



FOUNDATION

Annual Report 2007





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Letter from the Chairman

Throughout its history, Eni has always pursued its business objectives taking the utmost care to address the expectations and needs of local communities.

As a result of this commitment, it is able to adapt to a wide range of social and cultural settings and has established strong ties of collaboration with many countries.

It is on the basis of this model of conduct that we have developed the ability to achieve sustainable results and long-term value creation.

In line with this approach, we have allocated part of the Company's resources and energy to carrying out social and humanitarian projects aimed at benefiting those in greatest need. This is how Eni Foundation was created, elevating Eni's social commitment to a more permanent, structured effort.

Eni Foundation's activity aims to promote and develop initiatives to protect the fundamental rights of children and the elderly; contributing to solve issues that are particularly significant owing to their size and complexity:

Among the primary objectives of its mission, in 2007 Eni Foundation has paid particular attention to promoting and safeguarding the health of children. This commitment will continue to be given the highest priority and will represent a distinctive feature of the Foundation's activity in years to come.

Paolo Scaroni
Chairman of Eni Foundation

A handwritten signature in black ink, reading "Paolo Scaroni".

Profile of Eni Foundation

Mission

Founded at the end of 2006, with the objective of strengthening and improving Eni's capacity to provide consistent and effective answers to the expectations of civil society, Eni Foundation addresses those problems involving the fundamental rights of the individual: survival, social development, protection and education. In this respect, the Foundation focuses its efforts on children and the elderly, two groups that are particularly fragile and vulnerable, who are, therefore, in particular need of assistance and support. In line with the values that have always characterized Eni's conduct, the mission of Eni Foundation is *"... to promote the protection of the rights of children and the elderly by carrying out solidarity initiatives aimed at encouraging their overall wellbeing and development"*.



Organizational structure

The structure of Eni Foundation consists of the following bodies:

Board of Directors

Chairman Paolo Scaroni

Deputy Chairman Raffaella Leone

Directors

Stefano Cao

Domenico Dispenza

Angelo Caridi

Stefano Lucchini

Secretary General

Vincenzo Boffi

Scientific Committee

Pier Carlo Muzzio

Manuel Castello

Alessandro Lesma

Internal Auditors

Chairman Luigi Schiavello

Giuseppe Morrone

Pier Paolo Sganga

Human resources

To carry out its activities, Eni Foundation draws on the skills and know-how of Eni, with which it signed a contract for services and defined the full-time assignment of company personnel for the management of the Foundation's activities.

Operating approach

Eni Foundation is an operational corporate foundation: in order to reach its objectives, it adopts a proactive approach, focusing its activities on those initiatives that it plans and carries out autonomously. All of Eni Foundation's projects, including grants in support of third-party initiatives, are inspired by the following principles:

- analysis and understanding of the surrounding context;
- transparent communication with stakeholders;
- long-term vision and commitment;
- spreading and sharing of results and knowledge.

These principles fully reflect the guidelines set forth by the European Foundation Centre (EFC), an international association of which Eni Foundation is a member. EFC is committed to creating an operating framework of reference for foundations, as well as promoting their collaboration with international institutions, especially within the context of the European Union.

INDEPENDENT PROJECT ACTIVITIES

As already stated, the Foundation's main activity essentially consists in implementing its own projects and initiatives with the aim of meeting the specific needs of children and the elderly. As a corporate foundation, for its operations it adopts criteria of business efficiency in terms of:

- clarity of objectives and content;
- management control;
- self-sustainability;
- measurability of expected results in the short and long term;
- the possibility of replicating projects in different settings and situations.

While remaining within the boundaries of its status as a non-profit organization, Eni Foundation draws on the set of experiences and know-how acquired by its founder Eni in extremely different social and cultural settings.

Well aware that, under certain circumstances, complex problems call for an integrated approach, the Foundation is also open, during both the planning and implementation phases, to collaborations and partnerships with other organizations (non-governmental organizations, humanitarian agencies, local institutions and government bodies) of proven experience and ability.

SUPPORT FOR THIRD-PARTY INITIATIVES

Despite its status as an operating foundation, Eni Foundation may also decide to support projects promoted by other organizations that pursue non-profit, socially beneficial objectives.

