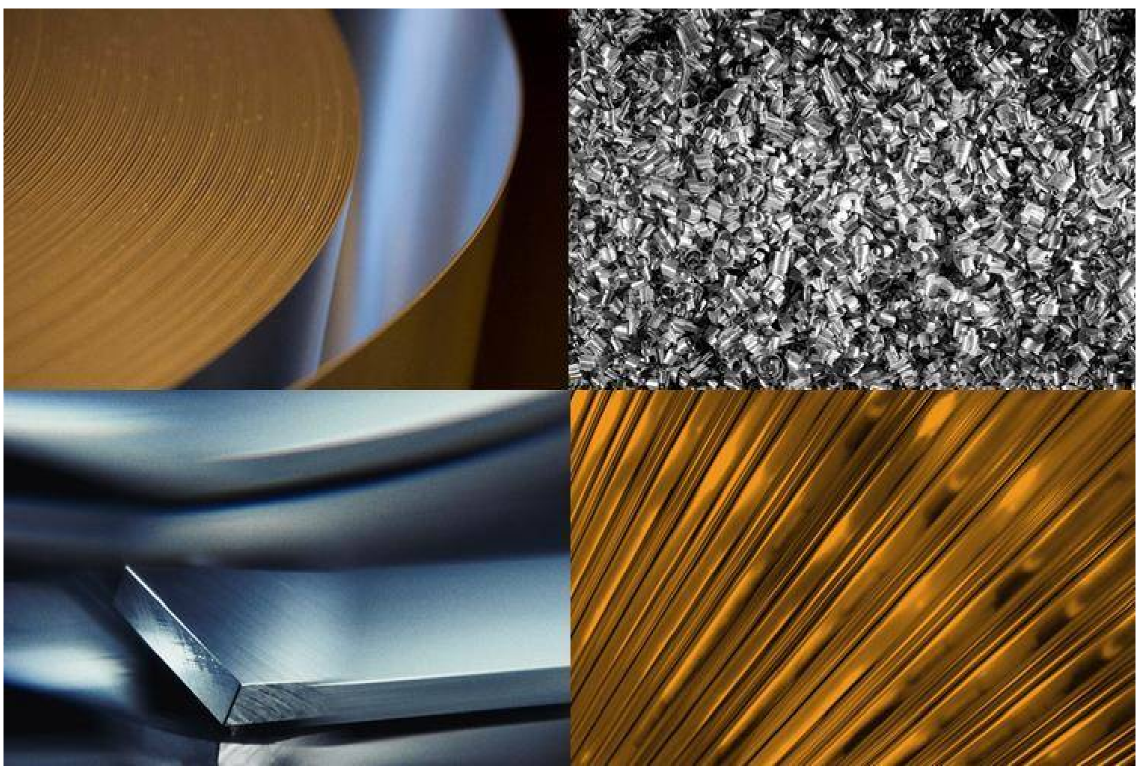
Annual Report 2014



Constellium

April 2015

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DIRECTORS' REPORT 2014 – CONSTELLIUM N.V.

This annual report has been prepared in compliance with the requirements of the Dutch Civil Code, the Dutch Corporate Governance Code, the Financial Supervision Act, the Dutch Royal Decree dated 20 March 2009, and the Royal Decree implementing article 10 of the Takeover Directive.

1. DESCRIPTION OF THE COMPANY

1.1 History of the Company

Constellium Holdco B.V. (formerly known as Omega Holdco B.V.) was incorporated as a Dutch private limited liability company on May 14, 2010. Constellium Holdco B.V. was formed to serve as the holding company for various entities comprising the Alcan Engineered Aluminum Products business unit.

On May 21, 2013, Constellium Holdco B.V. was converted into a Dutch public limited liability company and renamed Constellium N.V.

Constellium N.V. ("the Company" or "Constellium") has its seat in Amsterdam, the Netherlands, with a registered address at 1119 NW Schiphol-Rijk, Tupolevlaan 41-61.

The articles of association of the Company were last amended on August 18, 2014.

1.2 General information on the Company and its affiliated companies

We are a global leader in the design and manufacture of a broad range of innovative specialty rolled and extruded aluminum products, serving primarily the aerospace, packaging and automotive end-markets. We have a strategic footprint of manufacturing facilities located in the United States, Europe and China. Our business model is to add value by converting aluminum into semi-fabricated products. We believe we are the supplier of choice to numerous blue-chip customers for many value-added products with performance-critical applications. Our product portfolio commands higher margins as compared to less differentiated, more commoditized fabricated aluminum products, such as common alloy coils, paintstock, foilstock and soft alloys for construction and distribution.

As of December 31, 2014, we operated 22 production facilities, 10 administrative and commercial sites and one R&D center, and had approximately 8,900 employees. We believe our portfolio of flexible and integrated facilities is among the most technologically advanced in the industry. It is our view that our established presence in the United States and Europe and our presence in China strategically position us to service our global customer base. For example, based on information available to us as an industry participant, we believe we are one of only two suppliers of aluminum products to the aerospace market with facilities in both the United States and Europe. We believe this gives us a key competitive advantage in servicing the needs of our aerospace customers, including Airbus S.A.S. and The Boeing Company ("Boeing"). We believe our well-invested facilities combined with more than 50 years of manufacturing experience, quality and innovation and pre-eminent R&D capabilities have put us in a leadership position in our core markets.

We seek to sell to end-markets that have attractive characteristics for aluminum, including (i) higher margin products, (ii) stability through economic cycles, and (iii) favorable growth fundamentals supported by customer order backlogs in aerospace and substitution trends in automotive and European can sheet. We are a leading global supplier of aluminum aerospace plates and automotive structures and a leading European supplier of can body stock. Our unique platform has enabled us to develop a stable and diversified customer base and to enjoy long-standing relationships with our largest customers. Our relationships with our top 20 customers average over 25 years. Our customer base includes market leading firms in aerospace, automotive, and packaging, like Airbus, Boeing, Rexam PLC, Ball Corporation, Crown Holdings, Inc. and several premium automotive original equipment manufacturers ("OEMs"), including BMW AG, Mercedes-Benz and Volkswagen AG. We believe that we are a "mission critical" supplier to many of our customers due to our technological and R&D capabilities as well as the long and complex qualification process required for many of our products. Our core products require close collaboration and, in many instances, joint development with our customers.

On October 3, 2014, we entered into the Unit Purchase Agreement to acquire Wise Metals Intermediate Holdings, LLC ("Wise"), a privately held aluminum sheet producer located in Muscle Shoals, Alabama (the "Wise Acquisition"). Wise is a major producer of aluminum beverage can sheet in North America, serving some of the largest brewers and soft drink bottlers in North America and shipping to the largest North American can manufacturers. Its business strategy seeks to capitalize on its technologically-advanced, low-cost and efficient 4.7 million square foot facility in Muscle Shoals, Alabama, which is one of only five beverage can sheet facilities in North America. Wise currently has an estimated 530 kt of annual hot mill capacity based on its current product mix and specifications. The Wise Acquisition closed on January 5, 2015.

1.3 Business (overview of operating segments)

Our business is organized into three operating segments: (i) Aerospace & Transportation ("A&T"), (ii) Packaging & Automotive Rolled Products ("P&ARP"), and (iii) Automotive Structures & Industry ("AS&I").

<u>Aerospace &Transportation</u> includes primarily the production of rolled aluminum products for the aerospace market, as well as rolled products for transport and industry end-uses. We produce aluminum plate, sheet and fabricated products in our European and North American facilities. Substantially all of these aluminum products are manufactured to specific customer requirements using direct-chill ingot cast technologies that allow us to use and offer a variety of alloys and products.

Our Aerospace & Transportation operating segment has market leadership positions in technologically advanced aluminum and specialty materials products with wide applications across the global aerospace, defense, transportation, and industrial sectors. We offer a wide range of products including plate and sheet which allows us to offer tailored solutions to our customers. We seek to differentiate our products and act as a key partner to our customers through our broad product range, advanced R&D capabilities, extensive recycling capabilities and portfolio of plants with an extensive range of capabilities across Europe and North America. In order to reinforce the competitiveness of our metal solutions, we design our processes and alloys with a view to optimizing our customers' operations and costs. This includes offering services such as customizing alloys to our customers' processing requirements, processing short lead time orders and providing vendor managed inventories or tolling arrangements. The Aerospace & Transportation operating segment accounted for 33% of our revenues and 33% of Adjusted EBITDA for the year ended December 31, 2014.

<u>Packaging &Automotive Rolled Products</u> includes the production of rolled aluminum products in our French and German facilities. We supply the packaging market with can stock and closure stock for the beverage and food industry, as well as foil stock for the flexible packaging market. In addition we supply products for a number of technically sophisticated applications such as automotive sheet, heat exchangers, and sheet and coils for the building and constructions markets.

In our Packaging & Automotive Rolled Products operating segment, we produce and develop customized aluminum sheet and coil solutions. Approximately 80% of operating segment volume for the year ended December 31, 2014 was in packaging rolled products, which primarily include beverage and food can stock as well as closure stock and foil stock. The remaining 20% of operating segment volume for that period was in automotive and specialty rolled products, which include technologically advanced products for the automotive and industrial sectors. Our Packaging & Automotive Rolled Products operating segment accounted for 43% of revenues and 43% of Adjusted EBITDA for the year ended December 31, 2014.

<u>Automotive Structures & Industry</u> includes the production of hard and soft aluminum alloy extruded profiles in Germany, France, the Czech Republic and Slovakia. Our extruded products are targeted at high demand end-uses in the automotive, engineering, building and construction and other transportation markets (rail and shipbuilding). In addition, we perform the value-added fabrication of highly advanced crash-management systems in Germany, the United States and China.

Our Automotive Structures & Industry operating segment produces (i) technologically advanced structures for the automotive industry including crash management systems, side impact beams and cockpit carriers and (ii) soft and hard alloy extrusions and large profiles for automotive, rail, road, energy, building and industrial applications. We complement our products with a comprehensive offering of downstream technology and services, which include pre-machining, surface treatment, R&D and technical support services. Our Automotive Structures & Industry operating segment accounted for 24% of revenues and 27% of Adjusted EBITDA for the year ended December 31, 2014.

2. STRATEGY AND PERFORMANCE

2.1 Strategy of the Company and applicable parameters

Our objective is to expand our leading position as a supplier of high value-added, technologically advanced products in which we believe that we have a competitive advantage. Our strategy to achieve this objective has three pillars: (i) selective participation, (ii) global leadership position and (iii) best-in-class efficiency and operational performance.

2.2 Objectives and progress

2.2.1 Objectives and Progress

Selective Participation

Continue to target investment in high-return opportunities in our core markets (aerospace, packaging and automotive), with the goal of driving growth and profitability

We are focused on our three strategic end-markets—aerospace, packaging and automotive—which we believe have attractive growth prospects for aluminum. These are also markets where we believe that we can differentiate ourselves through our high value-added products, our strong customer relationships and our R&D and technological capabilities. Our capital expenditures and R&D spend are focused on these three strategic end-markets and are made in response to specific volume requirements from long-term customer contracts, which ensures relatively short payback periods and good visibility into return on investment. Our focus on high value-added products in our three strategic end-markets with our strong customer relationships enable us to maximize conversion premium growth and profitability rather than focusing on volume growth. For example, in October 2014, we agreed, subject to the terms and conditions of the Unit Purchase Agreement, to acquire Wise, a major producer of aluminum beverage can sheet in North America. The acquisition was completed in January 2015. Wise serves some of the largest brewers and soft drink bottlers in North America and ships to some of the largest North American can manufacturers. Constellium also intends to invest up to $750 million by 2022 to increase Wise's current hot mill capacity and build dedicated Body-in-white ("BiW") finishing capacity to serve the rapidly growing automotive market.

As part of our focus on our core end-markets and our strategy to improve our profitability, we also consider potential divestitures of non-strategic businesses. In 2013, we sold our French extrusion plants in Ham and Saint-Florentin, which were dedicated to the production of aluminum profiles intended mainly for the building and construction industry, to OpenGate Capital.

Focus on higher margin, technologically advanced products that facilitate long-term relationships as a "mission critical" supplier to our customers

Our product portfolio is predominantly focused on high value-added products, which we believe we are particularly well-suited to developing and manufacturing for our customers. These products tend to require close collaboration with our customers to develop tailored solutions, as well as significant effort and investment to adhere to rigorous qualification procedures, which enables us to foster long-term relationships with our customers. Our products typically command higher margins than more commoditized products, and are supplied to end-markets that we believe have highly attractive characteristics and long-term growth trends.

Global Leadership Position

Continue to differentiate our products, with the goal of maintaining our leading market positions and remaining a supplier of choice to our customers

We aim to deepen our ties with our customers by consistently providing best-in-class quality, market leading supply chain integration, joint product development projects, customer technical support and scrap and recycling solutions. We believe that our product offering is differentiated by our market-leading R&D capabilities. Our key R&D programs are focused on high growth and high margin areas such as specialty material solutions, next generation alloys and sustainable engineered solutions/manufacturing technologies. Examples of market-leading breakthroughs include our AIRWARE® lithium alloy technology and our Solar Surface® Selfclean, a coating solution used in the solar industry which provides additional performance and functionality of the aluminum by chemically breaking down dirt and contaminants in contact with the surface.

Build a global footprint with a focus on expansion and work to gain scale through acquisitions in Europe, the United States and Asia

We intend to selectively expand our global operations where we see opportunities to enhance our manufacturing capabilities, grow with current customers and gain new customers, or penetrate higher-growth regions. We believe disciplined expansion focused on these objectives will allow us to achieve attractive returns for our shareholders.

In line with these principles, our recently announced or completed expansions include:

- Our planned investment, following the completion of the Wise Acquisition, of up to $750 million by 2022 to increase Wise's current hot mill capacity to over 700 kt and build 200 kt of dedicated Body-in-White ("BiW") finishing capacity to serve the rapidly growing automotive market;

- Plans to significantly increase the industrial capacity of our Issoire (France) plant to meet demand for our AIRWARE® technology through ramped-up production at new state-of- the-art casthouses;

- Plans to invest up to €200 million over the next three years to further grow our European BiW business, with investments to increase production capacity at Neuf-Brisach and to start BiW production at Singen in Phase 1 and the addition of a new continuous annealing and conversion line in Europe in Phase 2;

- Creation of a joint venture company in the United States with UACJ Corporation ("UACJ"), through Tri-Arrows Aluminum Inc. (UACJ's subsidiary with Sumitomo Corporation and Itochu Group), to serve North American BiW customers;

- The successful expansion of our Constellium Automotive USA, LLC plant, located in Michigan, which is producing highly innovative crash-management systems for the automotive market.

Best-in-Class Performance

Establish best-in-class operations through Lean manufacturing

We believe that there are significant opportunities to improve our services and quality and to reduce our manufacturing costs by implementing Lean manufacturing initiatives. "Lean manufacturing" is a production practice that improves efficiency of operations by identifying and removing tasks and process steps that do not contribute to value creation for the end customer. We continually evaluate debottlenecking opportunities globally through modifications of and investments in existing equipment and processes. We aim to establish best-in-class operations and achieve cost reductions by standardizing manufacturing processes and the associated upstream and downstream production elements where possible, while still allowing the flexibility to respond to local market demands and volatility.

To focus our efforts, we launched a Lean manufacturing program that is designed to improve the flow of value to customers by eliminating waste in both processes and resources. We measure operational success of this program in six key areas: (i) safety, (ii) quality, (iii) acceleration of the flows and working capital reduction, (iv) delivery performance, (v) equipment efficiency and (vi) innovation. Our Lean manufacturing program is overseen by a dedicated team, headed by Yves Mérel, Vice President, EHS and Lean Transformation. Mr. Mérel reports directly to our Chief Executive Officer, Pierre Vareille. Mr. Vareille and Mr. Mérel have long track records of successfully implementing Lean manufacturing programs at other companies they have managed together in the past.

2.2.2 Outlook 2015

Going forward, we believe the long term potential for our targeted markets is increasingly favorable and we expect to continue in our drive to enhance shareholder value.

2.3 Group financial review

Group Summary

	2014	2013	Var.
Shipments (k metric tons)	1,062	1,025	4%
Revenues (€ millions)	3,666	3,495	5%
Adjusted EBITDA (€ million)	275	280	(2%)
Adjusted EBITDA per ton (€)	259	273	(5%)

Total shipments in 2014 were 1,062k metric tons, a 4% increase compared to 1,025k metric tons in 2013, driven mainly by an increase of 31% in automotive rolled and extruded product shipments, reaching 16% of our total shipments for 2014.

Revenues for 2014 were €3,666 million, which represented an increase of 5%, or €171 million, from 2013. On a like-for-like basis, revenues increased by 2%, excluding the impact of movements in LME metal prices, premiums, and currency exchange rates, when compared to the full year 2013.

Adjusted EBITDA for 2014 was €275 million, a slight decrease from the 2013 Adjusted EBITDA of €280 million and which includes an unfavorable impact of higher metal premiums of €23 million, partially compensated by positive foreign exchange effect of €12 million. Adjusted EBITDA per metric ton for 2014 was €259, a decrease of €14 per metric ton from €273 in 2013. An overall strong performance in both the Automotive Structures and Industry (AS&I) and Packaging and Automotive Rolled Products (P&ARP) segments was offset by Aerospace and Transportation’s (A&T) weaker performance as a result of continuing operational challenges and capacity constraints.

Net income

Net income in the fiscal year ended 2014 was €54 million compared with €100 million in the fiscal year of 2013. The decrease was primarily attributable to unrealized losses on derivative of €53 million in fiscal year 2014 compared to unrealized gains on derivatives of €12 million in fiscal year 2013. In addition, fiscal year 2014 was impacted by €34 million of one-time transactions costs related to the acquisition of Wise Metals while the fiscal year 2013 had been impacted by €27 million of expenses related to our IPO and subsequent offerings.

Earnings per share

For the fiscal year ended December 31, 2014, the fully diluted earnings per share were €0.48 versus €0.99 per share for the same period in 2013. Fully diluted earnings per share were based on a weighted average number of ordinary shares of 105 million and 99 million for the years ended December 31, 2014 and 2013, respectively. Excluding the impact of unrealized gains and losses on derivative instruments, our earnings per share would have been €0.84 and €0.91 for the full year ending December 31, 2014 and 2013, respectively.

Cash flow and liquidity

Net cash from operating activities increased by €28 million, to an inflow of €212 million in the year ended December 31, 2014 to from inflow of €184 million for the year ended December 31, 2013.

