

2009. For this purpose, a blended price index has been used: a consumer price index (IPC) covering only the cities of Caracas and Maracaibo has been used until December 31, 2007; starting from 2008 the Banco Central de Venezuela together with the “Istituto Nazionale di Statistica” started to publish a national consumer price index (NCPI) that covers the entire country and whose calculation is based on December 2007.

Such indexes and the related conversion factors are presented in the table below:

	Index	Conversion factor
December 31, 2006	81.7	2.0047
December 31, 2007	100.0	1.6370
December 31, 2008	130.9	1.2506
December 31, 2009	163.7	1.0000

The losses on the net monetary position are recognized in the income statement under the item “Financial expenses” (Note 36) for an amount of Euro 6,495 thousand.

42. Related party transactions

Related party transactions, including intragroup transactions, are neither unusual nor exceptional, but are part of the ordinary course of business of the Group companies. Such transactions, when not concluded at standard conditions or dictated by specific laws, are in any case conducted on terms in line with those of the market.

The statement below shows a summary of the balance sheet and income statement items that include transactions with related parties and their percentage impact:

(in thousands of euro)

	Total in financial statements at 12/31/2009	of which related parties	% proportion	Total in financial statements at 12/31/2008	of which related parties	% proportion
BALANCE SHEET						
Non-current assets						
Other receivables	557.2	395.2	70.9%	701.7	565.2	80.5%
Current assets						
Trade receivables	735.8	91.5	12.4%	788.0	77.1	9.8%
Other receivables	197.1	19.1	9.7%	240.0	23.9	10.0%
Non-current liabilities						
Other payables	34.0	2.6	7.7%	48.5	-	0.0%
Current liabilities						
Borrowings from banks and other lenders	289.3	2.5	0.9%	695.6	5.2	0.7%
Trade payables	987.9	24.1	2.4%	1,108.6	23.8	2.2%
Other payables	491.0	10.8	2.2%	482.4	7.7	1.6%
Provisions for liabilities and charges	130.8	3.3	2.5%	135.7	48.7	35.9%
Tax payables	43.9	1.1	2.5%	44.0	1.1	2.4%
INCOME STATEMENT						
Revenues from services rendered	4,462.2	154.6	3.5%	4,660.2	138.1	3.0%
Personnel expenses	(1,053.7)	(12.7)	1.2%	(1,174.9)	(3.1)	0.3%
Other expenses	(1,620.9)	(37.1)	2.3%	(1,687.6)	(42.9)	2.5%
Financial income	373.0	30.4	8.1%	524.6	34.1	6.5%
Financial expenses	(458.3)	(10.9)	2.4%	(604.7)	(0.2)	0.0%

The effects of related party transactions on the consolidated income statement and balance sheet of the Pirelli & C. Group at December 31, 2009 are shown below.

TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES:

(in millions of euro)

Revenues from sales and services	153.2	These refer essentially to mandates signed with associates and joint ventures of the Real Estate group relating to fund and asset management and technical and commercial services.
Other expenses	8.5	These mainly refer to amounts of various kinds recharged to Pirelli & C. Real Estate, including consortium expenses.
Financial income	30.4	This mainly includes interest income relating to financial receivables from associates and joint ventures of Pirelli & C. Real Estate.
Financial expenses	10.9	
Current trade receivables	89.8	These are mainly receivables for services rendered to associates and joint ventures of Pirelli & C. Real Estate.
Non-current other receivables	0.9	
Non-current financial receivables	394.3	These mainly refer to loans made for real estate developments managed by the individual companies of the Pirelli & C. Real Estate Group.
Current other receivables	8.5	These refer to Pirelli & C. Real Estate and mainly include a receivable to be collected for dividends approved.
Current financial receivables	10.5	These are attributable essentially to current accounts held by new businesses owning real estate assets in Germany.
Current trade payables	21.1	These payables relate mainly to various types of amounts recharged to Pirelli & C. Real Estate.
Current other payables	10.8	These are mainly amounts of various kinds recharged to Pirelli & C. Real Estate companies.
Non-current other payables	2.6	
Current borrowings from banks and other lenders	2.5	These mainly include negative balances on intercompany current accounts of Pirelli & C. Real Estate companies.
Provisions for other liabilities and charges	3.3	These include provisions to cover losses of associates and joint ventures exceeding their carrying amounts.
Current tax payables	1.1	These refer to the payable of Pirelli & C. Real Estate S.p.A. to Trixia S.r.l. for expenses arising from the latter's participation in the fiscal transparency regime pursuant to Art. 115 of the Consolidated Income Tax Act (TUIR), on the basis of which shareholders are responsible for the taxable income or loss of the company.

TRANSACTIONS WITH PARTIES RELATED TO PIRELLI THROUGH DIRECTORS

(in millions of euro)

Revenues from sales and services	1.5	These refer to services rendered by Pirelli & C. Real Estate S.p.A. and Pirelli & C. S.p.A. to the Camfin group.
Other expenses	10.5	Expenses for the sponsorship of F.C. Internazionale Milano S.p.A..
Current trade receivables	1.7	Receivables connected with the aforementioned services rendered to Camfin.
Current other receivables	0.1	
Current trade payables	3.0	Payables connected with the sponsorship expenses as above.

The subsidiary Centrale Immobiliare has undertaken a given of unsold withdrawal with G.P.I. Group, which is better described in the section commitments and contingencies (note 28).

BENEFITS FOR KEY MANAGERS OF THE COMPANY

At December 31, 2009, fees payable to key managers, that is to those who have the power and responsibility, directly or indirectly, for planning, management and control of the business of Pirelli & C. S.p.A., including executive and non-executive directors amounted to Euro 30,870 thousand (Euro 11,707 thousand at December 31, 2008). The portion relating to employee benefits was recognized in the income statement item "personnel expenses" for Euro 12,699 thou-

sand of which Euro 492 thousand relating to provisions for severance indemnities (Euro 3,097 thousand in 2008 of which Euro 608 thousand relating to severance indemnities) and for Euro 18,171 thousand in the income statement item “other expenses” (Euro 8,610 thousand in 2008). In relation to the position held and in accordance with the legal provisions, in addition to the component of Retirement Benefit (equivalent to Severance Indemnity and included in the amount mentioned in the previous paragraph), the Chairman of Pirelli & C. S.p.A. was granted in the past a portion of Retirement Benefit pursuant to Article 17 (1), letter c) of Presidential Decree 917/1986 (the Combined Act on Income Taxes), payable from the 62nd birthday or prior death, deriving from policies with a leading insurance company, with a premium paid by the Company. This premium was equal to the amounts which would have been payable by the company to Social Security Institutions or Pension Funds if the interested party had been an executive of the company.

43. Significant events subsequent to the end of the period

On **January 19, 2010** the Pirelli & C. S.p.A. Block Shareholders Agreement was renewed, with expiry on April 15, 2013. All the parties to the agreement had signalled their intention to renew the agreement by January 15, 2010, the contractual deadline for any withdrawals.

44. Other information

REMUNERATION OF DIRECTORS AND STATUTORY AUDITORS

Fees paid to directors and statutory auditors of Pirelli & C. S.p.A. for the performance of their duties also in other companies included in the consolidation scope were as follows:

(in thousands of euro)

	2009	2008
Directors	20,263	8,840
Statutory Auditors	129	157
	20,392	8,997

EMPLOYEES

The average number, divided by category, of employees of companies included in the consolidation scope is as follows:

	2009	2008
Executives and Clerical Staff	6,941	7,808
Factory workers	20,242	20,254
Temporary workers	2,382	3,438
	29,565	31,500