Individual applications for grants are evaluated on the basis of the extent to which they meet Eni Foundation's programs and objectives, as well as their capacity to integrate themselves into the Foundation's projects, either completed or in progress.

Operating Report

Among the issues of central importance to Eni Foundation's mission, the greatest challenges are undoubtedly those involving children, in particular in developing countries, where children and adolescents are more numerous and vulnerable. While children under the age of 5 account for 6% of the total population in the industrialized countries, in the less developed nations their share almost trebles, exceeding 16%.

Programs and activities in support of children are the cornerstone of any strategy aimed at building a more equitable and safer world. With this in mind, in its first years of activity, the Foundation has decided to focus its efforts on promoting and safeguarding the health of children.

The focus on health

According to the definition of the World Health Organisation, health is a shared, indivisible resource, as well as a precondition for real progress.

Of the fundamental rights of the individual – to receive healthcare and education, to obtain protection, to have an identity – the promotion of health, intended as a state of physical, mental and social wellbeing, constitutes a key factor in human development.

In this respect, by focusing the attention on a number of healthcare problems concerning children, Eni Foundation intends to contribute to the efforts of the international community to reduce, within the framework of the United Nations' Millennium Development Goals (MDGs), the incidence of the principal diseases, such as malaria, tuberculosis and HIV/AIDS.

By promoting a series of focused initiatives, the Foundation is determined to play a distinctive role in order to contribute to:

- **improving** diagnosis and control systems;
- **strengthening** access to drugs and vaccines;
- **disseminating** effective measures of prevention, especially through immunization programs;
- **promoting** training of healthcare personnel.



Children's health worldwide

Although overall infant mortality is on the decline, and a number of pathologies (including malaria and tuberculosis) appear to be in regression, every year almost 10 million children die before reaching the age of 5 (9.7 million in 2006).

In 2006, almost half the deaths of children occurred in Sub-Saharan Africa; of the region's 46 countries, only three (Cape Verde, Eritrea and Seychelles) appear to be on their way to reducing infant mortality rates by two-thirds within 2015 (4th Millennium Development Goal).

Worldwide, the majority of deaths among children under 5 is due to preventable causes, with almost half (4 million) being the result of malnutrition, one of the most obvious consequences of poverty on children. Diseases that are preventable by vaccines alone annually account for more than 2 million deaths, of which 70% (1.4 million) occurring in the 0-5 age group.

By strengthening a number of initiatives whose effects are proven (promotion of breastfeeding, supplementary nutrition, use of vitamin A and zinc supplements), roughly a quarter of all childhood deaths could be prevented. In the case of Africa, a serious structural problem is represented by the expenditure needed to access healthcare. According to the World Health Organisation, 100 million people are left impoverished every year because of health expenditures: this means that, to save the lives of almost 300 thousand children every year, it is necessary not so much to improve methods of prevention and treatment, as to strengthen healthcare systems with planned, long-term investments, in order to provide the population with improved access to such services.

On the basis of the above considerations, in 2007 a far-reaching healthcare project was undertaken in the Republic of Congo.

Child healthcare project in the Republic of Congo

The project aims at improving, in collaboration with national authorities, and with support from a major local non-governmental organization, the care provided to children in the Country's remote rural areas, by carrying out a broad-based epidemiological screening and vaccination program against the main childhood diseases, including tuberculosis, measles, chicken pox, polio, hepatitis B and yellow fever.

The project also pursues a series of specific objectives:

- strengthening the operating capacity of primary healthcare facilities at the local level;
- promoting greater awareness on prevention among the local population;
- improving the level of skills and competence of local medical personnel.

Vaccinations and infant mortality

The spread of vaccinations worldwide has received a strong impulse in recent decades. In the 70's, only 10% of all children were regularly immunized against the principal deadly diseases: polio, measles, tuberculosis, diphtheria, tetanus, whooping cough; today global immunization coverage reaches nearly 80%. This has made it possible to save roughly 20 million lives over the last 2 decades, thanks in part to new-generation vaccines capable of fighting infections that once could not be prevented.