Cash flows used in investing activities increased by €84 million to €216 million for the year ended December 31, 2014, from €132 million for the year ended December 31, 2013.

Net cash from financing activities increased to €753 million for the year ended December 31, 2014 from €43 million of cash coming from financing activities for the year ended December 31, 2013.

Net Debt at December 31, 2014 was €224 million, an increase of €92 million from December 31, 2013 and our cash position at the end of fiscal year 2014 was €989 million.

As of December 31, 2014, liquidity was €1,300 million, comprised of €120 million available under our revolving credit facility, €149 million available under our factoring facilities, €42 million available under our Asset Based Lending facility, and €989 million of cash and cash equivalents. Our liquidity position was reinforced by the $400 million and €240 million bond offerings completed in December 2014. Approximately $455 million of our cash was subsequently used to pay for the acquisition of Wise Metals in early 2015.

2.4 Segmental review

Aerospace & Transportation

	2014	2013	Var.
Shipments (k metric tons)	238	244	(3%)
Revenues (€ millions)	1,197	1,204	(1%)
Adjusted EBITDA (€ million)	91	120	(25%)
Adjusted EBITDA per ton (€)	380	491	(23%)

Shipments and revenue in our A&T segment decreased by 3% and 1%, respectively over the period, reflecting stable aerospace rolled products revenue and lower revenue in our other products.

For the year ended December 31, 2014, Adjusted EBITDA in the A&T segment was €91 million, an overall decrease of 25% over the fiscal year in 2013 which reflects continued capacity constraints, increased sales of lower margin products, and the impact from operational outages. These results include a €8 million increase in premiums from the prior year offset by €8 million in positive foreign exchange impact. Adjusted EBITDA per ton was €380 for 2014.

Laurent Musy was recently appointed as the President of the A&T segment and brings more than 16 years of operational experience in the aluminum industry to this segment. Under his leadership, the recovery plans are underway as we are moving to restore and enhance our aerospace capacity in our primary aerospace plants in Issoire, France and Ravenswood. A new pusher furnace for Ravenswood is being installed and is on schedule and the debottlenecking activities at both plants are making progress in reducing backlogs and improving product quality.

Packaging & Automotive Rolled Products

	2014	2013	Var.
Shipments (k metric tons)	620	595	4%
Revenues (€ millions)	1,576	1,480	6%
Adjusted EBITDA (€ million)	118	105	12%
Adjusted EBITDA per ton (€)	190	176	8%

Shipments and revenues increased by 4% and 6%, respectively, in our P&ARP segment over the period, 28%, primarily as a result of increased metal prices and increased volumes. Demand for packaging rolled products remains strong while automotive rolled products volumes increased by 36% in 2014 compared to 2013.

For the year ended December 31, 2014, Adjusted EBITDA for the P&ARP segment was €118 million reflecting a 12% growth over 2013, primarily attributable to an increase in volumes and improved product mix, despite a negative impact of €6 million from higher metal premiums. The increase in Adjusted EBITDA per metric ton is primarily due to the increase in shipments of automotive rolled products.

The P&ARP investments in Body-in-White finishing projects are proceeding according to schedule in both Europe and in the U.S. In our Neuf-Brisach facility, the 100 k metric ton expansion is expected to begin production in the second half of 2016 and in Bowling Green, Kentucky, the 100 k metric ton expansion for our joint venture with UACJ is expected to begin production in the first half of 2016.

Automotive Structures & Industry

	2014	2013	Var.
Shipments (k metric tons)	208	191	9%
Revenues (€ millions)	921	859	7%
Adjusted EBITDA (€ million)	73	58	23%
Adjusted EBITDA per ton (€)	351	311	13%

Shipments and revenue increased by 9% over the period, driven by automotive extruded products. On a like-for-like basis, revenues for AS&I increased by 7% in 2014, adjusting for the sale of two of our soft alloy plants in 2013 and excluding LME metal prices, premiums, and foreign exchange impacts.

For the year ended December 31, 2014, Adjusted EBITDA in the AS&I segment reached €73 million, a 23% increase from the fiscal year 2013, reflecting primarily a 28% increase in automotive extruded product shipments in 2014 versus 2013 despite a negative impact of €9 million from metal premiums.

The previously announced plant expansions in the AS&I group are making solid progress. In particular, our manufacturing facility in Van Buren, Michigan recently doubled its capacity and is ramping up its output in order to meet the strong demand for automotive extruded in North America.

2.5 Research and development

We believe that our research and development capabilities coupled with our integrated, long-standing customer relationships create a distinctive competitive advantage versus our competition. Our R&D center is based in Voreppe, France and provides services and support to all of our facilities. The R&D center focuses on product and process development, provides technical assistance to our plants and works with our customers to develop new products. In developing new products, we focus on increased performance that aims to lower the total cost of ownership for the end users of our products, *e.g.*, by developing materials that decrease maintenance costs of aircraft or increase fuel efficiency in cars. As of December 2014, the research and development center employed 234 employees, including approximately 90 scientists and 90 technicians.

Within the Voreppe facility, we also focus on the development, improvement, and testing of processes used in our plants such as melting, casting, rolling, extruding, finishing and recycling. We also develop and test technologies used by our customers, such as friction stir welding and automotive hoods bumping and provide technological support to our customers.

In the years ended December 31, 2012, 2013 and 2014, we invested €36 million, €36 million and €38 million, respectively, in research and development.

2.6 Risk management and control

2.6.1 Approach to risk management and business control

The Board is responsible for reviewing the Company's risk assessments and risk management policies, including financial risks, internal controls, its Worldwide Code of Employee and Business Conduct and related policies. The Board has in turn charged the Audit Committee with the periodic oversight of the Company's risk management program with reports being provided to the Board. The Audit Committee is charged with (i) discussing the Company's major financial and other significant risk exposures or deficiencies and the steps management takes to monitor and control or mitigate such exposures and deficiencies, (ii) discussing the Company's risk assessment and risk management policies, and (iii) periodically assessing whether the Company has implemented the appropriate internal risk management and internal control culture.

In the financial risks area in particular, the Company's activities expose it to a variety of risks such as: market risk, which includes foreign exchange risk, commodity price risk (in particular, the risk of market fluctuations in aluminium, our primary metal input) and interest rate risk; credit risk; and liquidity and capital management risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to reduce potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures. For further description of the financial risks, see note 24 of our consolidated financial statements.

2.6.2 Principal risk factors, sensitivities and uncertainties

Below is an overview of what we believe to be the principal risks to the Company:

- If we fail to implement our business strategy, including our productivity and cost reduction initiatives, our financial condition and results of operations could be materially adversely affected.
- Aluminum may become less competitive with alternative materials, which could reduce our share of industry sales, lower our selling prices and reduce our sales volumes.
- We may not be able to compete successfully in the highly competitive markets in which we operate, and new competitors could emerge, which could negatively impact our share of industry sales, sales volumes and selling prices.
- The cyclical and seasonal nature of the metals industry, our end-use markets and our customers' industries could negatively affect our financial condition and results of operations.
- Our business involves significant activity in Europe, and adverse conditions and disruptions in European economies could have a material adverse effect on our operations or financial performance.
- Adverse changes in currency exchange rates could negatively affect our financial results.
- A portion of our revenues is derived from our international operations, which exposes us to certain risks inherent in doing business globally.
- We are dependent on a limited number of suppliers for a substantial portion of our aluminum supply and a failure to successfully renew, renegotiate or re-price our

long-term agreements or related arrangements with our suppliers may adversely affect our results of operations, financial condition and cash flows.

- Our financial results could be adversely affected by the volatility in aluminum prices.
- If we are unable to adequately mitigate the cost of price increases of our raw materials, including aluminum, our profitability could be adversely affected.
- Our results of operations, cash flows and liquidity could be adversely affected if we are unable to execute on our hedging policy, if counterparties to our derivative instruments fail to honor their agreements or if we are unable to purchase derivative instruments.
- Our production capacity might not be able to meet growing market demand or changing market conditions.
- We are subject to unplanned business interruptions that may materially adversely affect our business.
- If we were to lose order volumes from any of our largest customers, our sales volumes, revenues and cash flows would be reduced.
- The price volatility of energy costs may adversely affect our profitability.
- Regulations regarding carbon dioxide emissions, and unfavorable allocation of rights to emit carbon dioxide or other air emission related issues, as well as other environmental laws and regulations, could have a material adverse effect on our business, financial condition and results of operations.
- We may not be able to successfully develop and implement new technology initiatives and other strategic investments in a timely manner.
- Our business requires substantial capital investments that we may be unable to fulfill.
- As part of our ongoing evaluation of our operations, we may undertake additional restructuring efforts in the future which could in some instances result in significant severance-related costs and other restructuring charges.
- A deterioration in our financial position or a downgrade of our ratings by a credit rating agency could increase our borrowing costs and our business relationships could be adversely affected.
- Our indebtedness could materially adversely affect our ability to invest in or fund our operations, limit our ability to react to changes in the economy or our industry or force us to take alternative measures.
- The terms of our indebtedness contain covenants that restrict our current and future operations, and a failure by us to comply with those covenants may materially adversely affect our business, results of operations and financial condition.
- Our existing, and any future, variable rate indebtedness subjects us to interest rate risk, which could cause our annual debt service obligations to increase significantly.
- We could be required to make unexpected contributions to our defined benefit pension plans as a result of adverse changes in interest rates and the capital markets.

- A substantial percentage of our workforce is unionized or covered by collective bargaining agreements that may not be successfully renegotiated.
- We could experience labor disputes and work stoppages that could disrupt our business and have a negative impact on our financial condition and results of operations.
- The loss of certain key members of our management team may have a material adverse effect on our operating results.
- If we do not adequately maintain and evolve our financial reporting and internal controls, we may be unable to accurately report our financial results or prevent fraud and may, as a result, become subject to sanctions by regulators (including the U. S. Securities and Exchange Commission (the “SEC”)). Establishing and maintaining effective internal controls may also result in higher than anticipated operating expenses.
- We may not be able to adequately protect proprietary rights to our technology.
- We may institute or be named as a defendant in litigation regarding our intellectual property and such litigation may be costly and divert management’s attention and resources.
- Interruptions in or failure of our information systems, or failure to protect our information systems against cyber-attacks or information security breaches could have a material adverse effect on our business.
- Current liabilities under, as well as the cost of compliance with, environmental, health and safety laws could increase our operating costs and negatively affect our financial condition and results of operations.
- Legal proceedings or investigations, or changes in applicable laws and regulations, could increase our operating costs and negatively affect our financial condition and results of operations.
- Product liability claims against us could result in significant costs and could materially adversely affect our reputation and our business.
- Our operations present significant risk of injury or death.
- The insurance that we maintain may not fully cover all potential exposures.
- Increases in our effective tax rate and exposures to additional income tax liabilities due to audits could materially adversely affect our business.
- The historical financial information presented or incorporated by reference in this report may not be representative of future results.
- We have a relatively short history as a standalone company which may pose operational challenges to our management.
- We are a foreign private issuer under the U.S. securities laws within the meaning of the New York Stock Exchange (“NYSE”) rules. As a result, we qualify for and rely on exemptions from certain corporate governance requirements and may rely on other exemptions available to us in the future.
- We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses.
- Our transformation into a public company may significantly increase our operating costs and disrupt the regular operations of our business.

- Our level of indebtedness could limit cash flow available for our operations and could adversely affect our ability to service our debt or obtain additional financing, if necessary.
- Despite current indebtedness levels, we and our subsidiaries may still be able to incur substantially more debt. This could exacerbate the risks associated with our substantial leverage.
- To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.
- We do not comply with all the provisions of the Dutch Corporate Governance Code. This may affect your rights as a shareholder.
- The market price of our ordinary shares may fluctuate significantly, and you could lose all or part of your investment.
- Sales of substantial amounts of our ordinary shares in the public market, or the perception that these sales may occur, could cause the market price of our ordinary shares to decline.
- Any shareholder acquiring 30% or more of our voting rights may be required to make a mandatory takeover bid or be subject to voting restrictions.
- Provisions of our organizational documents and applicable law may impede or discourage a takeover, which could deprive our investors of the opportunity to receive a premium for their ordinary shares or to make changes in our board of directors.
- The rights of our shareholders may be different from the rights of shareholders governed by the laws of U.S. jurisdictions.
- Exchange rate fluctuations may adversely affect the foreign currency value of the ordinary shares and any dividends.
- United States civil liabilities may not be enforceable against us.
- If securities or industry analysts do not publish research or reports or publish unfavorable research about our business, our stock price and trading volume could decline.
- We may be classified as a passive foreign investment company for U.S. federal income tax purposes, which could subject U.S. investors in our ordinary shares to significant adverse U.S. federal income tax consequences.
- We may fail to achieve the estimated synergies and other expected benefits of the Wise Acquisition and/or to integrate Wise successfully following completion of the Wise Acquisition.
- The beverage can sheet industry is competitive, and Wise's competitors have greater resources and product and geographic diversity than Wise does.
- We may experience or be exposed to unknown or unanticipated issues, expenses, and liabilities as a result of the Wise Acquisition.
- As a result of the Wise Acquisition, we may not be able to retain key personnel or recruit additional qualified personnel and may experience disruptions and uncertainty surrounding our relationships with existing and future customers and suppliers.

2.6.3 Objectives and risk management policy in respect of use of financial instruments

Our financial risk management strategy focuses on minimizing the cost and cash flow impacts of volatility in foreign currency exchange rates, metal prices and interest rates, while maintaining the financial flexibility we require in order to execute our business strategies.

3. SUSTAINABILITY

3.1 Objectives and targets

Constellium has developed a company-wide Sustainability Roadmap. As part of defining key economic, environmental and social objectives and indicators, the Company's Sustainability Council has determined targets, which were endorsed by Constellium's Executive Committee.

The reporting of these objectives and targets covers our key areas of impact: Governance, People, Operations, and Products.

The deadlines for reaching targets vary, but all share a common baseline starting in 2010.

Progress in sustainability depends on a number of factors, including the need for governance. At Constellium, we are working on a series of measures covering transparency, commitment and partnership.

The starting point for sustainability is a rigorous disclosure of the Company's environmental and social impacts, based on recognized standards, such as Global Reporting Initiative and the Carbon Disclosure Project for Greenhouse Gas Emissions. Our commitments include those we establish internally, through Constellium's Sustainability Council and Sustainability Roadmap, and externally, by taking part in established programs. As a mid-stream member of the value chain, we believe Constellium is well-positioned to improve sustainability by creating partnerships with customers, suppliers and multi-stakeholder groups.

3.2 Governance and council

In 2012, Constellium created a Sustainability Council in charge of defining and updating the sustainability policy and linking it with the Company's overall corporate strategy.

Bringing together representatives of all the key functions within the Company, the Council decides key environmental and social objectives and indicators, proposes quantitative targets and measures the progress of sustainability performance.

The Council also reviews sustainability projects proposed by stakeholders including customers, suppliers and non-governmental organizations. Accurate disclosure of sustainability data and management approach to third parties also falls under the Sustainability Council's key missions.

4. GOVERNANCE (INCLUDING CORPORATE GOVERNANCE STATEMENT)

4.1 The Board

In 2014, after the general meeting of shareholders on June 11, 2014, our Board of Directors consisted of ten Directors.

We maintain a one-tier Board of Directors consisting of both Executive Directors and Non-executive Directors (each a "Director"). The Board of Directors is responsible for our policy and day-to-day management. The Non-executive Directors supervise and provide guidance to the Executive Directors. Each Director owes a duty to the Board of Directors to properly perform the duties assigned to him or her and to act in the Company's corporate interest.

4.2 Composition of the Board

The following table provides information regarding the members of our board of directors as of December 31, 2014

Name	Age	Position	Date of Appointment
Richard B. Evans American	67	Non-executive Director (chairman)	January 5, 2011 Current term: 2011-2016
Pierre Vareille French	57	Executive Director	March 1, 2012 Current term: 2012-2016
Guy Maugis French	61	Non-executive Director	January 5, 2011 Current term: 2011-2015
Matthew H. Nord American	35	Non-executive Director	May 14, 2010 Current term: 2010-2015
Philippe Guillemot French	55	Non-executive Director	May 21, 2013 Current term: 2014-2015
Werner P. Paschke German	64	Non-executive Director	May 21, 2013 Current term: 2014-2015
Michiel C.M. Brandjes Dutch	60	Non-executive Director	June 11, 2014 Current term: 2014-2015
Lori Ann Walker American	57	Non-executive Director	June 11, 2014 Current term: 2014-2015
John Ormerod British	65	Non-executive Director	June 11, 2014 Current term: 2014-2015
Peter Frans Hartman Dutch	65	Non-executive Director	June 11, 2014 Current term: 2014-2015

Pursuant to a shareholders agreement between the Company, Apollo Omega, Rio Tinto, Bpifrance and the other parties thereto, Mr. Maugis was selected to serve as a director by Bpifrance.

Richard B. Evans. Mr. Evans has served as our Chairman since December 2012. Mr. Evans is currently an independent director of Noranda Aluminum Holding Corporation and an independent director of CGI, an IT consulting and outsourcing company. He retired in May 2013 as Non-Executive Chairman of Resolute Forest Products, a Forest Products company based in Montreal, He retired in April 2009 as an Executive Director of London-based Rio Tinto plc and Melbourne-based Rio Tinto Ltd., and as Chief Executive Officer of Rio Tinto Alcan Inc., a wholly owned subsidiary of Rio Tinto. Previously, Mr. Evans was President and Chief Executive Officer of Montreal based Alcan Inc. from March 2006 to October 2007, and led the negotiation of the acquisition of Alcan by Rio Tinto in October 2007. He was Alcan's Executive Vice President and Chief Operating Officer from September 2005 to March 2006. Prior to joining Alcan in 1997, he held various senior management positions with the Kaiser Aluminum and Chemical Company during his 27 years with that company. Mr. Evans is a past Chairman of the International Aluminum Institute (IAI) and is a past Chairman of the Washington, DC-based U.S. Aluminum Association. He previously served as Co-Chairman of the Environmental and Climate Change Committee of the Canadian Council of Chief Executives and as a member of the Board of USCAP, a Washington, DC-based coalition concerned with climate change.

