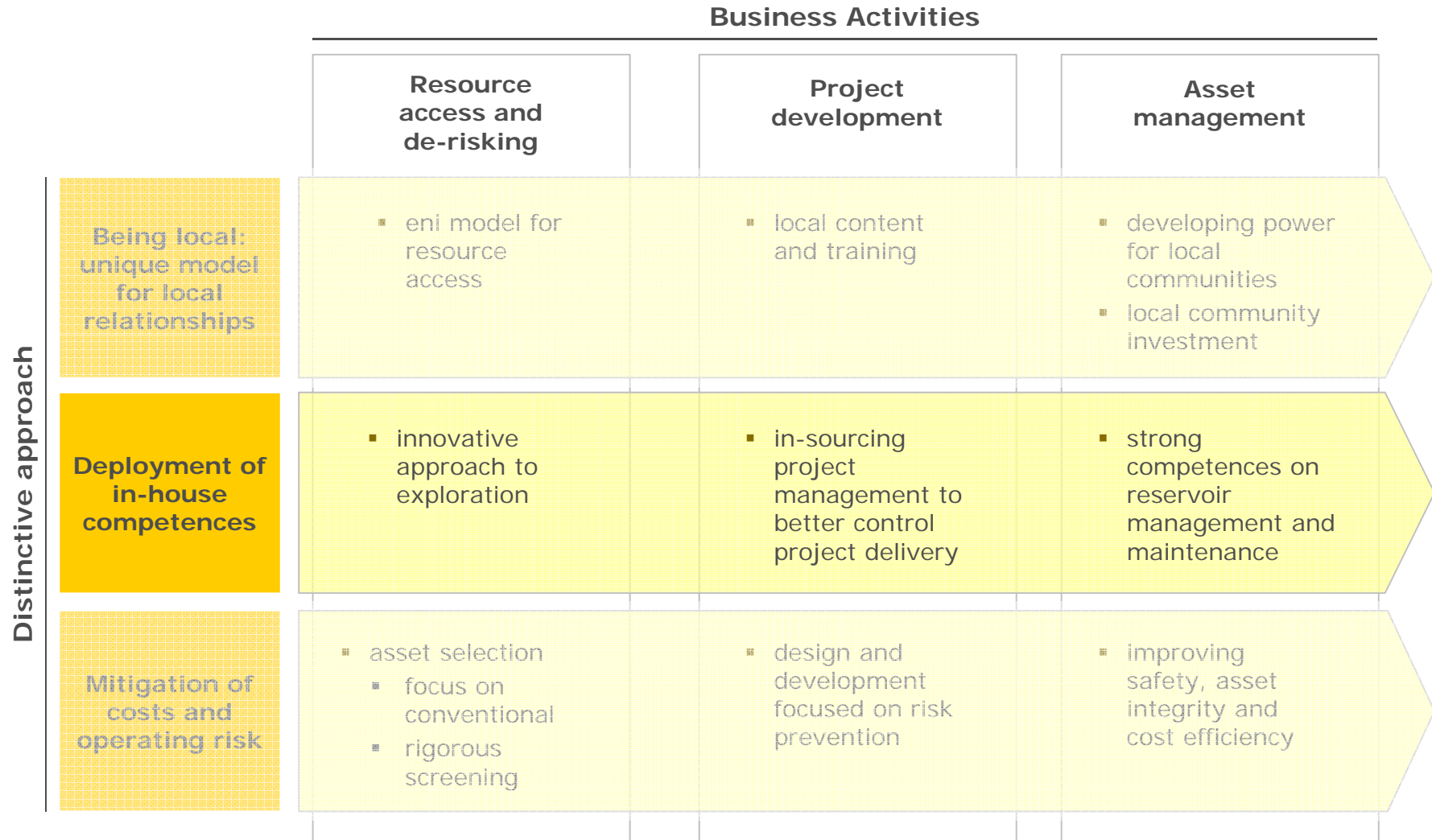


- Africa to underpin eni's long-term production growth
- Production growth ensured by a strong pipeline of projects
- African projects average IRR >20%
- Upside potential from further exploration

building on a strong history and competitive position



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deployment of in-house competences

exploration

- Leverage on geological knowledge of core plays
- Centralized ranking and opportunity selection
- Focus on near field exploration, fast track appraisals
- Retain key knowledge owners
- Investment in specific R&D

development

- In-sourcing of core competences
- New project management model
- Stronger construction & commissioning department
- Modularization of major supplies