However, in the poorest regions and countries, many diseases that could be tackled with simple preventive treatment (vaccines, mosquito netting, basic hygienic measures) still give rise to high levels of infant mortality. Every year, 2 million children die of measles and tuberculosis, diseases for which low-cost vaccines are available. According to the World Health Organisation, measles alone is responsible for at least 900 thousand deaths worldwide; of this total, 500 thousand deaths (60%) occur in Sub-Saharan African countries. The future of entire regions, therefore, depends on vaccinations.



Republic of Congo: maternal-infant health

- The mortality rate for children 5 years of age and younger is 108 per 1,000 births.
- The maternal mortality rate is estimated at 510 for every 100 thousand births.
- The main causes of morbidity and mortality, especially for children under the age of 5, are tied to infectious diseases: malaria, diarrhea, measles, tuberculosis and HIV/AIDS, as well as respiratory infections and tropical diseases.
- In rural areas, almost a third of children under the age of 5 (30.4%) suffer from chronic malnutrition, as compared to 15.3% in urban areas.

Source:WHO/UNICEF, 2006.

DURATION AND BENEFICIARIES

The project will be completed by 2011, with its development to be defined by annual action plans. The activities will involve a total of some 200 thousand children between the ages of 0 and 5, equal to roughly 30% of the Country's infant population.

The project will be developed on a regional level, in remote rural districts where the most disadvantaged communities live and where the rates of immunization are generally lower than the national average.

The importance of extending the vaccination programs to the populations of the most isolated villages, whose possibilities of receiving timely medical treatment and care are jeopardized by the distance from the nearest healthcare center, has contributed to defining the target population and the project strategy.

Critical issues in rural areas

In most developing countries, children who live in rural areas show higher morbidity and mortality rates than children who live in urban areas, and are less likely to access to primary services, first and foremost education and medical-hospital care (70% of the African population lives in rural areas, while 90% of physicians live and work in cities).

A research on infant mortality conducted in 63 developing countries during the years 1998-2006 estimated, on the basis of the socio-economic characteristics of the population, a probability of 69 deaths for every one thousand births in urban areas, as opposed to 105 deaths per thousand births in rural areas.

AREAS OF INTERVENTION

The regions involved are:

- Niari, in the southwest, one of the Country's most populated areas (more than 270 thousand inhabitants), apart from the urban areas of Brazzaville and Pointe Noire; the rate of immunization coverage varies from 60% to 80%, depending on the type of vaccination;
- Cuvette, to the north, where approximately 200 thousand people live, and where the vaccination coverage rates, between 48% and 65%, are among the lowest in the country;
- Kouilou, in the southwest, and especially the areas on the outskirts of Pointe Noire, where approximately 300 thousand people live.

ACTIVITIES

The following activities will be carried out in the course of the project:

- **epidemiological screening** of the infant population in remote communities;
- **immunization** through vaccination campaigns against the main diseases: tuberculosis, measles, chicken pox, diphtheria/tetanus/whooping cough, polio, hepatitis B and yellow fever; the activities will be carried out at affiliated peripheral health centers or directly in the areas of residence;
- **education of the population in the prevention of transmittable diseases**, through meetings on specific topics, held by specially trained personnel;
- **training of local technical-medical personnel**, both in correct vaccination procedures as well as in information and communications aspects.

The activities to be carried out were selected following a detailed analysis of the infant population healthcare needs, as well as an assessment of the operating, organizational and logistical requirements of the primary healthcare system. The main component is immunization, however, given the specific characteristics of the context, the project also involves the restructuring and strengthening of an appropriate number of local healthcare centers (Centre de Santé Intégrée – CSI), which constitute the backbone of the Country's healthcare system at the local level.

Thirty local centers, identified as being of functional importance to the project, will be gradually restructured and fitted with visiting rooms, facilities for maternal-child healthcare and prenatal medicine, a delivery room, as well as patient rooms.

The plan for operational upgrading also includes the supply of laboratory instruments and basic medical equipment, as well as the supply of electricity, by means of photovoltaic panels, along with drinking water and an incineration system for medical waste in line with international standards. Finally, special care will be given to the cold chain

(refrigerators and isothermal containers) for the proper preservation of vaccines, an aspect that frequently represents a critical factor.