Pierre Vareille. Mr. Vareille has been the Chief Executive Officer of Constellium since March 2012. Prior to joining Constellium, Mr. Vareille was Chairman and Chief Executive Officer of FCI, a world-leading manufacturer of connectors. Mr. Vareille is a graduate of the French engineering school Ecole Centrale de Paris and the Sorbonne University (economics and finance). He started his career in 1982 with Vallourec, holding various positions in manufacturing, controlling, sales and strategy before being appointed Chief Executive Officer of several subsidiaries. From 1995 to 2000, Mr. Vareille was Chairman and Chief Executive Officer of GFI Aerospace (now LISI Aerospace), after which he joined Faurecia as a member of the executive committee and Chief Executive Officer of the Exhaust Systems business. In 2002, he moved to Pechiney as a member of the executive committee in charge of the aluminum conversion sector and as Chairman and Chief Executive Officer of Rhenalu. He was then named in 2004 as Group Chief Executive of Wagon Automotive, a company listed on the London Stock Exchange, where he served until 2008. Mr. Vareille has been a member of the Societe Bic board of Directors since 2009.

Guy Maugis. Mr. Maugis has been the President of Robert Bosch France SAS since January 2004. The French subsidiary covers all the activities of the Bosch Group, a leader in the domains of the Automotive Equipments, Industrial Techniques and Consumer Goods and Building Techniques. Mr. Maugis is a former graduate of Ecole Polytechnique, Engineer of "Corps des Ponts et Chaussées" and worked for several years at the Equipment Ministry. At Pechiney, he managed the flat rolled products factory of Rhenalu Neuf-Brisach. At PPG Industries, he became President of the European Flat Glass activities. With the purchase of PPG Glass Europe by ASAHI Glass, Mr. Maugis assumed the function of Vice-President in charge of the business development and European activities of the automotive branch of the Japanese group.

Matthew H. Nord. Mr. Nord is a partner of Apollo Global Management, LLC, having joined Apollo in 2003. Prior to that time, Mr. Nord was a member of the Investment Banking division of Salomon Smith Barney Inc. Mr. Nord serves on the board of directors of Presidio, Inc., Novitex Enterprise Solutions, Affinion Group Inc. and Noranda Aluminum Holding Corporation. Mr. Nord also serves on the Board of Trustees of Montefiore Health System and on the Board of Overseers of the University of Pennsylvania's School of Design. Mr. Nord graduated summa cum laude with a BS in Economics from the University of Pennsylvania's Wharton School of Business. Mr. Nord has over 12 years of experience in financing, analyzing and investing in public and private companies, including significant experience making and managing private equity investments on behalf of Apollo Funds. He has worked on numerous metals industry transactions at Apollo, particularly in the aluminum sector.

Philippe Guillemot. Mr. Guillemot is Chief Operating Officer of Alcatel-Lucent. He has nearly thirty years of experience in quality control and management, particularly with automotive components manufacturers and power distribution product manufacturers. From April 2010 to February 2012, he served as Chief Executive Officer of Europcar Group, the leading provider of car rental services in Europe with a presence in 150 countries. Mr. Guillemot served as Chairman and CEO of Areva T&D from 2004 to 2010, and previously served in management positions at Valeo and Faurecia. Mr. Guillemot began his career at Michelin, where he was initially responsible for production quality and plant quality at sites in Canada, France and Italy. He was a member of Booz Allen Hamilton's Automotive Practice from 1991 to 1993 before returning to Michelin to serve as an operations manager, director of Michelin Group's restructuring in 1995-1996, Group Quality Executive Vice-President, and Chief Information Officer. Mr. Guillemot received his undergraduate degree in 1982 from Ecole des Mines in Nancy and received his MBA from Harvard University in Cambridge, MA in 1991.

Werner P. Paschke. Mr. Paschke is an independent Director of several companies, currently at Braas Monier Building Group SA, where he chairs the Audit Committee, and at Schustermann & Borenstein GmbH. In previous years, he served on the Supervisory Boards of Conergy Aktiengesellschaft and Coperion GmbH. Between 2003 and 2006, Mr. Paschke served as Managing Director and Chief Financial Officer of Demag Holding in Luxemburg, where he was responsible for actively enhancing the value of seven former Siemens and Mannesmann units. From 1992 to 2003, he worked for Continental AG, since 1994 as 'Generalbevollmächtigter' for corporate controlling, plus later accounting. From 1988 to 1992, he served as Chief Financial Officer for General Tire Inc. in Akron, Ohio, USA. From 1973 to 1987 he held different positions at Continental AG in finance, distribution, marketing and controlling. Mr. Paschke studied economics at Universities Hannover, Hamburg and Munster/Westphalia and is a 1993 graduate of the International Senior Management Program at Harvard University.

Michiel Brandjes. Mr. Brandjes serves as Company Secretary and General Counsel Corporate of Royal Dutch Shell plc since 2005. Mr. Brandjes formerly served as Company Secretary and General Counsel Corporate of Royal Dutch Petroleum Company. He served for 25 years on numerous legal and non-legal jobs in the Shell Group within the Netherlands and abroad, including as head of the legal department in Singapore and as head of the legal department for North East Asia based in Beijing and Hong Kong. Before he joined Shell, Mr. Brandjes worked at a law firm in Chicago after graduating from law school at the University of Rotterdam and at Berkeley, California. He has published a number of articles on legal and business topics, is a regular speaker on corporate legal and governance topics and serves in a number of advisory and non-executive director positions not related to Shell.

Peter F. Hartman. Mr. Hartman serves as Vice Chairman of Air France KLM since July 2013. He also serves as member of the supervisory boards of Fokker Technologies Group B.V since 2013, Royal Ten Cate N.V. since 2013, Air France KLM S.A. since 2010 and Texel Airport N.V. since mid 2013. Mr. Hartman is also Chairman of ACARE (Advisory Council for Aviation Research and Innovation in Europe), and Chairman of Connekt. Previously, Mr. Hartman served as President and CEO of KLM Royal Dutch Airlines from 2007 to 2013, and as member of the supervisory boards of Kenya Airways from 2004 to 2013, Stork B.V. from 2008 to 2013, CAI Compagnia Aerea Italiana s.p.A. from 2009 to January 2014 and Delta Lloyd Group N.V. from 2010 to May 2014. Mr. Hartman received a Bachelor's degree in Mechanical

Engineering from HTS Amsterdam, Amsterdam and a Master's degree in Business Economics from Erasmus University, Rotterdam.

John Ormerod. Mr. Ormerod is a chartered accountant and has worked for over 30 years in public accounting firms. He served for 32 years at Arthur Andersen, serving in various client service and management positions, with last positions held from 2001 to 2002 serving as Regional Managing Partner UK and Ireland, and Managing Partner (UK). From 2002 to 2004, he was Practice Senior Partner for London at Deloitte (UK) and was member of the UK executives and Board. Mr. Ormerod is a graduate of Oxford University. Mr. Ormerod currently serves in the following director positions: since 2006, as Non-executive director and Chairman of the Audit Committee of Gemalto N.V., and as member of the compensation committee; since 2008, as Non-executive director ITV plc, as member of the remuneration and nominations committees, and was appointed Chairman of the Audit Committee in 2010; since 2009, as Non-executive director of Tribal Group plc., and as a member of the audit, remuneration and nominations committees. He was appointed Chairman of the board in 2010. Mr. Ormerod also served as Non-executive director and Chairman of the Audit Committee of Computacenter plc., and as member of the remuneration and nominations committees until April 1, 2015.

Lori A. Walker. Ms. Walker is Member of the Board of Directors of Southwire, an industrial manufacturer of wire and cable. Ms. Walker previously served as Chief Financial Officer and Senior Vice President of The Valspar Corporation from 2008 to 2013, where she led the Finance, IT and Communications teams. Prior to that position, Ms. Walker served as Valspar's Vice President, Contoller and Treasurer from 2004 to 2008, and as Vice President and Controller from 2001 to 2004. Prior to joining Valspar, Ms. Walker held a number of roles with progressively increasing responsibility at Honeywell Inc. during a 20-year tenure, with her last position there serving as Director of Global Financial Risk Management. Ms. Walker holds a Bachelor of Science of Finance from Arizona State University and attended the Executive Institute Program and the Director's College at Stanford University.

4.3 Board meetings 2014

The Board of Directors held ten (10) meetings in 2014 and reviewed matters including:

- Reports from the Board's committees.
- Reports from the CEO (including EHS and M&A activity).
- Review and approval of the 2013 Annual Accounts.
- Approval of filing of Form 20-F with the SEC.
- Approval of the draft agenda for the Constellium General Meeting of Shareholders of June 11, 2014, including nomination of the new Non-executive Directors.
- Amendment of the Delegation Authority.
- Approval of the Wise Acquisition.
- Approval of re-financing through issue of high yield bonds issue and new revolving credit facility.
- Reports from the Business Units (on any major projects).
- Approval of 2015 Budget.

4.4 Board evaluation

4.4.1 Self-evaluation of the non-executive board members

The Board of Directors implemented a self-evaluation process in 2014 and will address any concerns raised.

4.4.2 Discussions by the non-executive board members on strategy, risks, risks management and risk control systems

The Board, including its non-executive members, periodically reviews matters concerning the Company's strategy and related risks and is responsible for reviewing the Company's overall risk assessments and risk management policies.

4.4.3 Evaluation of the non-executive board members of the executive board member's performance

The Board is charged with the evaluation of the performance of Pierre Vareille, our Chief Executive Officer and an executive member of our Board of Directors.

4.5 Report of the Audit Committee

4.5.1 Composition, number of meetings and most important subjects that were discussed

On December 31, 2014 the Audit committee consisted of five directors: Werner P. Paschke, Philippe Guillemot, Guy Maugis, Lori A. Walker, and John Ormerod.

The Audit Committee held seven (7) meetings in 2014 and reviewed matters including**:**

- Reports from the Finance Department (on financial performance including reports from Group Controller/Treasury/Internal Audit/ Sox/Tax).
- Reports from independent external auditor.
- Wise Acquisition financial review.
- Report from the Ombudsman on Code of Conduct.
- Report on trade compliance.
- Insurance Policy review.
- Report on major litigation issues.
- Review and approval of quarterly earnings press releases.

The Audit committee and Board review the functioning of the external auditor annually. In 2014 the general meeting appointed PricewaterhouseCoopers Accountants N.V. as the independent external auditor for 2014.

The Company has an internal audit function that reports to the Audit Committee, and administratively to the Chief Financial Officer.

The Board believes that at least one committee member is a financial expert within the meaning of best practice III.3.2 of the Dutch Corporate Governance Code.

4.6 Report of the Remuneration Committee

4.6.1 Composition, number of meetings and most important subjects that were discussed

On December 31, 2014 the Remuneration Committee consisted of three directors: Matthew H. Nord, Richard B. Evans and Peter F. Hartman.

The Remuneration Committee held four (4) meetings in 2014 and reviewed matters including:

- Compensation update.
- CEO and Executive Committee Members salary update.
- Co-Investment Plan update.
- MEP update.
- Non-executive Directors administration and fees.
- People Review and Leadership Team.
- HR Report covering the employees' incentive plans (Executive Performance Award 2013 payout and 2014 plan; Sales bonus plan).
- Long-term incentive plans.

4.6.2 Remuneration policy

The Remuneration Policy was adopted by the general meeting on 21 May 2013. In addition, the remuneration of Non-executive Board Members was adopted by the general meeting on June 11, 2014.

The purpose of the Remuneration Policy is to define a competitive remuneration package, designed to attract, retain and motivate appointees to the Board, who possess the necessary leadership qualities and the requisite skills and experience in the various facets of the Company's business.

Our Remuneration Policy is intended to ensure the overall market competitiveness of the Executive Directors' remuneration while providing the Board with enough flexibility to tailor its remuneration practices on a case by case basis.

Our Remuneration Policy is published on our website www.constellium.com.

4.6.3 How the remuneration policy has been applied in 2014 (methods)

In 2014 we did not deviate from our Remuneration Policy as published on our website.

4.6.4 Contract Mr. Vareille

Mr. Vareille was appointed CEO on September 1, 2012. His contract is governed by the laws of Switzerland and is not time limited. His contract includes a three months' notice period and provides for compensation in case of termination without cause.

4.6.5 Share ownership Mr. Vareille

Mr. Vareille participates in our Management Equity Plan as referred to in 4.8.9. The MEP investment of Mr. Vareille represented 972 080 Class A ordinary shares as of December 31, 2014.

Scenario analysis, including calculation of remuneration under different scenarios

The Remuneration Committee conducts annual analysis. This includes the calculation of remuneration under different scenarios, whereby Constellium's performance assumptions and corporate actions are reviewed.

Compensation CEO 2014

The following table sets forth the remuneration paid during our 2014 fiscal year to Mr. Vareille:

Name and position	Base Salary Paid	Non-equity Incentive Plan Compensation (EPA Bonus)	Other benefits in kind[i]	Equity Awards[ii]	Change in Pension value[iii]	Total
Pierre Vareille, CEO	€772,891	€550,997	€1,976	€ 0	€159,842	€1,485,706

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[i] Represents the annual lunch allowance.
[ii] No equity award was granted during 2014.
[iii] Represents amount contributed by the Company during our 2014 fiscal year to the Swiss state as part of the employer overall pension requirements apportioned to the base salary.

4.6.6 Remuneration non-executive directors

Currently, each of our non- executive directors, is paid an annual retainer of €60,000 and receives €2,000 for each meeting of the board they attend in person and €1,000 for each meeting they attend by telephone. In addition, the Chairman of the Audit Committee receives an annual retainer of €15,000, and the Chairman of each of the Remuneration and the Nominating and Governance Committees receives an annual retainer of €8,000.

Mr. Evans, as Chairman of the Board, is paid an additional €60,000 per year for his services, a position to which he was appointed on December 6, 2012.

In 2013, each of Messrs. Guillemot and Paschke were granted an award of restricted stock units with an aggregate grant date value of €50,000, 50% of which vested in May 2014. The restricted stock unit award vests in equal installments on each of the first and second anniversaries of the grant date, subject to the recipient continuously being a member of our board of directors through each such anniversary.

In 2014, our four newly appointed Board members (Ms. Walker and Messrs. Brandjes, Hartman and Ormerod) also received an award of restricted stock units with an aggregate grant date value of €50,000 vesting under the same terms and conditions as the ones of Messrs. Guillemot and Paschke described above.

The members of our board of directors have not entered into any service contracts with the Company that provide for benefits upon termination of employment.

The following table sets forth the approximate remuneration paid or payable in respect of our 2014 fiscal year to our non-executive directors:

(in euros)	Board fees	Attendance fees	Total	Equity awards (equivalent in €)	Total
Richard B. Evans	128,000	30,000	158,000		158,000
Michiel Brandjes*	35,000	13,000	48,000	50,000	98,000
Philippe Guillemot	60,000	25,000	85,000		85,000
Peter F. Hartman*	35,000	13,000	48,000	50,000	98,000
Guy Maugis	60,000	27,000	87,000		87,000
Matthew H. Nord	68,000	20,000	88,000		88,000
John Ormerod*	35,000	8,000	43,000	50,000	93,000
Werner P. Paschske	75,000	25,000	100,000		100,000
Lori A. Walker*	35,000	14,000	49,000	50,000	99,000
Total	**531,000**	**175,000**	**706,000**	**200,000**	**906,000**

* appointed in June 2014

Remuneration for 2015

We expect no changes in our Remuneration policy for 2015.

4.7 Report of the Nominating/Governance Committee

4.7.1 Composition, number of meetings and most important subjects that were discussed

On December 31, 2014 the Nominating/ Governance Committee consisted of three directors: Richard B. Evans (chairman), Matthew H. Nord, and Michiel Brandjes.

The Nominating and Governance Committee held four (4) meetings in 2014 and reviewed matters including:

- Governance items.
- Recommendation of new Non-executive Directors.
- Director appointments and Committee membership.
- Approval of new non-executive positions.
- Composition of Committee members.
- Board and Committee self-evaluation process.
- Director re-appointment planning.
- Management reorganization following the Wise Acquisition.

4.7.2 Deviation from the Dutch gender diversity requirement

The present Board composition falls short of the Board objective and the Dutch Act on Management and Supervision Act (*Wet bestuur en toezicht*) regarding gender diversity, which requires at least 30% male and at least 30% female representation. Ms. Walker was appointed to our Board of Directors on June 11, 2014. Although the company's Board of Directors remains mostly comprised of men, diversity and equal opportunity employment are core values to Constellium and, subject to the availability of suitable candidates at the time of board appointments, the Company aims at reaching a well-balanced mix of men and women amongst its Board members.

4.8 Corporate Governance, including a corporate governance statement pursuant to the Dutch Royal Decree dated 20 March 2009

4.8.1 Dutch corporate governance code—"comply or explain" paragraph

Since we are a public company and listed our ordinary shares on Euronext Paris, a regulated market, we are subjected to comply with the Dutch Corporate Governance Code (the "Dutch Code"). The Dutch Code, as amended, became effective on January 1, 2009, and applies to all Dutch companies listed on a government-recognized stock exchange, whether in the Netherlands or elsewhere.

The Dutch Code is based on a "comply or explain" principle. Accordingly, companies are required to disclose in their annual report filed in the Netherlands whether or not they are complying with the various rules of the Dutch Code that are addressed to the board of directors or, if any, the supervisory board of the company and, if they do not apply those provisions, to give the reasons for such non-application. The Dutch Code contains principles and best practice provisions for managing boards, supervisory boards, shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards.

We acknowledge the importance of good corporate governance. The board of directors agrees with the general approach and with the majority of the provisions of the Dutch Code. However, considering our interests and the interest of our stakeholders, at this stage, there are a limited number of best practice provisions we do not apply either because such provisions conflict with or are inconsistent with the corporate governance rules of the NYSE and U.S. securities laws that apply to us, or because such provisions do not reflect best practices of global companies listed on the NYSE.

The best practice provisions we do not apply include the following:

An executive board member may not be a member of the supervisory board (or be a non-executive board member) of more than two Dutch listed companies. Nor may an executive board member be the chairman of the supervisory board (or a board) of a listed company. Membership of the supervisory board (or non-executive board positions) of other companies within the group to which the Company belongs does not count for this purpose. The acceptance by an executive board member of membership of the supervisory board or acceptance of a position as non-executive member of the board of a listed company requires the approval of the non-executive board members. Other important positions held by an executive board member shall be notified to the board (best practice provision II.1.8).

Our board of directors intends to adopt a policy with respect to the number of additional board memberships that a board member will have. We will comply with applicable NYSE and SEC rules and the relevant provisions of Dutch law.