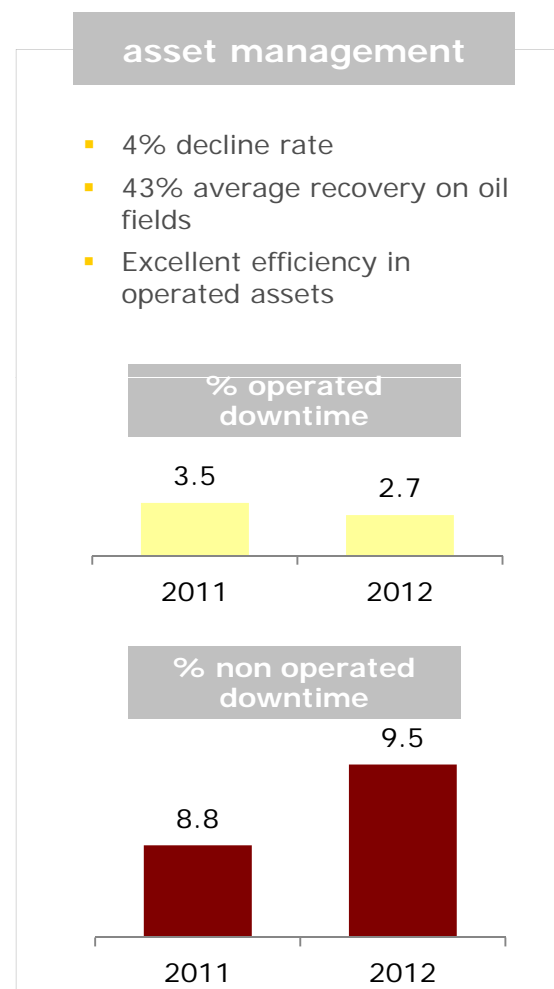
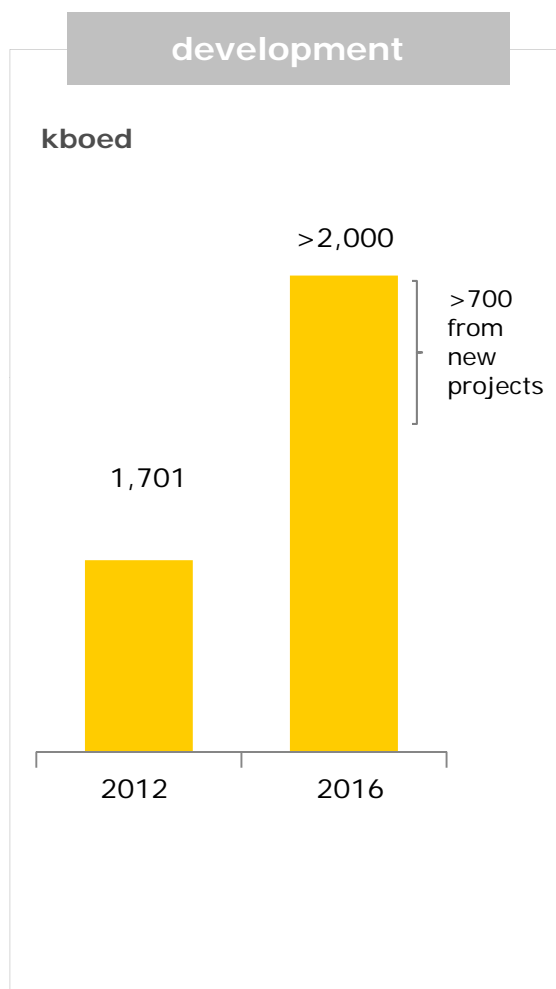