ORGANIZATIONAL STRUCTURE

The project's organizational structure consists of:

- **a coordination center**, located in Pointe Noire, for organizational, administrative and logistical activities;
- **three logistical/operating bases** for the management of healthcare activities – in Pointe Noire (Kouilou), Dolisie (Niari) and Oyo (Cuvette);
- **thirty main local healthcare centers** located in the districts where the project activities are to be carried out;
- **mobile medical units**, on land in the regions of Kouilou and Niari, and also on water in the region of Cuvette.

METHOD OF INTERVENTION

All epidemiological screening and immunization activities will be carried out in the fully restructured health centers. By using mobile units, the medical and paramedical personnel of the bases will periodically visit the healthcare structures, and then the more isolated communities, in order to carry out the immunization programs and the related activities.

Moreover, the activities across the territory include the mobilization, awareness building and health education of the local population, as well as training programs for the health personnel of the various local healthcare centers.

The project will also provide an adequate logistical support for the campaigns carried out by the Congolese Ministry of Health concerning the most widespread diseases, such as malaria, malnutrition (through the distribution of vitamin A) and intestinal parasites (through the distribution of wide spectrum anthelmintic drugs).

PARTNERSHIPS

Eni Foundation will provide the necessary financial resources, and will be responsible for the management and coordination of the project. To do this, Eni Foundation has entered into an agreement with two local partners:

- the Ministry of Health, Social Affairs and the Family, which will provide the facilities involved, the technical medical personnel and the support staff for the training activities, as well as the essential vaccines and pharmaceuticals;
- *Fondation Congo Assistance (FCA)*, a non-governmental organization active in the field of healthcare, development, education and professional training, through the promotion of initiatives aimed primarily at children, women and the elderly. FCA will provide the operating support, especially in terms of human resources, for raising awareness of the population involved (information, education and communication).

Eni Congo will guarantee that the project receives the necessary logistical-institutional support.

A joint committee with representatives of all the partners will be responsible for the managerial control, the assessment of the results, as well as the planning of the initiatives to be carried out.

COST

The overall cost of the project is estimated at 8.5 million euro.



Sustainability Factors

Sharing with local institutions

The collaboration between Eni Foundation and the local partners is part of a well defined institutional framework: the initiative, which is endorsed by the Ministry of Health, Social Affairs and the Family, integrates itself into the National Healthcare Development Plan for 2007-2011 and, more specifically, into the extended vaccination plan drawn up by the authorities.

Capacity to adapt to the local context

By involving community representatives and building greater awareness among the population, the project aims at obtaining full acceptance on the part of local communities. Another important element, in this respect, is the utilization of local technologies for the planning, management and maintenance.

Strengthening of healthcare at the local level

By rehabilitating the healthcare centers, the project improves the effectiveness and efficiency of the backbone of the local healthcare system, which is of particular strategic importance in rural areas, that are hard to reach and where the population is widely dispersed.

Use of mobile units

The use of mobile units is of key importance to: increase immunization coverage; strengthen the operating capacity of local healthcare centers; improve the effectiveness of the cold chain; optimize the use of human resources at the local level; facilitate the monitoring of project activities.

Ongoing training

Training, which addresses both purely medical topics as well as ways in which the public should be informed and is based on culturally oriented models and contents, represents an additional element capable of ensuring the stability of the project and the opportunity for its further consolidation.



PROGRESS REPORT

During 2007 the following activities were carried out:

- identification of the key critical situations and child healthcare problems in the Country, with formulation of project proposal;
- sharing of the proposed initiative with the local partners (Ministry of Health, Social Affairs and the Family and *Fondation Congo Assistance - FCA*) and formulation of the project plan;
- selection of the areas for the initiatives and the target population;
- detailed feasibility study and identification of the local healthcare centers to be involved in the project;
- setting of the protocols and the healthcare standards of reference;
- identification and set-up of the project coordination center and the logistical-operating base for the region of Kouilou, both to be located in Pointe Noire;
- start-up of the restoration of the first two local centers, both of which are to be considered pilot facilities, in M'Boukou and N'Kola, located in the Kouilou region.

In the month of October, the project was officially presented on the occasion of the "International Study Days" promoted by the Pio Manzù Center, which this year focused on children's rights.