Remuneration (Principles II.2, III.7 and associated best practice provisions).

We believe that our remuneration policy helps to focus directors, officers and other employees and consultants on business performance that creates shareholder value, to encourage innovative approaches to the business of the Company and to encourage ownership of our ordinary shares by directors, officers and other employees and consultants. Aspects of our remuneration policy may deviate from the Dutch Code to comply with applicable NYSE and SEC rules.

Conflicts of interest and related party transactions (Principles II.3, III.6 and associated best practice provisions).

We have a policy on conflicts of interests and related party transactions. The policy provides that the determination of whether a conflict of interests exists will be made in accordance with Dutch law and on a case-by-case basis. We believe that it is not in the interest of the Company to provide for deemed conflicts of interests.

Independence (Principle III.2 and associated best practice provisions).

We may need to deviate from the Dutch Code's independence definition for board members either because such provisions conflict with or are inconsistent with the corporate governance rules of the NYSE and U.S. securities laws that apply to us, or because such provisions do not reflect best practices of global companies listed on the NYSE.

The chairman of the board may not also be or have been an executive board member (best practice provisions III.4.2 and III.8.1).

Mr. Evans has served as our Chairman since December 2012. Mr. Evans also served as our interim chief executive officer from December 2011 until the appointment of Mr. Pierre Vareille in March 2012. We believe the deviation from the Dutch Code is justified considering the short interim period during which Mr. Evans acted as executive board member.

The vice-chairman of the board shall deputize for the chairman when the occasion arises. By way of addition to best practice provision III.1.7, the vice-chairman shall act as contact for individual board members concerning the functioning of the chairman of the board (best practice provision III.4.4).

We intend to comply with certain corporate governance requirements of the NYSE in lieu of the Dutch Code. Under the corporate governance requirements of the NYSE, we are not required to appoint a vice-chairman. If the chairman of our board of directors is absent, the directors that are present will elect a non-executive board member to chair the meeting.

The terms of reference of the board shall contain rules on dealing with conflicts of interest and potential conflicts of interest between board members and the external auditor on the one hand and the company on the other. The terms of reference shall also stipulate which transactions require the approval of the non-executive board members. The company shall draw up regulations governing ownership of and transactions in securities by board members, other than securities issued by their "own" company (best practice provision III.6.5).

We believe that board members should not be further limited by internal regulations in addition to the rules and restrictions under applicable securities laws.

The majority of the members of the board of directors shall be non-executive directors and are independent within the meaning of best practice provision III.2.2 (best practice provision III.8.4).

Seven non-executive members of our board are independent. It is our view that given the nature of our business and the practice in our industry and considering our shareholder structure, it is justified that only seven non-executive directors are independent. We may need to deviate from the Dutch Code's independence definition for board members either because such provisions conflict with or are inconsistent with the corporate governance rules of the NYSE and U.S. securities laws that apply to us, or because such provisions do not reflect best practices of global companies listed on the NYSE. We may need to further deviate from the Dutch Code's independence definition for board members when looking for the most suitable candidates. For example, a current board member or future board candidate may have particular knowledge of, or experience in, the downstream aluminum rolled and extruded products and related businesses, but may not meet the definition of independence in the Dutch Code. As such background is very important to the efficacy of our board of directors in managing a highly technical business, and because our industry has relatively few participants, our board may decide to nominate candidates for appointment, who do not fully comply with the criteria as listed under best practice provision III.2.2 of the Dutch Code.

The company shall formulate an "outline policy on bilateral contacts," as described in the Dutch Code, with the shareholders and publish this policy on its website (best practice provision IV.3.13).

We will not formulate an "outline policy on bilateral contacts" with the shareholders. We will comply with applicable NYSE and SEC rules and the relevant provisions of applicable law with respect to contacts with our shareholders. We believe that all contacts with our shareholders should be assessed on a case-by-case basis.

A person may be appointed as non-executive member of the board for a maximum of three 4-year terms (best practice provisions III.3.5)

On 11 June 2014, Mr. Paschke and Mr. Guillemot were each re-appointed as non-executive board members for a period of one year. Messrs. Hartman, Brandjes and Ormerod and Ms. Walker were on June 11, 2014 appointed as new non-executive board members also for a period of one year. This deviation gives the shareholders the possibility to already vote on a possible reappointment after one year instead of four years.

Pursuant to best practice provision III.3.6, the non-executive board members shall draw up a retirement schedule in order to avoid, as far as possible, a situation in which many non-executive board members retire the same time. The retirement schedule shall be made generally available and shall be posted on the company's website.

As (most) of our non-executive board members are (re)appointed for one year there is no retirement schedule.

Pursuant to best practice provision IV.1.1, a general meeting of shareholders is empowered to cancel binding nominations of candidates for the board, and to dismiss members of the board by a simple majority of votes of those in attendance, although the company may require a quorum of at least one-third of the voting rights outstanding. If such quorum is not represented, but a majority of those in attendance vote in favor of the proposal, a second meeting may be convened in the future and its vote will be binding, even without a one-third quorum.

Our Articles of Association currently provide that a general meeting of shareholders may at all times overrule a binding nomination by a resolution adopted by at least a two-thirds majority of the votes cast, if such majority represents more than half of the issued share capital. Although this constitutes a deviation from provision IV.1.1 of the Dutch Code, we hold the view that these provisions will enhance the continuity of our management and policies.

Best practice provision IV.3.1 recommends that we should enable the shareholders to follow in real time all meetings with analysts, investors and press conferences.

We believe that enabling shareholders to follow in real time all the meetings with analysts, presentations to analysts, presentations to investors as referred to in best practice provision IV.3.1 of the Dutch Code would create an excessive burden on our resources. We will ensure that analyst presentations are posted on our website after meetings with analysts.

4.8.2 Appointment and replacement of board members

Our Articles of Association provide that our shareholders acting at a general meeting (a “General Meeting”) appoint directors upon a binding nomination by the board of directors. The General Meeting may at all times overrule the binding nature of such nomination by a resolution adopted by a majority of at least two-thirds of the votes cast, provided that such majority represents more than 50% of our issued share capital. If the binding nomination is overruled, the non-executive directors may then make a new nomination in the following General Meeting. If such a nomination has not been made or has not been made in time, this shall be stated in the notice and the General Meeting shall be free to appoint a director in its discretion. Such a resolution of the General Meeting must be adopted by at least two-thirds of the votes cast, provided that such majority represents more than 50% of our issued share capital.

The members of our board of directors may be suspended or dismissed at any time by the General Meeting. A resolution to suspend or dismiss a director must be adopted by at least two-thirds of the votes cast, provided that such majority represents more than 50% of our issued share capital. If, however, the proposal to suspend or dismiss the directors is made by the board of directors, the proposal must be adopted by simple majority of the votes cast at the General Meeting. An executive director can at all times be suspended by the board of directors.

4.8.3 Conflict of interest and related party transaction

In 2014, no transactions were reported where a Board member had a conflict of interest that was material to the Company.

There were the following related-party transactions in 2014:

- In connection with previous offerings of our ordinary shares which closed respectively on February 14, 2014 and July 22, 2014 (the “2014 Offerings”), Management KG offered a total of 1,031,382 Class A ordinary shares. Certain of our executive officers who are participants in the MEP and directly or indirectly hold a limited partnership interest in Management KG were allocated a portion of the proceeds from the 2014 Offerings in proportion to the number of Class A ordinary shares represented by their respective limited partnership interests that they elected to sell in such offering. Mr. Vareille indirectly sold 324,026 Class A ordinary shares in the offering that closed on July 22, 2014.

4.8.4 Shareholders and general meetings

(A) Share capital

The Company’s authorized share capital of €8,000,000 is divided into 398,500,000 Class A ordinary shares, 1,500,000 Class B ordinary shares with a nominal value of €0.02.

As of December 31, 2014, the Company’s issued and paid-up share capital amounted to €2,100,541.10 divided into 104,918,946 Class A ordinary shares and 108,109 Class B ordinary shares.

On June 11, 2014 the general meeting resolved to cancel the 5 issued Preference Shares, which were acquired by the Company for no consideration on May 29, 2013. The Preference Shares were from an economic point of view, no longer relevant. The resolution of the General Meeting to cancel the Preference shares became effective on August 18, 2014.

The 108,109 Class B ordinary shares are held by the Company.

Most of our Class A ordinary shares are listed on the New York Stock Exchange and on Euronext Paris.

(B) **The Board and our Committees**

The composition of our Board and our Audit Committee, Remuneration Committee and Nominating / Governance Committee is described in detail in paragraphs 4.1, 4.2, 4.5, 4.6 and 4.7.

(C) **Voting rights**

Shareholders holding the Company's shares on the record date, which under Dutch law is 28 days before the general meeting, are entitled to attend and vote at the general meeting. Shares are not blocked between the record date and the date of the meeting. All shares carry equal voting rights at the meeting. Votes may be cast directly; alternatively, proxies or voting instructions may be issued to an independent third party before the meeting.

(D) **Issue of shares and pre-emptive rights**

Immediately prior to the completion of our initial public offering in May 2013, the general meeting of shareholders adopted a resolution pursuant to which our board of directors is authorized to limit or exclude the pre-emptive rights of holders of ordinary shares for a period of five (5) years.

(E) **Repurchase of shares**

On June 11, 2014 the general meeting of shareholders adopted a resolution pursuant to which our board of directors is authorized to repurchase shares under the following conditions:

1. for 18 months, until December 11, 2015;
2. by agreement, including private transactions and transactions effected through a stock exchange; and
3. for a maximum of 10% of the issued share capital at a share price of:
   i) at least the nominal value; and
   ii) at a maximum equal to the greater of 110% of the market price of the shares on the NYSE and 110% of the market price of the shares on Euronext Paris with the market price deemed to be the average of: the closing price on each of the five consecutive days of trading preceding the three trading days prior to the date of repurchase.

(F) **Amendment to the articles of association**

The general meeting of shareholders is authorized to amend the Company's articles of association upon a proposal of the board of directors.

(G) **Reservation profits**

The board of directors has authority to take all or part of each year's profit into the Company's reserves. The general meeting of shareholders has the authority to vote on how the remaining profit should be allocated.

4.8.5 Restrictions on the transfer of shares

Unless agreements between the shareholders provide otherwise, shares in the capital of the Company are freely transferable.

4.8.6 Significant direct and indirect shareholders

Pursuant to the register kept by the Authority Financial Markets (*Authoriteit Finaciële Markten*), through December 31, 2014, the following persons have notified the following shareholdings of 3% or more in the share capital of Constellium N.V.:

(A) May 27, 2013, Caisse des Dépots et Consignations (indirectly through Fonds Strategique d'Investissements), 12.50% capital interest and voting rights.

(B) July 12, 2013, BPI Groupe (indirectly through BPI-Groupe S.A., Bpifrance Participations S.A.), 12.23 % capital interest and voting rights.

(C) November 8, 2013, Ontario Teachers' Pension Plan Board, 5.52 % capital interest and voting rights.

(D) November 11, 2013, T. Rowe Price Associates, Inc., 3.99 % capital interest and voting rights.

(E) February 6, 2014, Wellington Management Group LLP, 4,41 % capital interest and voting rights. On April 1, 2014 it notified that its interest was reduced to 2.80 % and on October 21, 2014 that its interest was increased to 3.13%. On December 4, 2014 Wellington Management Group LLP notified the Authority Financial Markets that its interest increased to 5.22%.

(F) June 16, 2014, BlackRock, Inc. (indirectly through BlackRock companies), 3.34 % capital interest and 3.49% voting rights. On September 2, 2014 BlackRock, Inc. notified that its (indirect) capital interest was increased to 4.92 % and its voting rights to 5.18%. Subsequently, on September 3, 2014, BlackRock, Inc. notified that its (indirect) capital interest increased to 5.25% and its voting rights to 5.47%;

(G) November 24, 2014, Adage Capital Management L.P., 3.50% capital interest and voting rights.

(H) December 11, 2014, Barclays Plc (indirectly through Barclays companies), 5.09% capital interest and voting rights.

4.8.7 Risk management and internal control systems

The company maintains operational and financial risk management systems backed by systems and procedures for monitoring and reporting. A separate internal control function ensures compliance with our internal control requirements.

4.8.8 Holders of any securities with special control rights

None of the shares in the capital of the Company has special control rights.

4.8.9 System of control of employee share scheme

(A) Management Equity Plan

A management equity plan (the "MEP") was established with effect as from February 4, 2011 to facilitate investments by our officers and other members of management in Constellium. In connection with the MEP, a German limited partnership, Omega Management GmbH & Co. KG ("Management KG"), was formed.

The indirect owners of the shares in Constellium held by Management KG are officers and employees of Constellium (the "MEP Participants"), and Stichting Management Omega, a foundation under Dutch law. In acquiring limited partnership interests in Management KG (and thereby indirectly investing in Constellium), the MEP Participants invested a total amount of approximately $5,330,539 as of December 31, 2012.

Certain of our executive officers, including our Chief Executive Officer, Mr. Vareille, and our Chief Financial Officer, Mr. Fontaine, each participate in the MEP.

The main terms and conditions of the MEP are set out in the partnership agreement of Management KG dated of February 4, 2011, as amended from time to time, and the Investment and Shareholders Agreement dated January 28, 2011. In connection with the Company's initial public offering in May 2013, the MEP Board determined that the MEP would be frozen to future participation and that no other employees, officers or directors of Constellium would be invited to become MEP Participants.

(B) Constellium N.V. 2013 Equity Incentive Plan

The Company has adopted the Constellium N.V. 2013 Equity Incentive Plan (the "Constellium 2013 Equity Plan"), including our Free Share Program and Co-investment Award Program. The principal purposes of this plan are to focus directors, officers and other employees and consultants on business performance that creates shareholder value, to encourage innovative approaches to the business of the Company and to encourage ownership of our ordinary shares by directors, officers and other employees and consultants.

Administration

The Constellium 2013 Equity Plan is administered by our remuneration committee. The board of directors or the remuneration committee may delegate administration to one or more members of our board of directors. The remuneration committee has the power to interpret the Constellium 2013 Equity Plan and to adopt rules for the administration, interpretation and application of the Constellium 2013 Equity Plan according to its terms. The remuneration committee determines the number of our ordinary shares that will be subject to each award granted under the Constellium 2013 Equity Plan and may take into account the recommendations of our senior management in determining the award recipients and the terms and conditions of such awards. Subject to certain exceptions as may be required pursuant to Rule 16b-3 under the Exchange Act, if applicable, our board of directors may at any time and from time to time exercise any and all rights and duties of the remuneration committee under the Constellium 2013 Equity Plan.

(C) **Executive Performance Award Plan (EPA)**

Mr. Vareille participates in the EPA. The EPA is an annual cash bonus plan intended to provide performance-related award opportunities to employees who contribute substantially to the success of Constellium. Under the EPA, participants are granted opportunities to earn cash bonuses (expressed as a percentage of base salary) based on the level of achievement of certain financial metrics established by our remuneration committee for the applicable annual performance period, environmental, health and safety (EHS) performance objectives approved by our audit committee and individual and team objectives established by the applicable participant's supervisor. The level of attainment of awards granted under the EPA is generally determined to be 70% based on the level of attainment of the applicable financial metrics, 10% based on the level of attainment of EHS performance objectives and 20% based on the level of attainment of individual and team objectives. Awards are paid (generally subject to continued service through the end of the applicable annual performance period) in the year following the year for which such awards were granted.

4.8.10 **Restrictions on voting rights**

There are no restrictions on voting rights.

4.8.11 **Agreements between shareholders known to the Company and which may result in restrictions on the transfer of securities and/or voting rights**

Except for the agreement with Rio Tinto as referred to in 4.8.3 there are—as for as know by the Company, no agreement involving a shareholder of Constellium that could lead to a restriction of the transferability of shares or of voting rights on shares.

4.8.12 **Significant agreements to which the Company is a party and which alter or terminate upon a change of control of the company**

Metal Supply Agreements

In connection with the acquisition of the Alcan Engineered Aluminum Products business unit, Constellium Switzerland AG ("Constellium Switzerland"), a wholly owned indirect subsidiary of Constellium N.V., entered into certain agreements dated as of January 4, 2011 with Rio Tinto Alcan Inc. ("Rio Tinto Alcan"), Aluminium Pechiney and Alcan Holdings Switzerland AG ("AHS"), each of which is an affiliate of Rio Tinto, which provide for, among other things, the supply of metal by RioTinto affiliates to Constellium Switzerland, the provision of certain technical assistance and other services relating to aluminum-lithium, a covenant by Rio Tinto Alcan to refrain from producing, supplying or selling aluminum-lithium alloys to third parties and certain cost reimbursement obligations of AHS. Constellium has provided a guarantee to Rio Tinto Alcan and Aluminium Pechiney in respect of Constellium Switzerland's obligations under the supply agreements.

4.8.13 Agreements between the Company and its board members or employees providing compensation if they resign or are made redundant without valid reason or if their employment ceases because of a take-over bid

We have a limited number of agreements with a few selected employees providing for compensation for redundancy without valid reason, generally ranging from 6 to 12 months of their compensation.

5. BOARD STATEMENTS

5.1 In control statement

In conjunction with the EU Transparency Directive, as incorporated in chapter 5.1A of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*), the Board declares that, to the best of its knowledge;

- The annual financial statements prepared in accordance with the applicable set of accounting standards for the year ended December 31, 2014 give a true and fair view of the assets, liabilities, financial position and profit of loss of Constellium and its consolidated companies,

- The annual report includes a fair view of the development and performance of business and the position of Constellium and its affiliated companies as per the balance sheet date, together with a description of the principal risks and uncertainties that they face.

5.2 Responsibility statement

For the purpose of complying with provision II.1.5 of the Dutch Code on the risks relating to financial reporting, the Board believes that, to the best of its knowledge:

- Constellium's internal risk management and control organization provides reasonable assurance that its financial reporting does not contain any error of material importance,

- Constellium's internal risk management and control processes in relation to financial reporting worked properly in 2014.