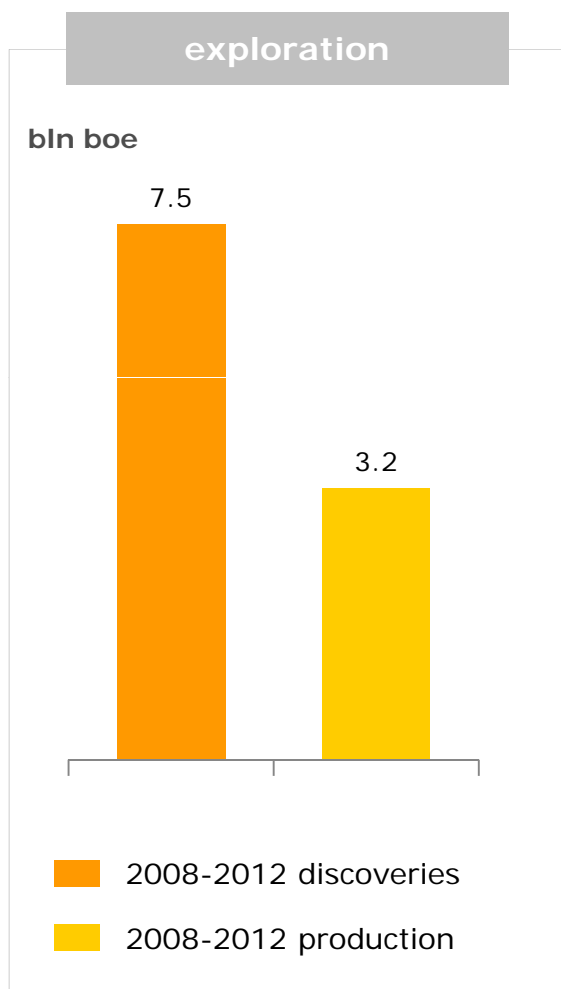
asset management