Grants

Even though it operates primarily through independent project activities, Eni Foundation may occasionally support initiatives promoted by other non-profit organizations. The contributions made during the year totaled 200 thousand euro. The main grants are listed below:

- **150 thousand euro** to G. B. Bietti Foundation for the Study and Research in Ophthalmology, in support of research activities in the field on the principal diseases which, in industrialized countries, give rise to severely impaired vision or blindness, such as glaucoma, diabetic retinopathy and age related macular degeneration. In the case of this last condition, which constitutes the leading cause of blindness in individuals over the age of fifty, G. B. Bietti Foundation is conducting a research project in collaboration with the Italian National Health Institute. The project aims at evaluating the effectiveness of leading edge pharmacological therapies capable of inhibiting the growth in the central portion of the retina (macula) of the new blood vessels responsible for the loss of distinct vision and, in a number of cases, for severe permanent sight disabilities.

- **45 thousand euro** to the association "Il Ponte del Sorriso" ("Smile Bridge"), a non-profit organization engaged in socio-medical assistance, and specifically in protecting those minors suffering from physical, psychological, social or family-related hardship. This grant is specifically aimed at refurbishing the hydrotherapy pool at the children's hospital of Busteni, in Romania, a facility specialized in neuromotor rehabilitation. The construction of the hydrotherapy pool, which will be the only one of its kind in a Romanian hospital facility, is part of an assistance program that "Il Ponte del Sorriso" is carrying out in favor of the Breaza Institute, located 30 km from Busteni, which looks after orphaned and abandoned children, many of whom suffering from mental and physical disabilities. The non-profit organization has already completely restructured the orphanage, with the assistance of a number of Italian companies, and is now carrying out structural and renovation work at the Busteni hospital, the institute that provides the rehabilitation therapies for the orphans of Breaza.

Collaboration with the Association of Eni Pioneers and Veterans (APVE)

Well aware of the importance of involving Eni's departments and employees in the goals and contents of its mission, the Foundation has established a dialogue with the Association of Eni Pioneers and Veterans (APVE). As part of this collaboration, APVE has decided to make available to Eni Foundation, on a free and voluntary basis, the knowledge and experience of its members. Eni veterans, who have dedicated their long professional life to building the Company's value and reputation, will now be able to contribute, by drawing on their specific knowledge and professional skills, to the planning and implementation of Eni Foundation's projects, thus providing an important contribution to the spirit of solidarity that underlies the Foundation's mission and operations.

Review of the spending for 2007

The balance, closed as of December 31, 2007, shows an overall spending of 1.6 million euro (not including the financial proceeds of 0.1 million euro), of which 0.9 went to operating costs, 0.5 to project initiatives (start-up of the healthcare project in the Republic of Congo) and 0.2 to grants in response to applications from third parties.

Listed below is the break-down of the spending by purpose.

- **Operating expenses of 0.9 million euro (before considering the financial proceeds of 0.1 million euro) refer primarily to:**
 - work carried out by personnel assigned from Eni Group: 0.5 million euro;
 - services rendered by the founder Eni and by companies of the Group: 0.3 million euro;
 - services rendered by statutory bodies: 0.1 million euro.
- **Expenses for project initiatives amount to 0.5 million euro. The costs refer to the feasibility study and the start-up of the healthcare project in the Republic of Congo, and they break down as follows:**
 - completion of the feasibility study (0.1 million euro);
 - project and operating costs of the Pointe Noire coordination center (0.1 million euro) and the logistical-operating base in Kouilou (0.1 million euro), both in Pointe Noire;
 - rehabilitation of the internal structures of the local pilot healthcare centers of M'Boukou and N'Kola (0.1 million euro);
 - direct employment of personnel at the Pointe Noire coordination center (0.1 million euro).
- **Grants made to third party non-profit organizations amount to 0.2 million euro.**

Objectives and programs for 2008

The commitment to children's health will remain a priority and will therefore involve the new project initiatives, with the objective of consolidating an effective and distinctive model of intervention.

With respect to the child-healthcare project in Congo, during the year the activities will be extended to the regions of Niari and Cuvette, with the construction of the respective logistical-operating bases (Dolisie and Oyo) and the rehabilitation of the first local healthcare centers, with the aim of bringing into operation more than 30% of the healthcare centers affiliated with the project within December 2008.

