

## 22. PROVISIONS FOR LIABILITIES AND CHARGES

The changes that occurred during the period are shown below:

### PROVISIONS FOR LIABILITIES AND CHARGES - NON-CURRENT PORTION (in thousands of euro)

	12/31/2014
<b>Opening balance</b>	<b>116,745</b>
Discontinued operations	(3,334)
Translation differences	(646)
Increases	12,101
Uses	(9,030)
Reversals	(20,857)
Other	2,820
<b>Closing balance at 12/31/2014</b>	<b>97,799</b>

The **non-current portion** of provisions for liabilities and charges mainly refers to accruals made by the Brazilian subsidiary Pirelli Pneus Ltda for lawsuits and tax litigation (euro 44,162 thousand) and labour lawsuits (euro 31,364 thousand) and by the parent company Pirelli & C. S.p.A. for tax litigation (euro 10,588 thousand) and commercial risks, site remediation and labour disputes (euro 7,444 thousand).

**Increases** mainly refer to accruals for labour disputes of the subsidiary Pirelli Pneus Ltda – Brazil.

Uses relate to costs incurred, mainly in labour lawsuits by the subsidiary Pirelli Pneus Ltda – Brazil and in labour lawsuits and site clean-up by the parent company Pirelli & C. S.p.A.

**Reversals** of excess funds mainly related to tax disputes for the parent company Pirelli & C. S.p.A. for euro 9,455 thousand as the protests became extinct as a result of the final judgment of the Appeal Court decisions, that the Revenue Agency did not appeal at the Supreme Court, and euro 10,000 thousand to the release of provisions set aside in previous years to cover contractual guarantees now expired.

### PROVISIONS FOR LIABILITIES AND CHARGES - CURRENT PORTION (in thousands of euro)

	12/31/2014
<b>Opening balance</b>	<b>90,089</b>
Discontinued operations	(1,483)
Translation differences	1,591
Increases	14,241
Uses	(25,549)
Reversals	(9,953)
Other	(1,906)
<b>Closing balance at 12/31/2014</b>	<b>67,030</b>

The **current portion** of provisions for liabilities and charges mainly includes accruals for technical claims and product warranties (euro 19,440 thousand), site remediation of disused area of land (euro 4,790 thousand), reorganisation and closure of business units (euro 4,354 thousand), litigation for occupational diseases (euro 10,947 thousand), tax risks (euro 4,135 thousand), labour lawsuits (euro 3,485 thousand), industrial accident insurance (euro 4,155 thousand) and legal disputes (euro 2,217 thousand).

**Increases** mainly refer to provisions for product claims, labour lawsuits, occupational diseases and reorganisation/closure of activities.

**Uses** are mainly related to costs incurred to close pending actions against business units domiciled in Italy for occupational disease lawsuits and in Germany for corporate reorganisation, and claims received from the various Group units.

**Reversals** of excess provisions mainly concerned technical claims (euro 2,378 thousand), tax risks (euro 1,724 thousand), industrial accident insurance (euro 1,187 thousand) and labour lawsuits (euro 1,290 thousand).

## 23. EMPLOYEE BENEFIT OBLIGATIONS

This item includes:

(in thousands of euro)

	12/31/2014	12/31/2013
Pension funds:		
- funded	203,183	222,242
- unfunded	107,899	93,763
Employee leaving indemnities (TFR - Italian companies)	42,451	44,496
Healthcare plans	22,337	17,333
Other benefits	83,075	61,616
	<b>458,945</b>	<b>439,450</b>

### Pension funds

The following table shows the breakdown of pension funds at December 31, 2014:

(in thousands of euro)

	12/31/2014						
	GERMANY	SWEDEN	TOTAL UNFUNDED PENSION FUNDS	USA	UK	OTHER COUNTRIES	TOTAL FUNDED PENSION FUNDS
<b>Funded funds</b>							
Present value of funded liabilities	-	-	-	158,128	1,205,203	5,985	1,369,316
Fair value of plan assets	-	-	-	(116,931)	(1,044,306)	(4,896)	(1,166,133)
<b>Unfunded funds</b>							
Present value of unfunded liabilities	104,008	3,891	107,899	-	-	-	-
<b>Net liabilities recognised</b>	<b>104,008</b>	<b>3,891</b>	<b>107,899</b>	<b>41,197</b>	<b>160,898</b>	<b>1,089</b>	<b>203,183</b>