- Strong central functions for production, maintenance, reservoir management
- Specific performance enhancement programs
- Detailed programs to minimize down-time
- Direct control of maintenance activities

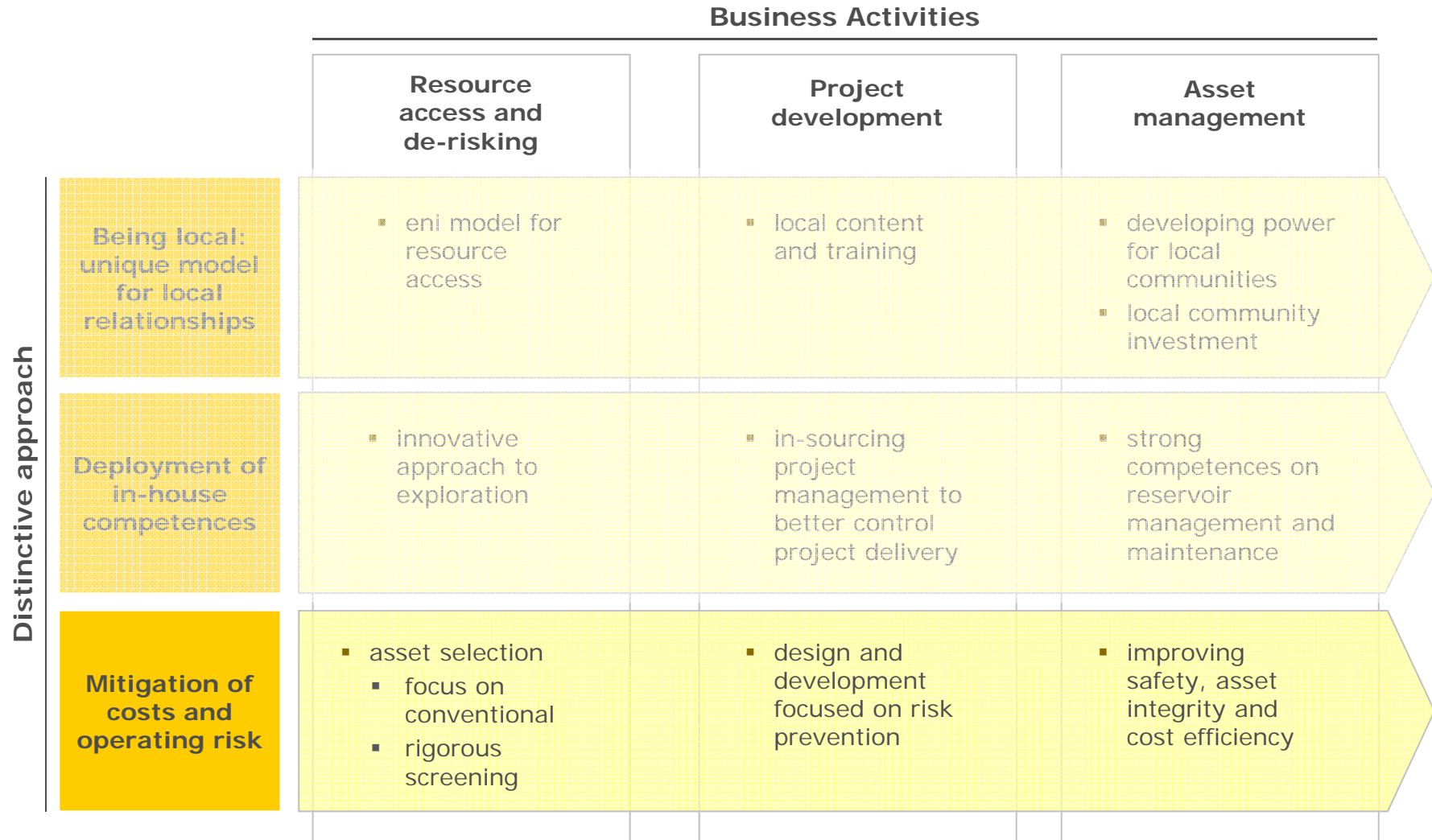
strong focus on training, development, knowledge management



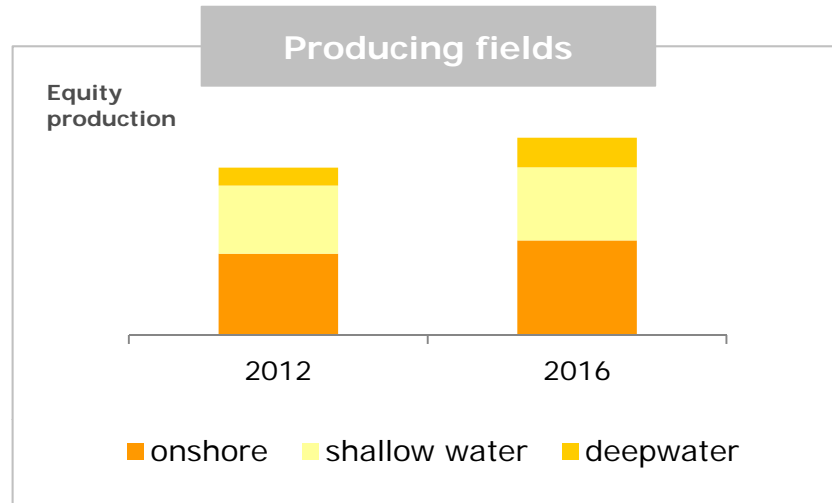
deployment of in-house competences: our results