At the same time, an intensive training program will be carried out for the local medical and paramedical personnel, whose professional profile constitutes a key factor to ensure the long-term sustainability of the initiative, in particular during its handover to local authorities. In light of the delicacy and complexity of the issues being addressed, during the year a collaboration will also be set up with a leading hospital institution in order to validate the healthcare model adopted.





Balance Sheet for the year 2007

Outlines

ASSETS		NOTES	12.31.2007 (euro)
A	RECEIVABLES FROM MEMBERS FOR DUES		
B	FIXED ASSETS		
C	WORKING ASSETS		
I	Inventories		
II	Receivables		
	receivables from others	1	25,356
			25,356
III	FINANCIAL ASSETS (that are not fixed assets)		
IV	Cash and cash equivalents		
	bank and postal deposits	2	9,261,816
			9,261,816
D	DEFERRALS AND ACCRUALS		
	TOTAL ASSETS		9,287,172
LIABILITIES AND NET EQUITY			
A	NET EQUITY		
I	Unrestricted equity	3	
	Operating fund (art. 6 of the By-laws)		10,000,000
	Operating result for the year underway		(1,496,388)
II	Endowment fund	4	110,000
			8,613,612
B	PROVISIONS FOR RISKS AND CHARGES		
C	EMPLOYEE TERMINATION INDEMNITIES		
D	PAYABLES		
	payables to suppliers	5	358,856
	payables to the Founder	6	296,719
	tax payables	7	1,488
	payables to pension and social security institutes	8	1,400
	other payables	9	15,097
			673,560
E	DEFERRALS AND ACCRUALS		
	TOTAL LIABILITIES AND NET EQUITY		9,287,172
F	MEMORANDUM ACCOUNTS		

OPERATING SUMMARY	NOTES	12.31.2007 (euro)
PROCEEDS		
Proceeds from standard activities		
Financial and equity proceeds		
Financial proceeds from bank deposits	10	89,893
TOTAL PROCEEDS		89,893
CHARGES		
Charges from typical activities		
Services	11	443,733
Use of third-party assets	12	47,566
Miscellaneous operating charges	13	202,305
		693,604
General support charges		
Services	14	841,726
Use of third-party goods	15	49,463
		891,189
TOTAL CHARGES		1,584,793
PRE-TAX RESULT		(1,494,900)
TAXES FOR THE YEAR		
Current taxes	16	(1,488)
TOTAL TAXES FOR THE YEAR		(1,488)
OPERATING RESULT		(1,496,388)

Supplementary Note to the Balance Sheet as of December 31, 2007

Introduction

Eni Foundation was founded on October 9, 2006, at the initiative of Eni SpA, its sole founder.

No Balance Sheet was drawn up for the year 2006, considering the brief period of the Foundation's existence and the limited nature of its operations, primarily involving the deposit of the endowment fund and of part of the operating fund; as a result, the Balance Sheet being examined refers to the period between October 9, 2006 and December 31, 2007.

Auditing of the Balance Sheet

In accordance with the provisions of the Foundation's By-Laws, its Board of Internal Auditors, composed of three members, verified that the accounting records were regularly kept during the year, and that all required procedures regarding civil law, taxes, social security and the By-Laws were properly met.

Favorable tax terms

The Foundation is subject to the special tax regulations contemplated for non-profit organizations.

The main advantage is that income resulting from the institutional activities carried out in the course of the life of the Foundation is not subject to taxation, since it is connected with the attainment of objectives of social and humanitarian solidarity.

With respect to the IRAP regional tax, the Foundation is subject to a rate of 4.25%. The figure used to calculate the tax is the amount of compensation paid to staff members who work on a coordinated and continuous basis.

There are no advantages in terms of VAT, seeing that the Foundation pays VAT as a final consumer.

Information on employment

The Foundation has no direct employees.

Formulation criteria

The Foundation's Balance Sheet for the period closed on December 31, 2007 is compliant with the directives provided under art. 20 of Presidential Decree n. 600/73, which makes it mandatory, even for non-profit organizations, that all management operations follow general and systematic accounting procedures that make it

possible to draw up an annual Balance Sheet, in all those cases where the Board of Directors is required under the By-Laws to approve a Balance Sheet for each year.