Pierre Vareille
Chief Executive Officer

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

CONSOLIDATED INCOME STATEMENT

(in millions of Euros)	Notes	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012
Revenue	4, 5	3,666	3,495	3,610
Cost of sales	6	(3,183)	(3,024)	(3,136)
Gross profit		**483**	**471**	**474**
Selling and administrative expenses	6	(200)	(210)	(212)
Research and development expenses	6	(38)	(36)	(36)
Restructuring costs	22	(12)	(8)	(25)
Other (losses) / gains - net	8	(83)	(8)	62
Income from operations		**150**	**209**	**263**
Other expenses	1	—	(27)	(3)
Finance income		30	17	4
Finance costs		(88)	(67)	(64)
Finance costs - net	10	**(58)**	**(50)**	**(60)**
Share of (loss) / profit of joint-ventures	26	(1)	3	(5)
Income before income tax		**91**	**135**	**195**
Income tax expense	11	(37)	(39)	(46)
Net Income from continuing operations		**54**	**96**	**149**
Discontinued operations				
Net Income / (Loss) from discontinued operations	33	—	4	(8)
Net Income for the period		**54**	**100**	**141**
Net Income attributable to:				
Owners of the Company		51	98	139
Non-controlling interests		3	2	2
Net Income		**54**	**100**	**141**

Earnings per share attributable to the equity holders of the Company

(in Euros per share)	Notes	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012
From continuing and discontinued operations				
Basic	12	0.48	1.00	1.55
Diluted	12	0.48	0.99	1.55
From continuing operations				
Basic	12	0.48	0.96	1.64
Diluted	12	0.48	0.95	1.64
From discontinued operations				
Basic	12	—	0.04	(0.09)
Diluted	12	—	0.04	(0.09)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME / (LOSS)

(in millions of Euros)	Notes	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012
Net Income		**54**	**100**	**141**
Other Comprehensive (Loss) / Income				
Items that will not be reclassified subsequently in the Consolidated Income Statement				
Remeasurement on post-employment benefit obligations	21	(137)	72	(80)
Deferred tax on remeasurement on post-employment benefit obligations		14	(9)	16
Cash flow hedges		9	—	—
Deferred tax on cash flow hedges		(3)	—	—
Items that may be reclassified subsequently in the Consolidated Income Statement				
Currency translation differences		(13)	—	—
Other Comprehensive (Loss) / Income		**(130)**	**63**	**(64)**
Total Comprehensive (Loss) / Income		**(76)**	**163**	**77**
Attributable to:				
Owners of the Company		(80)	161	75
Non-controlling interests		4	2	2
Total Comprehensive (Loss) / Income		**(76)**	**163**	**77**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Euros)	Notes	At December 31, 2014	At December 31, 2013
Assets			
Non-current assets			
Intangible assets (including goodwill)	13	28	21
Property, plant and equipment	14	632	408
Investments in joint ventures	26	21	1
Deferred income tax assets	27	190	177
Trade receivables and other	16	48	60
Other financial assets	25	33	7
		952	**674**
Current assets			
Inventories	15	432	328
Trade receivables and other	16	568	483
Other financial assets	25	57	25
Cash and cash equivalents	17	989	233
		2,046	**1,069**
Assets classified as held for sale	33	14	21
Total Assets		**3,012**	**1,764**
Equity			
Share capital	18	2	2
Share premium	18	162	162
Retained deficit and other reserves		(207)	(132)
Equity attributable to owners of the Company		**(43)**	**32**
Non-controlling interests		6	4
		(37)	**36**
Liabilities			
Non-current liabilities			
Borrowings	19	1,205	326
Trade payables and other	20	31	35
Deferred income tax liabilities	27	—	1
Pension and other post-employment benefit obligations	21	654	507
Other financial liabilities	25	40	36
Provisions	22	61	65
		1,991	**970**
Current liabilities			
Borrowings	19	47	22
Trade payables and other	20	872	646
Income taxes payable		11	19
Other financial liabilities	25	71	24
Provisions	22	49	38
		1,050	**749**
Liabilities classified as held for sale	33	8	9
Total Liabilities		**3,049**	**1,728**
Total Equity and Liabilities		**3,012**	**1,764**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions of Euros)	Share Capital	Share Premium	Remeasure-ment	Foreign Currency Translation reserve	Other reserves	Retained losses	Total Owners of the Company	Non-controlling interests	Total equity
As at January 1, 2012	**-**	**98**	**(22)**	**(14)**	**2**	**(179)**	**(115)**	**2**	**(113)**
Net income	-	-	-	-	-	139	139	2	141
Other comprehensive loss	-	-	(64)	-	-	-	(64)	-	(64)
Total comprehensive income	**-**	**-**	**(64)**	**-**	**-**	**139**	**75**	**2**	**77**
Transactions with the owners									
Share equity plan	-	-	-	-	1	-	1	-	1
Other	-	-	-	-	(2)	-	(2)	-	(2)
As at December 31, 2012	**-**	**98**	**(86)**	**(14)**	**1**	**(40)**	**(41)**	**4**	**(37)**

(in millions of Euros)	Share Capital	Share Premium	Remeasure-ment	Foreign Currency Translation reserve	Other reserves	Retained losses	Total Owners of the Company	Non-controlling interests	Total equity
As at January 1, 2013	**-**	**98**	**(86)**	**(14)**	**1**	**(40)**	**(41)**	**4**	**(37)**
Net income	-	-	-	-	-	98	98	2	100
Other comprehensive income	-	-	63	-	-	-	63	-	63
Total comprehensive income	**-**	**-**	**63**	**-**	**-**	**98**	**161**	**2**	**163**
Transactions with the owners									
Share premium distribution [(A)]	-	(98)	-	-	-	(5)	(103)	-	(103)
MEP shares changes	-	-	-	-	(1)	-	(1)	-	(1)
Share equity plan	-	-	-	-	1	-	1	-	1
Prorata share issuance	2	-	-	-	-	(2)	-	-	-
Interim dividend distribution [(A)]	-	-	-	-	-	(147)	(147)	-	(147)
IPO primary offering	-	154	-	-	-	-	154	-	154
IPO over-allotment	-	25	-	-	-	-	25	-	25
IPO fees	-	(17)	-	-	-	-	(17)	-	(17)
Transactions with non-controlling interests	-	-	-	-	-	-	-	(2)	(2)
As at December 31, 2013	**2**	**162**	**(23)**	**(14)**	**1**	**(96)**	**32**	**4**	**36**

(A) On March 13, 2013, the Board of directors approved a distribution to the Company's shareholders. On March 28, 2013 a distribution was made of €103 million. On May 21, 2013 an interim dividend was paid for €147 million on preference shares.

(in millions of Euros)	Share Capital	Share Premium	Remeasure-ment	Cash flow hedges	Foreign Currency Translation reserve	Other reserves	Retained losses	Total Owners of the Company	Non-controlling interests	Total equity
As at January 1, 2014	**2**	**162**	**(23)**	**-**	**(14)**	**1**	**(96)**	**32**	**4**	**36**
Net income	-	-	-	-	-	-	51	**51**	3	**54**
Other comprehensive loss	-	-	(123)	6	(14)	-	-	**(131)**	1	**(130)**
Total comprehensive loss	**-**	**-**	**(123)**	**6**	**(14)**	**-**	**51**	**(80)**	**4**	**(76)**
Transactions with the owners										
Share equity plan	-	-	-			4	-	**4**	-	**4**
MEP shares changes	-	-	-	-	-	1	-	**1**	-	**1**
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	(2)	**(2)**
As at December 31, 2014	**2**	**162**	**(146)**	**6**	**(28)**	**6**	**(45)**	**(43)**	**6**	**(37)**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of Euros)	Notes	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012
Cash flows from / (used in) operating activities				
Net income from continuing operations		54	96	149
Adjustments	23	241	133	81
Changes in working capital:				
Inventories		(95)	41	35
Trade receivables		(48)	9	26
Margin calls		11	4	7
Trade payables		170	(1)	20
Other working capital		(33)	(9)	27
Changes in other operating assets and liabilities:				
Provisions	22	(12)	(17)	(31)
Income tax paid		(27)	(29)	(28)
Pension liabilities and other post-employment benefit obligations		(49)	(43)	(40)
Net cash flows from operating activities		**212**	**184**	**246**
Cash flows (used in) / from investing activities				
Purchases of property, plant and equipment		(199)	(144)	(126)
Proceeds from disposals, including joint-venture		(2)	7	—
Investment in joint-venture		(19)	—	—
Proceeds from finance lease		6	6	8
Other investing activities		(2)	(1)	(13)
Net cash flows used in investing activities		**(216)**	**(132)**	**(131)**
Cash flows from / (used in) financing activities				
Net proceeds received from issuance of share		—	162	—
Interim dividend paid		—	(147)	—
Withholding tax reimbursed / (paid)		20	(20)	—
Distribution of share premium to owners of the Company		—	(103)	—
Interest paid		(39)	(36)	(28)
Net cash flows used in factoring	16	—	—	(49)
Proceeds received from Term Loan and Senior Notes	19	1,153	351	154
Repayment of Term Loan	19	(331)	(156)	(148)
Proceeds of other loans	19	13	2	6
Payment of deferred financing costs	19	(27)	(8)	(14)
Transactions with non-controlling interests		(2)	(2)	—
Other financing activities	19	(34)	—	(7)
Net cash flows from / (used in) financing activities		**753**	**43**	**(86)**
Net increase in cash and cash equivalents		**749**	**95**	**29**
Cash and cash equivalents - beginning of period	17	236	142	113
Effect of exchange rate changes on cash and cash equivalents		6	(1)	—
Cash and cash equivalents – end of period		**991**	**236**	**142**
Less: Cash and cash equivalents classified as held for sale	33	(2)	(3)	—
Cash and cash equivalents as reported in the Statement of Financial Position	17	**989**	**233**	**142**

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - GENERAL INFORMATION

Constellium is a global leader in the design and manufacture of a broad range of innovative specialty rolled and extruded aluminum products, serving primarily the aerospace, packaging and automotive end-markets. The Group has a strategic footprint of manufacturing facilities located in the United States, Europe and China, operates 22 production facilities, 10 administrative and commercial sites and one R&D center and has approximately 8,900 employees.

In connection with the initial public offering explained hereafter, the Company was converted from a private company with limited liability (Constellium Holdco B.V.) into a public company with limited liability (Constellium N.V.). On May 16, 2013, the Group increased its shares nominal value from €0.01 to €0.02 per share.

The business address (head office) of Constellium N.V. is Tupolevlaan 41-61, 1119 NW Schiphol-Rijk, the Netherlands.

Unless the context indicates otherwise, when we refer to “we”, “our”, “us”, “Constellium”, the “Group” and the “Company” in this document, we are referring to Constellium N.V. and its subsidiaries.

Initial public offering

On May 22, 2013, Constellium completed an initial public offering (the “IPO”) of Class A ordinary shares; the shares began trading on the New York Stock Exchange on May 23, 2013, and on the professional segment of Euronext Paris on May 27, 2013.

Constellium offered a total of 13,333,333 of its Class A ordinary shares, nominal value €0.02 per share and the selling shareholders offered 8,888,889 of Class A ordinary shares, nominal value €0.02 per share. The underwriters exercised their over-allotment option to purchase an additional 2,251,306 Class A ordinary shares at a public offering price of $15.00 per share. The exercise of the IPO over-allotment option brought the total number of Class A ordinary shares sold in the initial public offering to 24,473,528.

The total proceeds received by the Company from the IPO were €179 million. Fees related to the IPO amounted to €44 million, of which €17 million were accounted for as a deduction to share premium and €27 million expensed of which €24 million were recognized in Other expenses.

Secondary public offerings

On November 11, 2013, Constellium completed a public offering of Class A ordinary shares. The selling shareholders offered a total of 17,500,000 Class A ordinary shares at a price of $17.00 per share. 16,691,355 of the Class A ordinary shares were sold by an affiliate of Rio Tinto Plc. and 808,645 by Omega management GmbH & co. KG. The underwriters have exercised their option to purchase an additional 2,625,000 Class A ordinary shares from an affiliate of Rio Tinto Plc. bringing the total number of Class A ordinary shares sold in this offering to 20,125,000.

On December 12, 2013, Constellium completed a public offering of Class A ordinary shares by an affiliate of Rio Tinto Plc.

Constellium offered 8,345,713 Class A ordinary shares at a price of $19.80 per share. The underwriters have exercised their option to purchase an additional 1,251,847 Class A ordinary shares. The exercise of the option brought the total number of Class A ordinary shares sold in this offering to 9,597,560.

The Company did not receive any of the proceeds from these offerings of ordinary shares (including any ordinary shares sold pursuant to the underwriters's option to purchase additional ordinary shares). The total number of outstanding ordinary shares did not change as a result of the offering. Fees related to these offerings amounted to €3 million in 2013 and recognized in Other expenses.

On February 10, 2014, Constellium completed a third secondary public offering of 25,000,000 of our Class A ordinary shares at a price to the public of $22.50 per share. The shares were offered by Apollo Funds.

On March 10, 2014, Constellium completed a fourth secondary public offering of 12,561,475 of our Class A ordinary shares at a price to the public of $27.75 per share. The shares were offered by Apollo Funds. After this offering, Apollo Funds ceased to hold any of Constellium ordinary shares.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements of Constellium N.V. and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as endorsed by the European Union (EU). The Group's application of IFRS results in no difference between IFRS as issued by the IASB and IFRS as endorsed by the EU. (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm)

The consolidated financial statements have been authorized for issue by the Board of Directors at its meeting held on March 11, 2015.

b. Application of new and revised International Financial Reporting Standards (IFRS)

Standards and Interpretations with an application date for the Group as of January 1, 2014:

- Amendment to IAS 32 "Financial instruments: Presentation" on offsetting financial assets and liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the group financial statements.

- Amendments to IAS 36 "Impairment of assets" on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures on the recoverable amount of cash generated units which had been included in IAS 36 by the issue of IFRS 13.

- Amendments to IAS 39 "Financial instruments: Recognition and measurement" on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to "over-the-counter" derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discrepancies of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedge instrument meets specified criteria. The Group has applied the amendment and there is no impact on the financial statements.

- IFRIC 21 "Levies" sets out the accounting for an obligation to pay a levy if the liability is within the scope of IAS 37 "Provisions". The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognized. The application of this interpretation has no material effect on the Group's financial statements.

c. New standards and interpretations not yet mandatorily applicable

The Group has not applied the following new, revised and amended standards and interpretations that have been issued but are not yet effective and which could affect the Group's future consolidated financial statements:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments.

Modifications introduced by IFRS 9 relate primarily to:

- classification and measurement of financial assets. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset.

- depreciation of receivables, now based on the expected credit losses model.

- hedge accounting.

The standard is effective for accounting periods beginning on or after January 1, 2018.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for accounting periods beginning on or after January 1, 2017.

The impact of these standards on the Group's results and financial situation is currently being evaluated.

d. Presentation of the operating performance of each operating segment and of the Group

In accordance with IFRS 8 "Operating Segments", operating segments are based upon product lines, markets and industries served, and are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

The profitability and financial performance of the operating segments is measured based on Adjusted EBITDA, as it illustrates the underlying performance of continuing operations by excluding non-recurring and non-operating items.

Adjusted EBITDA is defined in NOTE 4 - Operating Segment Information.

e. Principles governing the preparation of the consolidated financial statements

Basis of consolidation

These consolidated financial statements include all the assets, liabilities, equity, revenues, expenses and cash flows of the entities and businesses controlled by Constellium.

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group has power over the investee, is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Investments in joint arrangements are classified as either joint ventures or joint operations depending on the contractual rights and obligations of each investor. The Group accounts for its investments in joint ventures under the equity method.

Acquisitions

The Group applies the acquisition method to account for business combinations.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities assumed and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The amount of non-controlling interest is determined for each business combination and is either the fair value (full goodwill method) or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets, resulting in recognition of only the share of goodwill attributable to equity holders of the parent (partial goodwill method).

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the amount of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized as a gain in Other gains / (losses) - net in the Consolidated Income Statement.

On acquisition, the Group recognizes the identifiable acquired assets, liabilities and contingent liabilities (identifiable net assets) of the subsidiaries on the basis of fair value at the acquisition date. Recognized assets and liabilities may be adjusted during a maximum of 12 months from the acquisition date, depending on new information obtained about the facts and circumstances existing at the acquisition date.

Significant assumptions used in determining allocation of fair value include the following valuation approaches: the cost approach, the income approach and the market approach which are determined based on cash flow projections and related discount rates, industry indices, market prices regarding replacement cost and comparable market transactions.

Cash-generating units

The reporting units (which generally correspond to an industrial site), the lowest level of the Group's internal reporting, have been identified as its cash-generating units.

Goodwill

Goodwill arising on a business combination is carried at cost as established at the date of the business combination less accumulated impairment losses, if any.

Goodwill is allocated and monitored at the operating segments level which are the groups of cash-generating units that are expected to benefit from the synergies of the combination. The operating segments represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

On disposal of the relevant cash-generating units, the attributable amount of goodwill is included in the determination of the gain in disposal.

Impairment of goodwill

A cash-generating unit or a group of cash-generating units to which goodwill is allocated is tested for impairment annually, or more frequently when there is an indication that the unit (or group of units) may be impaired.

The net carrying value of the cash-generating unit (or the group of cash-generating units) is compared to its recoverable amount, which is the higher of the value in use and the fair value less cost to sell.

Value in use calculations use cash flow projections based on financial budgets approved by management and covering usually a 5 year period. Cash flows beyond this period are estimated using a perpetual long-term growth rate for the subsequent years.

The value in use is the sum of discounted cash flows and the terminal residual value. Discount rates are determined using the weighted-average cost of capital of each operating segment.

Any impairment loss of goodwill is recognized for the amount by which the cash-generating unit's (or group of units) carrying amount exceeds its recoverable amount.

The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of cash-generating units) and then, to the other assets of the unit (or group of units) pro rata on the basis of the carrying amount of each asset in the unit (or group of units).

Any impairment loss is recognized in Other gains / (losses) – net in the Consolidated Income Statement. An impairment loss recognized for goodwill cannot be reversed in subsequent periods.

Non-current assets (and disposal groups) classified as held for sale & Discontinued operations

IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" defines a discontinued operation as a component of an entity that (i) generates cash flows that are largely independent from cash flows generated by other components, (ii) is held for sale or has been sold, and (iii) represents a separate major line of business or geographic areas of operations.

Assets and liabilities are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition.

Assets and liabilities are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

Assets and liabilities held for sale are reflected in separate line items in the Consolidated Statement of Financial Position of the period during which the decision to sell is made.

The results of discontinued operations are shown separately in the Consolidated Income Statement.

Foreign currency transactions and foreign operations

Functional currency

Items included in the consolidated financial statements of each of the entities and businesses of Constellium are measured using the currency of the primary economic environment in which each of them operates (their functional currency).