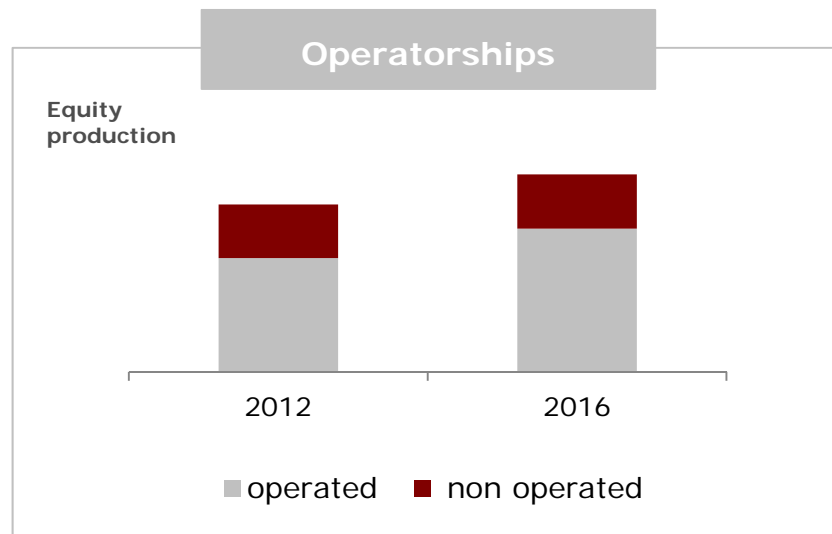
e&p: we apply our unique model throughout the business



de-risking growth through the selection of conventional assets



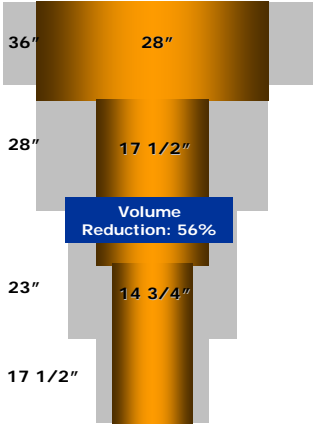
- Production will continue to be mainly conventional
 - 85% of production onshore or shallow water in 2016
 - Deepwater exposure 15% in 2016



- Increased operatorship:
 - Competences & know how
 - Enforcement of technical & HSE standards
 - Cost efficiency
 - Organizational unit dedicated to non-operated assets



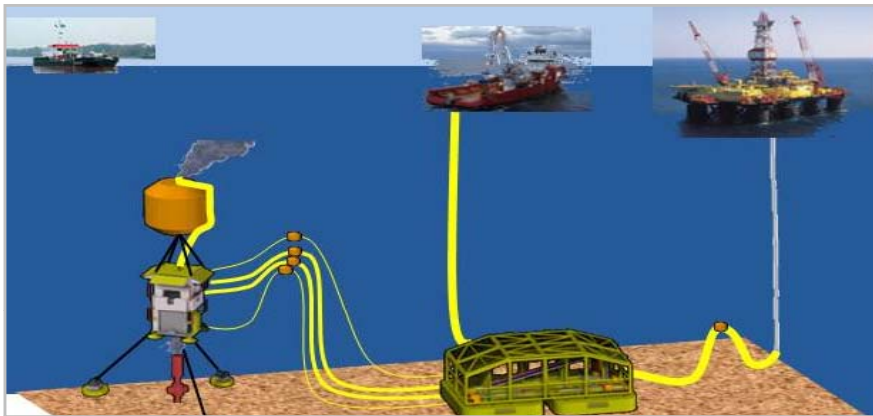
major drilling incidents - prevention strategy

