

# 21. EMPLOYEE BENEFIT OBLIGATIONS

The provisions for personnel amount to euro 4,194 thousand (euro 1,623 thousand at December 31, 2013). This item includes provision for leaving indemnities which amounts to euro 1,489 thousand (euro 1,114 thousand at December 31, 2013) and other employee benefits of euro 2,705 thousand (euro 509 thousand at December 31, 2013).

## Employee leaving indemnities

The changes during the year 2014 for the provision for severance pay are as follows:

(in thousands of euro)

<b>Balance at 12/31/2012</b>	<b>1,020</b>
Movements through income statement	96
Actuarial (gains)/losses recognized in Equity	(88)
Indemnities, advance payments, relocations	86
<b>Balance at 12/31/2013</b>	<b>1,114</b>
Movements through income statement	92
Actuarial (gains)/losses recognized in Equity	156
Indemnities, advance payments, relocations	127
<b>Balance at 12/31/2014</b>	<b>1,489</b>

The amounts shown in the Income Statement have been included in the item "Personnel Expenses" (note 28).

The net actuarial losses accrued in 2014, attributed directly to net equity, amount to euro 156 thousand. The cumulative amount at December 31, 2014, of net income attributed directly to net equity amounts to euro 1,998 thousand (euro 2,154 thousand at December 31, 2013).

The principal actuarial assumptions used at December 31, 2014 are as follows:

<b>2014</b>	
<b>Discount rate</b>	<b>1.8%</b>
<b>Inflation rate</b>	<b>1.5%</b>

The principal actuarial assumptions used at December 31, 2013 are as follows:

<b>2013</b>	
<b>Discount rate</b>	<b>3.4%</b>
<b>Inflation rate</b>	<b>2.0%</b>

The employees in service as at December 31, 2014 came to 125 units (103 units as at December 31, 2013).

A hypothetical increase or a decrease of 0.25% in the discount rate, other conditions being equal, would result in a positive change of 2.37%, in case of increase [2.36% at December 31, 2013], and in a negative change of 2.43%, in case of a decrease [2.49% at December 31, 2013].



## Other employee benefits

Other employee benefits include the best estimate of the three-year incentive plan, the Long Term Incentive 2014-2016, designed for the Management of the Pirelli Group and approved by the Board of Directors and by the Shareholders' Meeting of Pirelli & C. on February 27, and June 12, 2014, respectively; this incentive plan is related to the targets of the period 2014-2016 contained in the Industrial Plan 2013-2017.

## 22. TRADE PAYABLES

The breakdown of trade payables is as follows:

(in thousands of euro)

	12/31/2014	12/31/2013
Payables to subsidiaries	1,149	282
Payables to associates	56	160
Payables to other companies	26,097	27,334
	<b>27,302</b>	<b>27,776</b>

The carrying amount of trade payables is considered to approximate their *fair value*.

## 23. OTHER PAYABLES

The breakdown is as follows:

(in thousands of euro)

	12/31/2014			12/31/2013		
	TOTAL	NON-CURRENT	CURRENT	TOTAL	NON CURRENT	CURRENT
Payables to welfare institutions	-	-	-	8	8	-
Payables to subsidiaries	8,119	-	8,119	18,068	-	18,068
Payables to social security and welfare institutions	1,989	-	1,989	1,665	-	1,665
Payables to employees	3,989	-	3,989	3,537	-	3,537
Other payables	9,884	-	9,884	14,584	-	14,584
Accrued liabilities	590	-	590	1,375	-	1,375
	<b>24,571</b>	<b>-</b>	<b>24,571</b>	<b>39,237</b>	<b>8</b>	<b>39,229</b>

**Payables to subsidiaries** refer to VAT consolidation.

**Payables to social security and welfare institutions** mainly include contributions payable to INPS and INAIL.

**Payables to employees** refer to salaries and wages owed to employees.

**Other payables** include liabilities for compensation to be paid to directors and auditors, for withholding taxes on income from self-employed and employed work and other minor items.

For other payables it is considered that the carrying amount approximates their fair value.