Foreign currency transactions:

Transactions denominated in currencies other than the functional currency are converted to the functional currency at the exchange rate in effect at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented within Finance costs - net.

Foreign exchange gains and losses that relate to commercial transactions are presented in Costs of Sales.

All other foreign exchange gains and losses, including those that relate to foreign currency derivatives hedging commercial transactions, are presented within Other gains / (losses) – net.

Foreign operations: presentation currency and foreign currency translation

In the preparation of the consolidated financial statements, the year-end balances of assets, liabilities and components of equity of Constellium's entities and businesses are translated from their functional currencies into Euros, the presentation currency of the Group, at the respective year-end exchange rates; and the revenues, expenses and cash flows of Constellium's entities and businesses are translated from their functional currencies into Euros using average exchange rates for the period.

The net differences arising from exchange rate translation are recognized in the Other Comprehensive Income.
The following table summarizes the main exchange rates used for the preparation of the consolidated financial statements of the Group:

		Year ended December 31, 2014		Year ended December 31, 2013		Year ended December 31, 2012	
Foreign exchange rate for 1 Euro		Closing rate	Average rate	Closing rate	Average rate	Closing rate	Average rate
US Dollars	USD	1.2141	1.3264	1.3791	1.3271	1.3220	1.2847
Swiss Francs	CHF	1.2024	1.2146	1.2276	1.2308	1.2070	1.2051
Czech Koruna	CZK	27.7348	27.5352	27.4273	25.9471	25.1256	25.1256

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from product sales, net of trade discounts, allowances and volume-based incentives, is recognized once delivery has occurred provided that persuasive evidence exists that all of the following criteria are met:

- The significant risks and rewards of ownership of the product have been transferred to the buyer;
- Neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold, has been retained by Constellium;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the sale will flow to Constellium; and
- The costs incurred or to be incurred in respect of the sale can be measured reliably.

The Group also enters into tolling agreements whereby the clients loan the metal which the Group will then manufacture for them. In these circumstances, revenue is recognized when services are provided as of the date of redelivery of the manufactured metal.

Amounts billed to customers in respect of shipping and handling are classified as revenue where the Group is responsible for carriage, insurance and freight. All shipping and handling costs incurred by the Group are recognized in cost of sales.

Deferred tooling revenue and related costs

Certain automotive long term contracts include the design and manufacture of customized parts. To manufacture such parts, certain specialized or customized tooling is required. The Group accounts for the tooling revenue and related costs provided by third party manufacturers in accordance with the provisions of IAS 11 “Construction Contracts”, i.e. revenue and expenses are recognized on the basis of percentage of completion of the contract.

Research and development costs

Research expenditures are recognized as expenses in the Consolidated Income Statement as incurred. Costs incurred on development projects are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use;
- Management intends to complete and use the intangible asset;
- There is an ability to use the intangible asset;
- It can be demonstrated how the intangible asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and use or sell the intangible asset are available; and
- The expenditure attributable to the intangible asset during its development can be reliably measured.

Where development expenditures do not meet these criteria, they are recognized as expenses in the Consolidated Income Statement when incurred. Development costs previously recognized as expenses are not recognized as an asset in a subsequent period.

Other gains / (losses) - net

Other gains / (losses) - net include realized and unrealized gains and losses on derivatives accounted for at fair value through profit or loss and unrealized exchange gains and losses from the remeasurement of monetary assets and liabilities.

Other gains / (losses) - net separately identifies other unusual, infrequent or non-recurring items. Such items are those that in management’s judgment need to be disclosed by virtue of their size, nature or incidence. In determining whether an event or transaction is specific, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence. This is consistent with the way that financial performance is measured by management and reported to the Board and Executive Committee and assists in providing a meaningful analysis of the trading results of the Group. The directors believe that this presentation aids the readers understanding of the financial performance.

Interest income and expense

Interest income is recorded using the effective interest rate method on loans receivable and on the interest bearing components of cash and cash equivalents.

Interest expense on short and long-term financing is recorded at the relevant rates on the various borrowing agreements.

Borrowing costs (including interest) incurred for the construction of any qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting year, the Group revises its estimate of the number of equity instruments expected to vest.

Property, plant and equipment

Recognition and measurement

Property, plant and equipment acquired by the Company are recorded at cost, which comprises the purchase price (including import duties and non-refundable purchase taxes), any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the estimated close down and restoration costs associated with the asset. Borrowing costs directly attributable to the acquisition or construction of a Property, plant and equipment are included in the cost. Subsequent to the initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and impairment if any. Costs are capitalized into construction work in progress until such projects are completed and the assets are available for use.

Subsequent costs

Enhancements and replacements are capitalized as additions to property, plant and equipment only when it is probable that future economic benefits associated with them will flow to the Company and the cost of the item can be measured with reliability. Ongoing regular maintenance costs related to property, plant and equipment are expensed as incurred.

Depreciation

Land is not depreciated. Property, plant and equipment are depreciated over the estimated useful lives of the related assets using the straight-line method as follows:

- Buildings 10 – 50 years;
- Machinery and equipment 3 – 40 years; and
- Vehicles 5 – 8 years.

Impairment tests for property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets subject to depreciation and amortization are reviewed for impairment if there is any indication that the carrying amount of the asset (or group of assets to which it belongs) may not be recoverable. The recoverable amount is based on the higher of fair value less costs to sell (market value) and value in use (determined using estimates of discounted future net cash flows of the asset or group of assets to which it belongs). Assets that are not subject to depreciation or amortization (such as goodwill) are tested for impairment at least annually.

Financial instruments

(i) Financial assets

Financial assets are classified as follows: (a) at fair value through profit or loss, and (b) loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of Constellium's financial assets at initial recognition.

(a) At fair value through profit or loss: These are financial assets held for trading. A financial asset is classified in this category if it is acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading except when they are designated as hedging instruments in a hedging relationship that qualifies for hedge accounting in accordance with IAS 39. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current. Financial assets carried at fair value through profit or loss, are initially recognized at fair value and transaction costs are expensed in the Consolidated Income Statement.

(b) Loans and receivables: These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current or non-current assets based on their maturity date. Loans and receivables are comprised of Trade receivables and other and non-current and current loans receivable in the Consolidated Statement of Financial Position. Loans and receivables are carried at amortized cost using the effective interest method, less any impairment.

(ii) Financial liabilities

Borrowings and other financial liabilities (excluding derivative liabilities) are recognized initially at fair value, net of transaction costs incurred and directly attributable to the issuance of the liability. These financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Any difference between the amounts originally received (net of transaction costs) and the redemption value is recognized in the Consolidated Income Statement using the effective interest method.

(iii) Derivative financial instruments

Derivatives that are classified as held for trading are initially recognized at their fair value on the date at which the derivative contract is entered into and are subsequently remeasured to their fair value at the date of each Consolidated Statement of Financial Position, with the changes in fair value included in Other gains / (losses) – net (see NOTE 8 - Other gains / (losses) - net). The Group has no derivatives designated for hedge accounting treatment, except for forward derivatives contracted to hedge the foreign currency risk on the estimated U.S dollar purchase price of the Wise entities (see NOTE 3 – Acquisition of Wise entities). These foreign currency derivatives are designated as a hedge in a cash flow hedge relationship that qualifies for hedge accounting in accordance with IAS 39. The portion of the gain or loss on the hedging instrument that is determined to be an effective cash flow hedge is recognized in Other Comprehensive Income and the ineffective portion is recognized in Other gains / (losses) - net.

(iv) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, relevant market prices are used to determine fair values. The Group periodically estimates the impact of credit risk on its derivatives instruments aggregated by counterparties.

Credit Value Adjustments are calculated for asset derivatives at fair value. Debit Value Adjustments are calculated for credit derivatives at fair value.

The fair value method used is based on historical probability of default, provided by leading rating agencies.

(v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Leases

Constellium as the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Various buildings, machinery and equipment from third parties are leased under operating lease agreements. Under such operating lease agreements, the total lease payments are recognized as rent expense on a straight-line basis over the term of the lease agreement, and are included in Cost of sales or Selling and administrative expenses, depending on the nature of the leased assets.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Various equipment from third parties are leased under finance lease agreements. Under such finance leases, the asset financed is recognized in Property, Plant and Equipment and the financing is recognized as a financial liability.

Constellium as the lessor

Certain land, buildings, machinery and equipment are leased to third parties under finance lease agreements. During the period of lease inception, the net book value of the related assets is removed from property, plant and equipment and a Finance lease receivable is recorded at the lower of the fair value and the aggregate future cash payments to be received from the lessee computed at an interest rate implicit in the lease. As the Finance lease receivable from the lessee is due, interest income is recognized.

Inventories

Inventories are valued at the lower of cost and net realizable value, primarily on a weighted-average cost basis.

Weighted-average costs for raw materials, stores, work in progress and finished goods are calculated using the costs experienced in the current period based on normal operating capacity (and include the purchase price of materials, freight, duties and customs, the costs of production, which includes labor costs, materials and other expenses which are directly attributable to the production process and production overheads).

Trade accounts receivable

Recognition and measurement

Trade accounts receivable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment (if any).

Impairment

An impairment allowance of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due. Indicators of impairment would include financial difficulties of the debtor, likelihood of the debtor's insolvency, late payments, default or a significant deterioration in creditworthiness. The amount of the provision is the difference between the assets' carrying value and the present value of the estimated future cash flows, discounted at the original effective interest rate. The expense (income) related to the increase (decrease) of the impairment allowance is recognized in the Consolidated Income Statement. When a trade receivable is deemed uncollectible, it is written off against the impairment allowance account. Subsequent recoveries of amounts previously written off are credited in the Consolidated Income Statement.

Factoring arrangements

In a non-recourse factoring arrangement, where the Group has transferred substantially all the risks and rewards of ownership of the receivables, the receivables are de-recognized from the statement of financial position. Where trade accounts receivable are sold with limited recourse, and substantially all the risks and rewards associated with these receivables are retained, receivables continue to be included in the Consolidated Statement of Financial Position. Inflows and outflows from factoring agreements in which the Group does not derecognize receivables are presented on a net basis as cash flows from financing activities. Arrangements in which the Group derecognizes receivables result in changes in trade receivables which are reflected as cash flows from operating activities.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash in bank accounts and on hand, short-term deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value, less bank overdrafts that are repayable on demand, provided there is a right of offset.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Trade payables

Trade payables are initially recorded at fair value and classified as current liabilities if payment is due in one year or less.

Provisions

Provisions are recorded for the best estimate of expenditures required to settle liabilities of uncertain timing or amount when management determines that a legal or constructive obligation exists as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and such amounts can be reasonably estimated. Provisions are measured at the present value of the expected expenditures to be required to settle the obligation.

The ultimate cost to settle such liabilities is uncertain, and cost estimates can vary in response to many factors. The settlement of these liabilities could materially differ from recorded amounts. In addition, the expected timing of expenditure can also change. As a result, there could be significant adjustments to provisions, which could result in additional charges or recoveries affecting future financial results.

Types of liabilities for which the Group establishes provisions include:

Close down and restoration costs

Estimated close down and restoration costs are accounted for in the year when the legal or constructive obligation arising from the related disturbance occurs and it is probable that an outflow of resources will be required to settle the obligation. These costs are based on the net present value of estimated future costs. Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan including feasibility and engineering studies, are updated annually during the life of the operation to reflect known developments (e.g. revisions to cost estimates and to the estimated lives of operations) and are subject to formal review at regular intervals each year.

The initial closure provision together with subsequent movements in the provisions for close down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalized within Property, plant and equipment. These costs are then depreciated over the remaining useful lives of the related assets. The amortization or "unwinding" of the discount applied in establishing the net present value of the provisions is charged to the Consolidated Income Statement as a financing cost in each accounting year.

Environmental remediation costs

Environmental remediation costs are accounted for based on the estimated present value of the costs of the Group's environmental clean-up obligations. Movements in the environmental clean-up provisions are presented as an operating cost within Cost of sales. Remediation procedures may commence soon after the time at which the disturbance, remediation process and estimated remediation costs become known, and can continue for many years depending on the nature of the disturbance and the technical remediation.

Restructuring costs

Provisions for restructuring are recorded when Constellium's management is demonstrably committed to the restructuring plan and where such liabilities can be reasonably estimated. The Group recognizes liabilities that primarily include one-time termination benefits, or severance, and contract termination costs, primarily related to equipment and facility lease obligations. These amounts are based on the remaining amounts due under various contractual agreements, and are periodically adjusted for any anticipated or unanticipated events or changes in circumstances that would reduce or increase these obligations. These costs are charged to restructuring costs in the Consolidated Income Statement.

Legal, tax and other potential claims

Provisions for legal claims are made when it is probable that liabilities will be incurred and when such liabilities can be reasonably estimated. For asserted claims and assessments, liabilities are recorded when an unfavorable outcome of a matter is deemed to be probable and the loss is reasonably estimable. Management determines the likelihood of an unfavorable outcome based on many factors such as the nature of the matter, available defenses and case strategy, progress of the matter, views and opinions of legal counsel and other advisors, applicability and success of appeals, process and outcomes of similar historical matters, amongst others. Once an unfavorable outcome is considered probable, management weights the probability of possible outcomes and the most reasonable loss is recorded. Legal matters are reviewed on a regular basis to determine if there have been changes in management's judgment regarding the likelihood of an unfavorable outcome or the estimate of a potential loss. Depending on their nature, these costs may be charged to Cost of sales or Other gains / (losses) – net in the Consolidated Income Statement. Included in other potential claims are provisions for product warranties and guarantees to settle the net present value portion of any settlement costs for potential future legal actions, claims and other assertions that may be brought by Constellium's customers or the end-users of products. Provisions for product warranty and guarantees are charged to Cost of sales in the Consolidated Income Statement. In the accounting year when any legal action, claim or assertion related to product warranty or guarantee is settled, the net settlement amount incurred is charged against the provision established in the Consolidated Statement of Financial Position. The outstanding provision is reviewed periodically for adequacy and reasonableness by Constellium management.

Management establishes tax reserves and accrues interest thereon, if deemed appropriate; in expectation that certain tax return positions may be challenged and that the Group might not succeed in defending such positions, despite management's belief that the positions taken were fully supportable.

Pension, other post-employment healthcare plans and other long term employee benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions. Constellium's contributions to defined contribution pension plans are charged to the Consolidated Income Statement in the year to which the contributions relate. This expense is included in Cost of sales, Selling and administrative expenses or Research and development costs, depending on its nature.

For defined benefit plans, the retirement benefit obligation recognized in the Consolidated Statement of Financial Position represents the present value of the defined benefit as reduced by the fair value of plan assets. The effects of changes in actuarial assumptions and experience adjustments are charged or credited to Other comprehensive income / (loss).

The amount charged to the Consolidated Income Statement in respect of these plans (including the service costs and the effect of any curtailment or settlement, net interest costs) is included within the income / (loss) from operations.

The defined benefit obligations are assessed in accordance with the advice of qualified actuaries. The most significant assumption used in accounting for pension plans is the discount rate.

Post-employment benefit plans relate to health and life insurance benefits to retired employees and in some cases to their beneficiaries and covered dependants. Eligibility for coverage is dependent upon certain age and service criteria. These benefit plans are unfunded and are accounted for as defined benefit obligations, as described above.

Other long term employee benefits include jubilees and other long-term disability benefits. For these plans, actuarial gains and losses arising in the year are recognized immediately in the Consolidated Income Statement.

Taxation

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the Consolidated Statement of Financial Position date in the countries where the Company and its subsidiaries operate and generate taxable income.

The Group is subject to income taxes in the Netherlands, France, and numerous other jurisdictions. Certain of Constellium's businesses may be included in consolidated tax returns within the Company. In certain circumstances, these businesses may be jointly and severally liable with the entity filing the consolidated return, for additional taxes that may be assessed.

Deferred income tax assets and liabilities are recognized for the estimated future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. This approach also requires the recognition of deferred income tax assets for operating loss carryforwards and tax credit carryforwards.

The effect on deferred tax assets and liabilities of a change in tax rates and laws is recognized as tax income in the year when the rate change is substantively enacted. Deferred income tax assets and liabilities are measured using tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on the tax rates and laws that have been enacted or substantively enacted at the date of the Consolidated Statement of Financial Position. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Presentation of financial statements

The consolidated financial statements are presented in millions of Euros. Certain reclassifications may have been made to prior year amounts to conform to current year presentation.

f. Judgments in applying accounting policies and key sources of estimation uncertainty

Many of the amounts included in the consolidated financial statements involve the use of judgment and/or estimation. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, giving consideration to previous experience. However, actual results may differ from the amounts included in the consolidated financial statements. Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include the items presented below.

Pension, other post-employment benefits and other long-term employee benefits

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the defined benefit obligations and net pension costs include the discount rate and the rate of future compensation increases. In making these estimates and assumptions, management considers advice provided by external advisers, such as actuaries.

Any material changes in these assumptions could result in a significant change in employee benefit expense recognized in the Consolidated Income Statement, actuarial gains and losses recognized in equity and prepaid and accrued benefits. Details of the key assumptions applied are set out in NOTE 21 - Pension liabilities and Other Post-employment Benefit Obligations.

Taxes

Significant judgment is sometimes required in determining the accrual for income taxes as there are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were recorded, such differences will impact the current and deferred income tax provisions, results of operations and possibly cash flows in the year in which such determination is made.

Management judgment is required to determine the extent to which deferred tax assets can be recognized. In assessing the recognition of deferred tax assets, management considers whether it is more likely than not that the deferred tax assets will be utilized. The deferred tax assets will be ultimately utilized to the extent that sufficient taxable profits will be available in the periods in which the temporary differences become deductible. This assessment is conducted through a detailed review of deferred tax assets by jurisdiction and takes into account the scheduled reversals of taxable and deductible temporary differences, past, current and expected future performance deriving from the budget, the business plan and tax planning strategies. Deferred tax assets are not recognized in the jurisdictions where it is less likely than not that sufficient taxable profits will be available against which the deductible temporary differences can be utilized.

Provisions

Provisions have been recorded for: (a) close-down and restoration costs; (b) environmental remediation and monitoring costs; (c) restructuring programs; (d) legal and other potential claims including provisions for product income tax risks, warranty and guarantees, at amounts which represent management's best estimates of the expenditure required to settle the obligation at the date of the Consolidated Statement of Financial Position. Expectations will be revised each year until the actual liability is settled, with any difference accounted for in the year in which the revision is made. Main assumptions used are described in NOTE 22 - Provisions.