Processes	Technology	Supply chain															
<p>critical* wells operated by eni</p> <ul style="list-style-type: none"> headquarter real time operations monitoring on site eni's supervisors <p>critical wells operated by others</p> <ul style="list-style-type: none"> headquarter preventive approval of well programs Operations follow-up Notify rejection to the operator in case of non-compliance with eni' standards 	<ul style="list-style-type: none"> 'dual barrier' policy always in place portfolio of proprietary and distinctive technologies to enhance safety & performance <p>Conventional vs Lean Profile</p>  <table border="1"> <caption>Conventional vs Lean Profile</caption> <thead> <tr> <th>Section</th> <th>Conventional Diameter (inches)</th> <th>Lean Diameter (inches)</th> </tr> </thead> <tbody> <tr> <td>Top</td> <td>36"</td> <td>28"</td> </tr> <tr> <td>Middle-Top</td> <td>28"</td> <td>17 1/2"</td> </tr> <tr> <td>Middle-Bottom</td> <td>28"</td> <td>14 3/4"</td> </tr> <tr> <td>Bottom</td> <td>17 1/2"</td> <td>17 1/2"</td> </tr> </tbody> </table> <p>Volume Reduction: 56%</p>	Section	Conventional Diameter (inches)	Lean Diameter (inches)	Top	36"	28"	Middle-Top	28"	17 1/2"	Middle-Bottom	28"	14 3/4"	Bottom	17 1/2"	17 1/2"	<ul style="list-style-type: none"> 'vendors feedback process' captured in the bidding evaluation phase HSE performance based contract strategy for well construction <p style="text-align: center;">▼</p> <p style="text-align: center;">Objective to improve safety and well performance of our suppliers</p>
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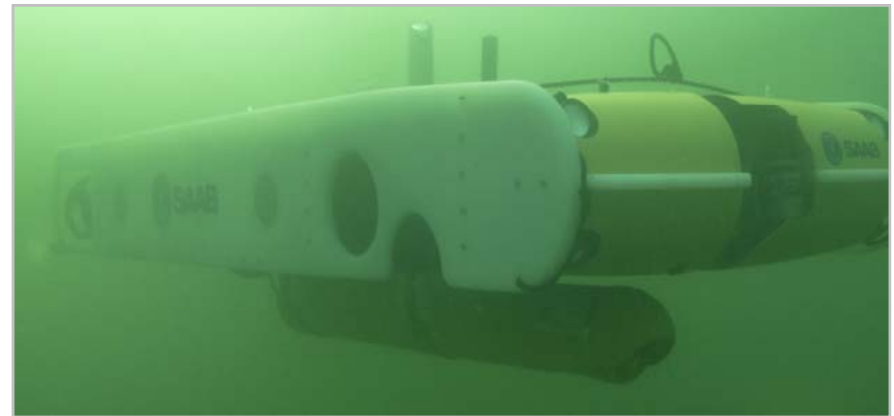
* HP/HT, deep – ultra deep water and environmentally sensitive areas

managing assets to mitigate oil-spill risks: new technologies



Cube TM

- eni patented system for capturing a subsea oil spill



Clean Sea

- innovative underwater robotic system for asset integrity, environmental monitoring

solutions for sensitive areas: Goliat in the Barents Sea

Technology

- New concept rounded FPSO
- Use of new monitoring technology
- New and improved oil-spill equipment

Additional safety features

- Mechanical recovery and dispersion from standby and supply vessels
- New operational concepts for coastline
- Stakeholder role in response plan