The outline adopted, in the absence of specific regulatory standards, follows the structure indicated under arts. 2423 and following of the Civil Code, adjusted to reflect the specific characteristics of non-profit organizations. To this end, it has been decided to base the Balance Sheet on the outline proposed by the National Council of Certified Public Accountants in its Recommendation n. 1 (July 2002).

The outline used for the Financial Statement is the one recommended for non-profit organizations that do not carry out activities which are collateral to their institutional purpose. In the case of the Foundation, the activities it conducts fall within its direct objectives, as stipulated under the By-Laws.

The Operating Report presents an outline based on a classification of the charges by type. Operations were broken down into typical activities, financial activities and those of general support.

As per the considerations noted above, the Balance Sheet consists of the Financial Statement, the Operating Report and the Supplementary Note, which constitutes an integral part of the document.

Evaluation criteria

The entries of the Balance Sheet have been evaluated in accordance with the principle of prudence, with the prospect that operations would continue, as well as on an accrual basis, under which the effects of operations and other events were entered in the accounting records and attributed to the year to which the operations refer, and not to the year in which the related numerical movements (funds received and payments) occurred.

Financial statement

The following criteria were employed in evaluating the entries on the financial statement:

- **Receivables and payables:** entered at their face value.

Operating report

The following criteria were used to evaluate the entries of the economic operating report:

- **Proceeds and charges:** charged to the income statement, based on an accrual basis and in accordance with the principle of prudence.

Notes on the Balance Sheet items and other information

Financial Statement

Working assets

1 Receivables from others

Receivables of 25,356 euro from others consist of receivables from the Treasury Department for advance taxes paid on financial proceeds from bank deposits (24,271 euro) and tax paid on the compensation of staff members (1,085 euro).

2 Cash and cash equivalents

Cash for 9,261,816 euro consists of funds on deposit at the Banca Nazionale del Lavoro.

Net equity

3 Net equity

The net equity of 8,503,612 euro consists of:

- the operating fund of 10,000,000 euro called for under art. 6 of the Foundation By-Laws. The fund in question was fully paid in by the Founder Eni SpA on the date of December 4, 2006 (2,000,000 euro) and on the date of October 30, 2007 (8,000,000 euro);
- a negative operating result of 1,496,388 euro for the year under examination.

4 The endowment fund

The endowment fund amounts to 110,000 euro, paid by the Founder Eni SpA.

Payables

5 Payables to suppliers

The payables to suppliers, for a total of 358,856 euro, consist of payables to Eni Congo SA (352,190 euro) for services rendered in Congo under the services contract, plus allocations for services rendered by external collaborators (6,666 euro).

6 Payables to the Founder

Payables of 296,719 euro to Eni SpA consist of the debits received for the cost of personnel lent out on assignment and the services contract.

7 Tax payables

The tax payables of 1,488 euro consist of the allocation for the Regional Tax on Production Activities for 2007.

8 Payables to pension and social security institutes

Payables of 1,400 euro towards institutes consist of payables to the Inps social security institute for advance taxes paid on the compensation of staff members.

9 Other payables

The other payables of 15,097 euro consist of payables for the fees of the members of the corporate bodies (15,000 euro) and payables to the Treasury for advance taxes paid on compensation of external collaborators (97 euro).

Economic summary of operations

Financial and equity proceeds

10 Financial proceeds from bank deposits

The financial proceeds of 89,893 euro consist of interest earned on the bank deposit.

Charges from typical activities

The charges in question refer to the costs specifically sustained by the Foundation in carrying out its institutional activities, as well as part of the general costs attributable to these same institutional activities.

11 Services

The services entry of 443,733 euro consists of services rendered by Eni Congo for the personnel and the mobile units of the coordination center and the operating bases in Congo (248,501 euro), plus services rendered for the feasibility study on the Congo Project (141,015 euro) and for the maintenance of the buildings and the equipment of the healthcare centers and the operating bases in Congo (54,217 euro).

12 Utilization of third-party goods

The costs of 47,566 euro for the utilization of third-party goods consist of the rental of lodgings for the personnel of the operating bases in Congo (12,566 euro) and the rental of motor vehicles and special equipment for the activities of the same operating bases (35,000 euro).