Purchase Accounting

Business combinations are recorded in accordance with IFRS 3 using the acquisition method. Under this method, upon the initial consolidation of an entity over which the Group has acquired exclusive control, the identifiable assets acquired and the liabilities assumed are recognized at their fair value on the acquisition date.

Therefore, through a number of different approaches and with the assistance of external independent valuation experts, the Group identified what it believes is the fair value of the assets and liabilities at the acquisition date. These valuations include a number of assumptions, estimations and judgments. Quantitative and qualitative information is further disclosed in NOTE 3 - Acquisition of Wise Entities.

Significant assumptions which were used in determining allocation of fair value included the following valuation approaches: the cost approach, the income approach and the market approach which were determined based on cash flow projections and related discount rates, industry indices, market prices regarding replacement cost and comparable market transactions. While the Company believes that the estimates and assumptions underlying the valuation methodologies were reasonable, different assumptions could have resulted in different fair values.

NOTE 3 - ACQUISITION OF WISE ENTITIES

On October 3, 2014, Constellium announced that it had signed a definitive agreement to acquire 100% of Wise Metals Intermediate Holdings LLC ("Wise"), a private aluminum sheet producer located in Muscle Shoals, Alabama, United States of America. The closing of the acquisition took place on January 5, 2015. The transaction is therefore not included in the Group's consolidated financial statements as of December 31, 2014. In accordance with IFRS 3, Constellium will recognize the assets acquired and liabilities assumed, measured at fair value at the acquisition date, in its 2015 consolidated financial statements.

The cash consideration amounts to €345 million, including expected contractual price adjustments.

On November 19, 2014, Constellium contracted forward derivatives to hedge the foreign currency risk on the estimated U.S. dollar purchase price. These derivatives have been designated within a cash-flow hedge relationship that qualifies for hedge accounting in accordance with IAS 39. As a result, the fair value of these instruments, classified in Other Comprehensive Income for €9 million as of December 31, 2014, reduced the purchase price by €14 million at the acquisition date.

With the assistance of an independent expert, Constellium has performed the preliminary valuation studies necessary to estimate, on a preliminary basis, the fair values as of January 5, 2015 of the assets acquired and liabilities assumed. These estimated fair values are subject to change, for a maximum 12 month period from the acquisition date, based upon management's final determination of the assets acquired and liabilities assumed.

The following table reflects the preliminary goodwill arising as a result of the preliminary allocation of purchase price to the Wise assets acquired and liabilities assumed as of January 5, 2015:

(in millions of Euros)	**Estimated fair value**
Intangible assets	130
Property, plant and equipment	658
Net deferred tax assets	24
Trade receivables and other	165
Inventories	227
Other financial assets	7
Cash and cash equivalents	22
Total assets acquired	**1,233**
Borrowings	(999)
Trade payables and other	(157)
Pension and other post-employment benefit obligations	(8)
Other financial liabilities	(2)
Provisions and contingent liabilities	(55)
Total liabilities assumed	**(1,221)**
Net assets acquired at fair value	**12**
Preliminary goodwill	333
Total cash consideration net of hedge impact	**345**

The preliminary valuation has resulted in the recognition of new intangible assets: customer relationships and technology. Property, Plant and Equipment, Inventories, Provisions and Borrowings have been remeasured at fair value.

The resulting and preliminary goodwill amounts to €333 million and is mainly supported by the leading position in the can and growing automotive markets in North America, and by the expected synergies between Wise and other existing Constellium activities, in particular in terms of production capacity, commercial base and purchasing, R&D and manufacturing functions.

Had the acquisition of Wise taken place as of January 1, 2014, Constellium would have recognized a combined revenue of €4,663 million and a combined net income of €45 million for the year 2014.

Acquisition costs were recognized as expenses in the line “Other gains / (losses) - net” of the Group’s consolidated income statement (€34 million as of December 31, 2014, of which €1 million paid in 2014).

NOTE 4 - OPERATING SEGMENT INFORMATION

Management has defined Constellium’s operating segments based upon product lines, markets and industries it serves, and prepares and reports operating segment information to the Constellium chief operating decision maker (CODM) (see NOTE 2 – Summary of Significant Accounting Policies) on that basis. Effective January 1, 2014, we changed the measure of profitability for our segments under IFRS 8 – Operating segments from Management Adjusted EBITDA to Adjusted EBITDA. The Group’s operating segments are described below.

Aerospace and Transportation (A&T)

A&T focuses on thick-gauge rolled high value-added products for customers in the aerospace, marine, automotive and mass-transportation markets and engineering industries. A&T operates eight facilities in three countries.

Packaging and Automotive Rolled Products (P&ARP)

P&ARP produces and provides thin-gauge rolled products for customers in the beverage and closures, automotive, customized industrial sheet solutions and high-quality bright surface product markets. P&ARP operates two facilities in two countries.

Automotive Structures and Industry (AS&I)

AS&I focuses on specialty products and supplies a variety of hard and soft alloy extruded products, including technically advanced products, to the automotive, industrial, energy, electrical and building industries, and to manufacturers of mass transport vehicles and shipbuilders. AS&I operates fifteen facilities in seven countries.

Holdings & Corporate

Holdings & Corporate include the net cost of Constellium's head office and corporate support functions.

Intersegment elimination

Intersegment trading is conducted on an arm's length basis and reflects market prices.

The accounting principles used to prepare the Company's operating segm ent information are the same as those used to prepare the Group's consolidated financial statements.

Segment Revenue

	Year ended December 31, 2014			Year ended December 31, 2013			Year ended December 31, 2012		
(in millions of Euros)	Segment revenue	Inter segment elimination	Revenue Third and related parties	Segment revenue	Inter segment elimination	Revenue Third and related parties	Segment revenue	Inter segment elimination	Revenue Third and related parties
A&T	1,197	(5)	1,192	1,204	(7)	1,197	1,188	(6)	1,182
P&ARP	1,576	(8)	1,568	1,480	(8)	1,472	1,561	(7)	1,554
AS&I	921	(46)	875	859	(54)	805	910	(49)	861
Holdings & Corporate(A)	31	—	31	21	—	21	13	—	13
Total	**3,725**	**(59)**	**3,666**	**3,564**	**(69)**	**3,495**	**3,672**	**(62)**	**3,610**

(A) Includes revenue from metal supply to plants in Ham and Saint Florentin which are considered as third parties since their disposal in the second quarter of 2013.

Reconciliation of Adjusted EBITDA to Net Income

(in millions of Euros)	Notes	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012
A&T		91	120	106
P&ARP		118	105	92
AS&I		73	58	46
Holdings & Corporate		(7)	(3)	(21)
Adjusted EBITDA		**275**	**280**	**223**
Metal price lag(A)		27	(29)	(16)
Wise acquisition costs (B)	3	(34)	—	—
Start-up and development costs(C)		(11)	(7)	—
Gains on Ravenswood OPEB plan amendments	8, 21	9	11	58
Income tax contractual reimbursements	8	8	—	—
Ravenswood CBA renegociation	8	—	—	(7)
Swiss pension plan settlements	8	6	—	(8)
Apollo management fees		—	(2)	(3)
Share Equity Plans	32	(4)	(2)	(1)
Restructuring costs		(12)	(8)	(25)
Losses on disposal	8, 23	(5)	(5)	—
Unrealized (losses) / gains on derivatives	8	(53)	12	61
Unrealized exchange gains / (loss) from the remeasurement of monetary assets and liabilities - net	8	1	2	(1)
Depreciation and impairment	6	(49)	(32)	(14)
Other		(8)	(11)	(4)
Income from operations		**150**	**209**	**263**
Other expenses		—	(27)	(3)
Finance costs - net	10	(58)	(50)	(60)
Share of (loss) / profit of joint-ventures		(1)	3	(5)
Income before income tax		**91**	**135**	**195**
Income tax expense	11, 23	(37)	(39)	(46)
Net Income from continuing operations		**54**	**96**	**149**
Net income / (loss) from discontinued operations		—	4	(8)
Net Income		**54**	**100**	**141**

(A) Represents the financial impact of the timing difference between when aluminum prices included within Constellium revenues are established and when aluminum purchase prices included in cost of sales are established. The Group accounts for inventory using a weighted average price basis. This adjustment is to remove the effect of volatility in LME prices. The calculation of the Group metal price lag adjustment is based on an internal standardized methodology calculated at each of Constellium manufacturing sites. It is calculated as the average value of product recorded in inventory, which approximates the spot price in the market, less the average value transferred out of inventory, which is the weighted average of the metal element of cost of goods sold, by the quantity sold in the period.

(B) On January 5, 2015 Constellium acquired Wise Metals Intermediate Holdings LLC (refer to NOTE 3 – Acquisition of Wise entities). As of December 31, 2014 costs relating to the acquisition amounted to €34 million (€17 million of transaction fees and €17 million related to the financing of the acquisition).

(C) Start-up costs relating to new sites and business development initiatives of which €6 million related to the expansion of the site in Van Buren, U.S, and €5 million related to Body in White growth project both in Europe and the U.S.

Entity-wide information about product and services

(in millions of Euros)	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012
Aerospace rolled products	667	655	584
Transportation, Industry and other rolled products	525	542	598
Packaging rolled products	1,160	1,138	1,196
Automotive rolled products	225	162	144
Specialty and other thin-rolled products	183	172	214
Automotive extruded products	413	334	355
Other extruded products	462	471	506
Other	31	21	13
Total revenue	**3,666**	**3,495**	**3,610**

Segment capital expenditure

(in millions of Euros)	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012
A&T	(71)	(53)	(42)
P&ARP	(74)	(37)	(39)
AS&I	(48)	(49)	(40)
Holdings & Corporate	(6)	(5)	(5)
Capital expenditure	**(199)**	**(144)**	**(126)**

Segment assets

Segment assets are comprised of total assets of Constellium by segment, less investments in joint-ventures, deferred tax assets, other financial assets (including cash and cash equivalents) and assets of the disposal group classified as held for sale.

(in millions of Euros)	At December 31, 2014	At December 31, 2013
A&T	697	551
P&ARP	390	373
AS&I	333	267
Holdings & Corporate	288	109
Segment Assets	**1,708**	**1,300**
Unallocated:		
Adjustments for investments in joint-ventures	21	1
Deferred income tax assets	190	177
Other financial assets (including cash and cash equivalents)	1,079	265
Assets of disposal group classified as held for sale	14	21
Total Assets	**3,012**	**1,764**

Information about major customers

Included in revenue arising from the P&ARP segment for the year ended December 31, 2014, is revenue of approximately €406 million (year ended December 31, 2013: €378 million; year ended December 31, 2012: €441 million) which arose from sales to the Group's largest customer. No other single customers contributed 10% or more to the Group's revenue for 2014, 2013 and 2012.

NOTE 5 - INFORMATION BY GEOGRAPHIC AREA

The Group reports information by geographic area as follows: revenues from third and related parties are based on destination of shipments and property, plant and equipment are based on the physical location of the assets.

(in millions of Euros)	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012
Revenue – third and related parties			
France	533	535	596
Germany	1,035	961	1,073
United Kingdom	336	346	275
Switzerland	85	88	98
Other Europe	755	742	723
United States	524	448	471
Canada	51	53	56
Asia and Other Pacific	174	142	136
All Other	173	180	182
Total	**3,666**	**3,495**	**3,610**

(in millions of Euros)	At December 31, 2014	At December 31, 2013
Property, plant and equipment		
France	290	180
Germany	99	87
Switzerland	34	23
Czech Republic	21	18
Other Europe	3	2
United States	179	96
All Other	6	2
Total	**632**	**408**

NOTE 6 – EXPENSES BY NATURE

(in millions of Euros)	Notes	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012
Raw materials and consumables used[A]		(1,952)	(1,860)	(1,987)
Employee benefit expenses	7	(708)	(670)	(701)
Energy costs		(149)	(150)	(140)
Repairs and maintenance expenses		(88)	(80)	(91)
Sub-contractors		(78)	(80)	(66)
Freight out costs		(80)	(75)	(66)
Consulting and audit fees		(40)	(50)	(43)
Operating supplies (non capitalized purchases of manufacturing consumables)		(64)	(63)	(58)
Operating lease expenses		(20)	(16)	(16)
Depreciation and impairment		(49)	(32)	(14)
Other expenses		(193)	(194)	(202)
Total Cost of sales, Selling and administrative expenses and Research and development expenses		**(3,421)**	**(3,270)**	**(3,384)**

[A] The Company manages fluctuations in raw materials prices in order to protect manufacturing margins through the purchase of derivative instruments (see NOTE 24 - Financial Risk Management and NOTE 25 - Financial Instruments).

These expenses are split as follows:

(in millions of Euros)	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012
Cost of sales	(3,183)	(3,024)	(3,136)
Selling and administrative expenses	(200)	(210)	(212)
Research and development expenses	(38)	(36)	(36)
Total Cost of sales, Selling and administrative expenses and Research and development expenses	**(3,421)**	**(3,270)**	**(3,384)**

NOTE 7 – EMPLOYEE BENEFIT EXPENSES

(in millions of Euros)	Notes	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012
Wages and salaries[A]		(661)	(628)	(653)
Pension costs - defined benefit plans	21	(26)	(28)	(29)
Other post-employment benefits	21	(17)	(12)	(18)
Share equity plan expenses	32	(4)	(2)	(1)
Total Employee benefit expenses		**(708)**	**(670)**	**(701)**

[A] Wages and salaries exclude restructuring costs and include social security contributions.

NOTE 8 – OTHER GAINS / (LOSSES) – NET

(in millions of Euros)	Notes	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012
Realized losses on derivatives		(13)	(31)	(45)
Unrealized (losses) / gains on derivatives at fair value through Profit and Loss - net[(A)]	4	(53)	12	61
Unrealized exchange gains / (losses) from the remeasurement of monetary assets and liabilities - net	4	1	2	(1)
Swiss pension plan settlements	21	6	—	(8)
Ravenswood OPEB pension plan amendments	21	9	11	58
Ravenswood CBA renegotiation[(B)]		—	—	(7)
Income tax contractual reimbursements	11	8	—	—
Losses on disposal[(C)]		(5)	(5)	—
Wise acquisition costs	3	(34)	—	—
Other - net		(2)	3	4
Total Other (losses) / gains - net		**(83)**	**(8)**	**62**

[(A)] The gains or losses are made up of unrealized losses or gains on derivatives entered into with the purpose of mitigating exposure to volatility in foreign currency and LME prices (refer to NOTE 24 - Financial Risk Management for a description of the Group's risk management).

[(B)] In 2012, Constellium Ravenswood Rolled Products entered into a period of renegotiation of the Collective bargaining agreement ("CBA"). The negotiation and the settlement of the new CBA involved additional costs which would not be incurred in the ordinary course of business.

[(C)] On October 27, 2014, the Group sold its plant in Tarascon sur Ariège, France and incurred a €7 million loss. The plant generated revenues of €9 million in 2014 (€12 million in 2013).
In September 2014, the plant in Sierre, Switzerland disposed fixed assets and generated gains on disposal for €2 million.
In 2013, the sale of the Group's plants in Ham and Saint Florentin, France, was completed.

NOTE 9 – CURRENCY GAINS / (LOSSES)

The currency gains and losses are included in the consolidated financial statements as follows:

Consolidated income statement

(in millions of Euros)	Notes	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012
Included in Cost of sales		11	(2)	1
Included in Other (losses) / gains - net		(52)	23	19
Included in Finance costs	10	2	2	(21)
Total		**(39)**	**23**	**(1)**
Realized exchange losses on foreign currency derivatives - net		(12)	—	(18)
Unrealized exchange (losses) / gains on foreign currency derivatives - net		(12)	13	20
Exchange (losses) / gains from the remeasurement of monetary assets and liabilities – net		(15)	10	(3)
Total		**(39)**	**23**	**(1)**

Foreign currency translation reserve

(in millions of Euros)	Year ended December 31, 2014	Year ended December 31, 2013
Foreign currency translation reserve – January 1	**(14)**	**(14)**
Effect of exchange rate changes - net	(14)	—
Foreign currency translation reserve – December 31	**(28)**	**(14)**

See NOTE 24 - Financial Risk Management and NOTE 25 - Financial Instruments for further information regarding the Company's foreign currency derivatives and hedging activities.

NOTE 10 – FINANCE COSTS – NET

(in millions of Euros)	Notes	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012
Finance income:				
Realized and unrealized gains on debt derivatives at fair value(D)	9	29	4	—
Realized and unrealized exchange gains on financing activities - net	9	—	11	—
Other finance income		1	2	4
Total Finance income		**30**	**17**	**4**
Finance costs:				
Interest expense on borrowings(A)	19	(32)	(22)	(17)
Interest expense on factoring arrangements(B)	16	(9)	(10)	(15)
Exit fees and unamortized arrangement fees(C)	19	(15)	(21)	(7)
Realized and unrealized losses on debt derivatives at fair value(D)	9	—	(13)	(18)
Realized and unrealized exchange losses on financing activities - net(D)	9	(27)	—	(3)
Other finance expense		(5)	(1)	(4)
Total Finance costs		**(88)**	**(67)**	**(64)**
Finance costs - net		**(58)**	**(50)**	**(60)**

(A) Includes at December 31, 2014: (i) €24 million of interests expensed during the year related to the 2013 term loan and to the Senior Notes for respectively €7 million and €17 million; and €6 million of interests accrued related to the Senior Notes; (ii) €2 million of interest expenses related to the U.S. Revolving Credit Facility.

Includes at December 31, 2013: (i) €3 million of interests expensed during the year related to the 2012 term loan and €17 million of interests accrued during the year related to the 2013 term loan; (ii) €2 million of interest expenses related to the U.S. Revolving Credit Facility.

Includes at December 31, 2012: (i) €6 million of interests expensed during the year related to the 2011 term loan and €9 million of interests expensed during the year related to the 2012 term loan; (ii) €2 million of interest expenses related to the U.S. Revolving Credit Facility.

(B) Includes interests and amortization of deferred financing costs related to trade accounts receivable factoring programs (see NOTE 16 - Trade Receivables and Other).

(C) During the second quarter of 2014, Constellium issued Senior Notes and repaid the 2013 term loan. Arrangement fees of the 2013 term loan which were not amortized under the effective rate method, and exit fees, were fully recognized as financial expenses during this period. As of December 31, 2014, exit and arrangement fees amounted respectively to €6 million and €9 million.