Designed to minimise impact

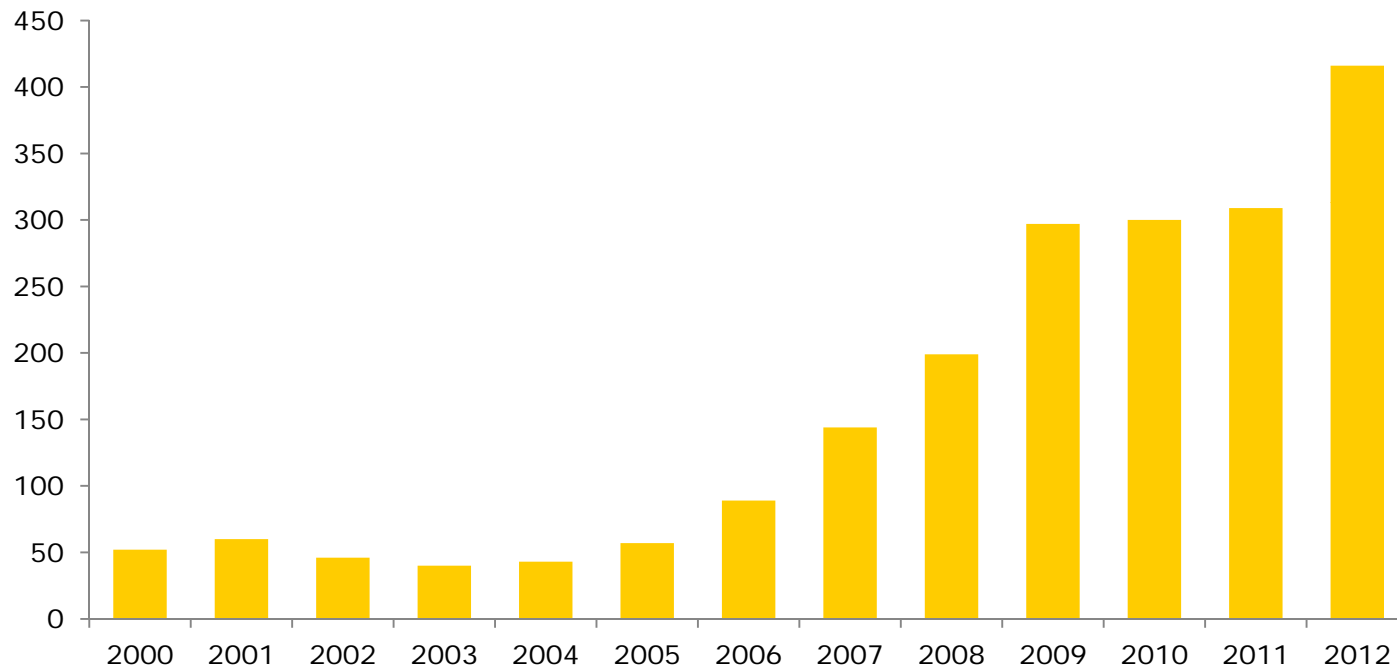
- Use of onshore power to minimise CO₂ emissions
- Reinjection of produced water