13 Miscellaneous operating expenses

The miscellaneous operating expenses of 202,305 euro consist of grants made to non-profit organizations (200,400 euro), plus debits to Eni Congo SA for miscellaneous expenses (1,905 euro).

Expenses for general support

The expenses in question refer to the costs sustained for the implementation of the Foundation's management and operating activities.

14 Services

Services, totalling 841,726 euro, consist of: services by personnel assigned to Eni Foundation (473,785 euro), administrative services from companies of the Eni Group (72,000 euro), services rendered by Eni SpA (174,945 euro), services rendered by the members of the governing bodies (54,693 euro), collaborations (66,006 euro) and banking services (297 euro).

15 Utilization of third-party goods

The costs of 49,463 euro for the utilization of third-party goods refer to the debits to Eni SpA for the subleasing of the office space at the Foundation's headquarters.

Taxes for the year

16 Current taxes

The taxes of 1,488 euro consist of the allocation for the Regional Tax on Production Activities.

The operating result as of December 31, 2007 is (1,496,388) euro, of which (24,241) euro for the period between October 9 and December 31, 2006.



Report of the Board of Auditors on the Balance Sheet for the year closed on December 31, 2007

The Board of Internal Auditors examined the draft of the Balance Sheet for the year closed on the date of December 31, 2007, as approved by the Board of Directors during its meeting of April 15, 2008.

The present Balance Sheet is the first to be drawn up since the founding of Eni Foundation on the date of October 9, 2006, meaning that it refers to the period between October 9, 2006 and December 31, 2007.

The following figures summarize the results of the Balance Sheet:

ASSETS	12.31.2007 (euro)
WORKING ASSETS	
receivables from others	25,356
bank and postal deposits	9,261,816
TOTAL ASSETS	9,287,172
LIABILITIES AND NET EQUITY	
NET EQUITY	
Unconstrained equity	
Operating fund (art. 6 of the By-laws)	10,000,000
Operating result for the year underway	(1,496,388)
Endowment fund	110,000
TOTAL NET EQUITY	8,613,612
PAYABLES	673,560
TOTAL LIABILITIES AND NET EQUITY	9,287,172
MEMORANDUM ACCOUNTS	
OPERATING SUMMARY	
TOTAL PROCEEDS	89,893
Expenses for typical activities	693,604
Expenses for general support	891,189
TOTAL EXPENSES	1,584,793
PRE-TAX RESULT	(1,494,900)
CURRENT TAXES	(1,488)
OPERATING RESULT	(1,496,388)

During the year, the Board of Auditors carried out the following functions:

- it took part in the meetings of the Board of Directors and it obtained all information on the activities conducted and on the major economic, financial and equity operations carried out by the Foundation;
- it carried out the evaluations placed under its responsibility, always corroborating that the activities carried out were in compliance with the pertinent legal measures and the By-Laws, and that the books and the accounting records were properly kept;
- it checked the organizational structure and the administration of the Foundation, confirming their respective adequacy and correctness;
- it verified that the rules governing the formulation and outline of the Balance Sheet and the operating report were observed.

The supplementary note provides the information as required under the regulations currently in force and with a view to providing a true and correct representation of the Foundation's equity, income and financial situation.

The Operating Report illustrates, among other elements, the economic-financial situation, the activities conducted during the year 2007 and the programs for the year 2008.

The Board wishes to take particular note of the fact that the negative result for the year was largely determined by services involving typical activities, at an amount of 443,733 euro, which refer to costs sustained for the start-up of the healthcare project in the Republic of Congo, as well as 841,726 euro for services involving general-support expenses.

Moreover, this last figure includes 473,785 euro of costs sustained for the services of personnel assigned to the Foundation, seeing that Eni Foundation has no direct employees, but draws on Eni's skills and know-how.

With respect to the size and the break-down of the net equity, we take note of the fact that it consists of the 10,000,000 euro of the operating fund called for under art. 6 of the By-Laws, as well as the 110,000 euro of the endowment fund, fully paid in by the Founder Eni SpA.

In conclusion, we wish to express our favourable recommendation concerning the approval of the Balance Sheet for the year closed on December 31, 2007.

April 15, 2008

The Board of Auditors

Luigi Schiavello



Giuseppe Morrone



Pier Paolo Sganga





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