case study: bunkering in Nigeria

oil spills due to sabotage/bunkering

Number of events



online reporting of all spill events by 2014

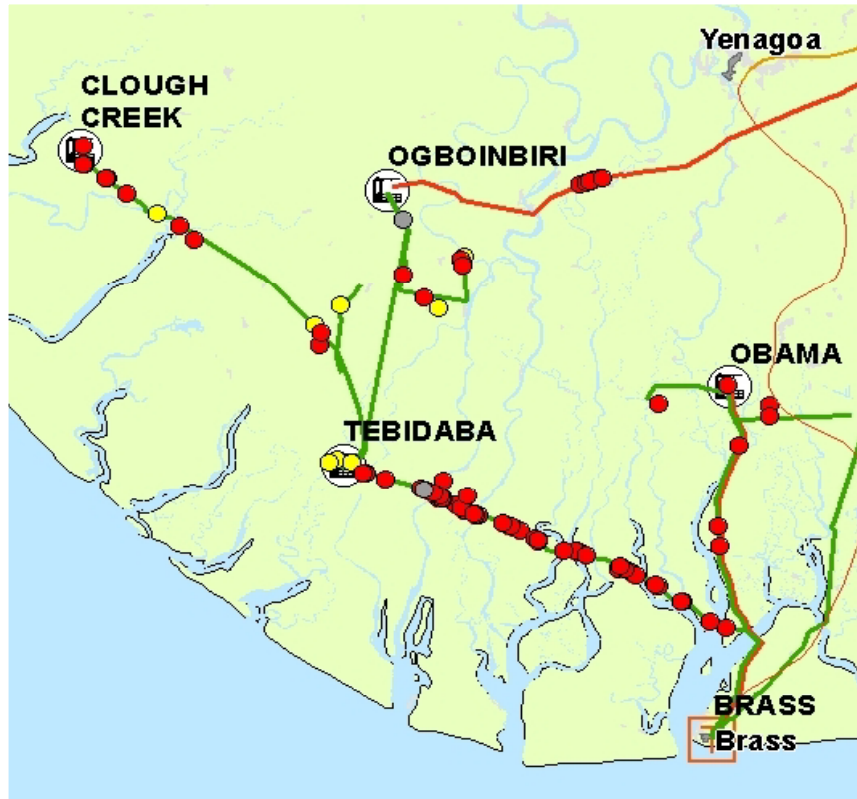


bunkering in Nigeria: the environmental impact of illegal refineries



eni actions: suspending production

Swamp area



- Sabotage and illegal bunkering spills
- Operational control

- Bayelsa bunkering losses reached 60% of total production
- unsustainable level both on personal safety and damage to environment
- March 22nd: eni declared force majeure closing the activities in the Swamp Area, in Bayelsa State

oil spill prevention & remediation

technologies

- Fibre-optic distributed acoustic sensing
- Satellite imaging
- Chemicals and plugging materials
- Pressure monitoring systems



asset integrity

- Increased collaboration with local authorities and communities
- Investments in asset integrity
- Modified Carry Agreement to sustain planned projects

remediation

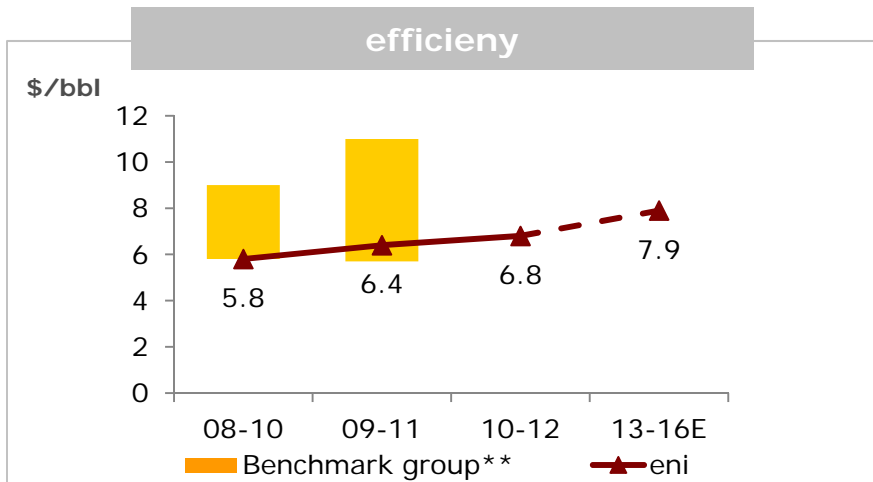
- Upgrading oil spill management system for rapid reaction
- Effective remediation and clean-up certified against international standards
- Pilot test of alternative remediation technology ready to be finalized by 2013

operational results: safety and efficiency

safety



efficiency



Industry-leading low opex

- Focus on conventional assets
- Safety processes part of efficient management systems



* n. of Total Recordable Incidents/Mln of worked hours
 ** XOM, CVX, COP, BP, RDS, TOT, eni. Company data and Wood Mackenzie

conclusions: the benefits of our distinctive approach



Strategic plan price deck: 90\$bbl 2013-2016 +2%/year afterwards

eni



BACK UP

13 May 2013

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eni model: focus on compliance and control