During the first quarter of 2013, Constellium issued the 2013 term loan facility and repaid the 2012 term loan. Arrangement fees of the 2012 term loan which were not amortized under the effective rate method, and exit fees, were fully recognized as financial expenses during this period. As of December 31, 2013, exit and arrangement fees amounted respectively to €8 million and €13 million.

During the second quarter of 2012, Constellium issued the 2012 term loan facility and repaid the 2011 term loan. Arrangement fees of the 2011 term loan which were not amortized under the effective rate method, and exit fees, were fully recognized as financial expenses during this period. As of December 31, 2012, exit and arrangement fees amounted respectively to €5 million and €2 million.

(D) During the second quarter of 2014, the cross currency swap was settled when the 2013 term loan was repaid. The resulting realized loss offset the realized gain on the settled U.S. dollar 2013 Term Loan.

In addition, the Group hedged the dollar exposure relating to the principal of the U.S. Dollar Senior Notes. The principal of the U.S. Dollar Senior Notes is hedged by using floating-floating cross currency basis swaps indexed on floating Euro and U.S. Dollar interest rates. Changes in the fair value of hedges related to this translation exposure were recognized within finance income in the consolidated income statement and offset the unrealized losses related to U.S Dollar Senior Notes revaluation.

NOTE 11 – INCOME TAX

The current and deferred components of income tax are as follows:

(in millions of Euros)	**Year ended December 31, 2014**	**Year ended December 31, 2013**	**Year ended December 31, 2012**
Current tax expense	(34)	(29)	(30)
Deferred tax expense	(3)	(10)	(16)
Total income tax expense	**(37)**	**(39)**	**(46)**

Using a composite statutory income tax rate applicable by tax jurisdiction, the income tax can be reconciled as follows:

(in millions of Euros)	**Year ended December 31, 2014**	**Year ended December 31, 2013**	**Year ended December 31, 2012**
Income before income tax	**91**	**135**	**195**
Composite statutory income tax rate applicable by tax jurisdiction	31.0%	36.0%	38.6%
Income tax expense calculated at composite statutory tax rate applicable by tax jurisdiction	**(28)**	**(48)**	**(75)**
Tax effect of:			
Changes in recognized and unrecognized deferred tax assets	(3)	1	28
Other(A)	(6)	8	1
Income tax expense	**(37)**	**(39)**	**(46)**
Effective income tax rate	41%	29%	24%

(A) Including non-deductible items and certain contractual reimbursements.

Our composite statutory income tax rate of 31.0% in the year ended December 31, 2014, 36.0% in the year ended December 31, 2013 and of 38.6% in the year ended December 31, 2012 resulted from the statutory tax rates (i) in France of 38.0% in 2014 and in 2013 and 36.1% in 2012, (ii) in the United States of 43% in 2014, 40.1% in 2013 and 41.2% in 2012, (iii) in Germany of 29% in 2014, in 2013 and in 2012, (iv) in the Netherlands of 25% in 2014, in 2013 and in 2012 and (v) in Czech Republic of

19% in 2014, in 2013 and in 2012. The 5.0% decrease in our composite tax rate from 2013 to 2014 and the 2.6% decrease in our composite tax rate from 2012 to 2013 resulted from a lower weight of profits in higher tax rate jurisdictions most notably France and in the United States combined with a higher weight of profits in lower tax rate jurisdictions most notably in Czech Republic in 2014.

NOTE 12 – EARNINGS PER SHARE

Earnings

(in millions of Euros)	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012
Earnings used to calculate basic and diluted earnings per share from continuing operations	51	94	147
Earnings used to calculate basic and diluted earnings per share from discontinued operations	—	4	(8)
Earnings attributable to equity holders of the parent used to calculate basic and diluted earnings per share	**51**	**98**	**139**

Number of shares – see NOTE 18 – Share Capital

	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012
Weighted average number of ordinary shares used to calculate basic earnings per share[(A)]	104,639,342	98,219,458	89,442,416
Effect of other dilutive potential ordinary shares[(B)]	687,530	671,487	—
Weighted average number of ordinary shares used to calculate diluted earnings per share	**105,326,872**	**98,890,945**	**89,442,416**

[(A)] Based on the total number of all classes of shares (former "A", "B1" and "B2") until the IPO on May 22, 2013, and on the total number of Class A ordinary shares from the IPO (See NOTE 18 – Share Capital). Prior to the IPO, the Class B ordinary shares were included in the basic and diluted earnings per share calculation as the Class A and Class B ordinary shares had equal rights to profit allocation and dividends and Class B ordinary shares, once issued, could not be repurchased nor cancelled by the Company without the consent of the holder. In connection with our IPO, the Management Equity Plan (“MEP”) was frozen so that there could be no additional issuances or reallocations thereunder of Class B ordinary shares among MEP participants. In addition, from the date of the IPO, at the request of the MEP participants and in certain circumstances, the Company was committed to repurchase these shares, and may subsequently cancel them (including the related accumulated rights to profit). Accordingly, from the IPO date, Class B ordinary shares have been excluded from the calculation of the weighted average number of ordinary shares used to calculate the basic earnings per share. As Class B ordinary shares are ultimately converted into Class A ordinary shares when the Company does not have to repurchase them, they are included in the calculation of the weighted average number of ordinary shares used to calculate the diluted earnings per share.

[(B)] Includes B shares as they give rights to profit allocation and dividends and potential new ordinary shares to be issued as part of the Co-investment plan, the Equity award plan, the Free Share and the Shareholding Retention Program. (See NOTE 32 – Share Equity Plan).
All potential dilutive new ordinary shares were taken into account into the diluted earnings per share. There were no instrument excluded from the computation of diluted earnings per share because their effect was antidilutive.

Earnings per share attributable to the equity holders of the company

(in Euros per share)	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012
From continuing and discontinued operations			
Basic	0.48	1.00	1.55
Diluted	0.48	0.99	1.55
From continuing operations			
Basic	0.48	0.96	1.64
Diluted	0.48	0.95	1.64
From discontinued operations			
Basic	—	0.04	(0.09)
Diluted	—	0.04	(0.09)

NOTE 13 – INTANGIBLE ASSETS (including GOODWILL)

Goodwill in the amount of €11 million (relating solely to the acquisition of the entities and business of Rio Tinto Engineered Aluminium Products on January 4, 2011) has been allocated to the Group's operating segment Aerospace and Transportation ("A&T") €5 million, Packaging and Automotive Rolled Products ("P&ARP") €4 million and Automotive Structures and Industry ("AS&I") €2 million.

During the years ended December 31, 2014 and 2013, no other material movements occurred in intangible assets, including goodwill.

Impairment tests for goodwill

As of December 31, 2014, 2013 and 2012, the recoverable amount of the operating segments has been determined based on value-in-use calculations and significantly exceeded their carrying value.

NOTE 14 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment balances and movements are comprised as follows:

(in millions of Euros)	Land and Property Rights	Buildings	Machinery and Equipment	Construction Work in Progress	Other	Total
Net balance at January 1, 2014	**1**	**28**	**252**	**119**	**8**	**408**
Additions	—	15	31	208	—	**254**
Disposals	—	—	—	—	—	**—**
Depreciation expense	—	(2)	(42)	—	(2)	**(46)**
Impairment losses	—	—	—	(1)	—	**(1)**
Transfer during the year	—	18	128	(147)	(2)	**(3)**
Exchange rate movements	—	2	14	4	—	**20**
Net balance at December 31, 2014	**1**	**61**	**383**	**183**	**4**	**632**
At December 31, 2014						
Cost	1	67	459	183	12	**722**
Less accumulated depreciation and impairment	—	(6)	(76)	—	(8)	**(90)**
Net balance at December 31, 2014	**1**	**61**	**383**	**183**	**4**	**632**

(in millions of Euros)	Land and Property Rights	Buildings	Machinery and Equipment	Construction Work in Progress	Other	Total
Net balance at January 1, 2013	**—**	**20**	**154**	**115**	**13**	**302**
Additions	—	1	40	115	—	**156**
Disposals	—	—	(3)	(1)	1	**(3)**
Depreciation expense	—	(3)	(24)	—	(4)	**(31)**
Transfer during the year	1	11	89	(108)	(2)	**(9)**
Reclassified as Assets held for sale	—	(1)	—	—	—	**(1)**
Exchange rate movements	—	—	(4)	(2)	—	**(6)**
Net balance at December 31, 2013	**1**	**28**	**252**	**119**	**8**	**408**
At December 31, 2013						
Cost	1	32	287	119	14	**453**
Less accumulated depreciation and impairment	—	(4)	(35)	—	(6)	**(45)**
Net balance at December 31, 2013	**1**	**28**	**252**	**119**	**8**	**408**

Building, machinery and equipment includes the following amounts where the Group is a lessee under a finance lease:

	At December 31, 2014			**At December 31, 2013**		
(in millions of Euros)	Gross value	Accumulated depreciation	Net	Gross value	Accumulated depreciation	Net
Buildings under finance lease	16	—	16	—	—	—
Machinery and equipment under Finance lease	16	(1)	15	3	—	3
Total	**32**	**(1)**	**31**	**3**	**—**	**3**

In 2014, the Group contracted two finance leases under a sale-leaseback transaction in Constellium Automotive USA, LLC, in order to finance specific equipment in Novi and the expansion of Van Buren buildings for respectively €10 million and €16 million.

The future aggregate minimum lease payments under non-cancellable finance leases are as follows:

(in millions of Euros)	**At December 31, 2014**	**At December 31, 2013**
Less than 1 year	6	1
1 to 5 years	19	2
More than 5 years	15	—
Total	**40**	**3**

The present value ("PV") of future aggregate minimum lease payments under non-cancellable finance leases are as follows:

(in millions of Euros)	**At December 31, 2014**	**At December 31, 2013**
Less than 1 year	5	1
1 to 5 years	18	2
More than 5 years	8	—
Total	**31**	**3**

Depreciation expense and impairment losses

Total depreciation expense and impairment losses relating to property, plant and equipment are included in the Consolidated Income Statement as follows:

(in millions of Euros)	**Year ended December 31, 2014**	**Year ended December 31, 2013**	**Year ended December 31, 2012**
Cost of sales	(42)	(28)	(8)
Selling and administrative expenses	(5)	(3)	(6)
Total	**(47)**	**(31)**	**(14)**

The amount of contractual commitments for the acquisition of property, plant and equipment is disclosed in NOTE 28 - Commitments.

NOTE 15 - INVENTORIES

Inventories are comprised of the following:

(in millions of Euros)	**At December 31, 2014**	**At December 31, 2013**
Finished goods	122	84
Work in progress	164	136
Raw materials	122	91
Stores and supplies	30	23
Net realizable value adjustment	(6)	(6)
Total inventories	**432**	**328**

Constellium records inventories at the lower of cost and net realizable value. Increases / (decreases) in the net realizable value adjustment on inventories are included in Cost of sales in the Consolidated Income Statement.

NOTE 16 – TRADE RECEIVABLES AND OTHER

Trade receivables and other are comprised of the following:

	At December 31, 2014		At December 31, 2013	
(in millions of Euros)	Non-current	Current	Non-current	Current
Trade receivables - third parties - gross	—	434	—	365
Impairment allowance	—	(3)	—	(3)
Trade receivables - third parties - net	—	431	—	362
Trade receivables - related parties	—	—	—	1
Total Trade receivables - net	**—**	**431**	**—**	**363**
Finance lease receivables	22	5	26	5
Deferred financing costs - net of amounts amortized	2	3	3	3
Deferred tooling related costs	1	10	3	12
Current income tax receivables	—	15	—	41
Other taxes	—	50	13	35
Restricted cash[A]	10	—	9	—
Other	13	54	6	24
Total Other receivables	**48**	**137**	**60**	**120**
Total Trade receivables and Other	**48**	**568**	**60**	**483**

[A] Relating to a pledge given to the State of West Virginia as a guarantee for certain workers' compensation obligations for which the company is self-insured.

Aging

The aging of total trade receivables - net is as follows:

(in millions of Euros)	At December 31, 2014	At December 31, 2013
Current	415	345
1 – 30 days past due	13	15
31 – 60 days past due	1	2
61 – 90 days past due	1	—
Greater than 91 days past due	1	1
Total Trade receivables – net	**431**	**363**

Impairment allowance

The Group periodically reviews its customers' account aging, credit worthiness, payment histories and balance trends in order to evaluate trade accounts receivable for impairment. Management also considers whether changes in general economic conditions and in the industries in which the Group operates in particular, are likely to impact the ability of the Group's customers to remain within agreed payment terms or to pay their account balances in full.

Revisions to the impairment allowance arising from changes in estimates are included as either additional allowance or recoveries, with the corresponding expense or income included in Selling and administrative expenses. An impairment allowance amounting to €0.5 million was recognized during the year ended December 31, 2014 (€0.1 million during the year ended December 31, 2013).

None of the other amounts included in Other receivables was deemed to be impaired.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable shown above. The Group does not hold any collateral from its customers or debtors as security.

Currency concentration

The composition of the carrying amounts of total Trade receivables - net by currency is shown in Euro equivalents as follows:

(in millions of Euros)	**At December 31, 2014**	**At December 31, 2013**
Euro	207	188
U.S. Dollar	199	155
Swiss Franc	11	10
Other currencies	14	10
Total Trade receivables – net	**431**	**363**

Factoring arrangements

The Group entered into factoring arrangements with third parties for the sale of certain of the Group's accounts receivable in Germany, Switzerland and France.

Under these programs, Constellium agrees to sell to the factor eligible accounts receivable, for working capital purposes, up to a maximum financing amount of €350 million, allocated as follows:

- €115 million collectively available to Germany and Switzerland; and
- €235 million available to France.

Under these arrangements, most of accounts receivable are sold with recourse. Sales of most of these receivables do not qualify for derecognition under IAS 39 "Financial Instruments: Recognition and Measurement", as the Group retains substantially all of the associated risks and rewards. Where the Group has transferred substantially all the risks and rewards of ownership of the receivable, the receivables are derecognized from the statement of financial position.
Under the agreements, as of December 31, 2014, the total carrying amount of the original assets factored is €323 million (December 31, 2013: €259 million) of which:

- €229 million (December 31, 2013: €207 million) recognized on the Consolidated Statement of Financial Position;
- €94 million (December 31, 2013: €52 million) derecognized from the Consolidated Statement of Financial Position as the Group transferred substantially all of the associated risks and rewards to the factor.

As at December 31, 2014 and December 31, 2013, there was no amount due to the factor relating to trade account receivables sold.

Interest costs and other fees

Under both the Germany/Switzerland and France factoring agreements, interest is charged at the three-month EURIBOR (Euro Interbank Offered Rate) or LIBOR (London Interbank Offered Rate) rate plus 1.95% from November 8, 2013, (previously 2.25%) and is payable monthly. Other fees include an unused facility fee of 1% per annum (calculated based on the unused amount of the net position, as defined in the agreements). Additional factoring commissions and administration fees (based on the volume of sold receivables) are also assessed and payable monthly.

During the year ended December 31, 2014, Constellium incurred €9 million in interest and other fees (€10 million during the year ended December 31, 2013) from these arrangements that are included as finance costs (see NOTE 10 - Finance Costs - Net).

Additionally, under each of the factoring agreements, the Group paid a one-time, up-front arrangement fee of 2.25% of the initial aggregate maximum financing amount of €300 million (for both agreements), which totaled €7 million. These arrangement fees plus an additional €7 million in legal and other fees related to the factoring agreements are being amortized as finance costs over a period of five years (see NOTE 10 - Finance Costs - Net). During the year ended December 31, 2014, €2 million of such costs was amortized as finance costs (€3 million during the years ended December 31, 2013, and December 31, 2012). At December 31, 2014, the Group had €3 million (€5 million as at December 31, 2013, and €8 million as at December 31, 2012) in unamortized up-front and legal fees related to the factoring arrangements (included in deferred financing costs).

Covenants

The factoring arrangements contain certain affirmative and negative covenants, including relating to the administration and collection of the assigned receivables, the terms of the invoices and the exchange of information, but do not contain restrictive financial covenants other than a Group level minimum liquidity covenant that is tested quarterly. The Group was in compliance with all applicable covenants as of and for the years ended December 31, 2014 and 2013.

Intercreditor agreement

On January 4, 2011, the Group entered into an Intercreditor Agreement between the French, German and Swiss sellers of the Group's receivables under the various accounts receivable factoring programs described above and the purchasers of those receivables.

In accordance with the requirements of the Intercreditor Agreement, the parent company of the sellers has guaranteed amounts sold under the factoring program to the purchasers of such accounts receivable with recourse.

The Intercreditor Agreement remains in effect for any seller of receivables until all of the factoring agreements for such seller are terminated.

Deferred financing costs

The Group incurs certain financing costs with third parties associated with its factoring arrangements and U.S. Revolving Credit facility. Amortization of these deferred finance costs is included in Finance costs - net in the Consolidated Income Statement.

Costs incurred and amortization recognized throughout the periods presented are shown in the table below.

(in millions of Euros)	Year ended December 31, 2014				Year ended December 31, 2013			Year ended December 31, 2012		
	Factoring Arrangements	U.S. Revolving Credit Facility	Other	**Total**	Factoring Arrangements	U.S. Revolving Credit facility	**Total**	Factoring Arrangements	U.S. Revolving Credit facility	**Total**
Financing costs incurred and deferred										
Up-front facility arrangement fees	7	3	—	**10**	7	3	**10**	7	3	**10**
Other direct expenses	7	2	3	**12**	7	2	**9**	7	2	**9**
Total incurred and deferred	**14**	**5**	**3**	**22**	**14**	**5**	**19**	**14**	**5**	**19**
Less: amounts amortized during the year										
2014	(2)	(1)	(1)	**(4)**	—	—	**—**	—	—	**—**
2013	(3)	(1)	—	**(4)**	(3)	(1)	**(4)**	—	—	**—**
2012	(3)	(2)	—	**(5)**	(3)	(2)	**(5)**	(3)	(2)	**(5)**
2011	(3)	(1)	—	**(4)**	(3)	(1)	**(4)**	(3)	(1)	**(4)**
Deferred financing costs at December 31	**3**	**—**	**2**	**5**	**5**	**1**	**6**	**8**	**2**	**10**

Finance lease receivables

The Company is the lessor on certain finance leases with third parties for certain of its property, plant and equipment located in Sierre, Switzerland and up to June 2013 in Teningen, Germany. The following table shows the reconciliation of the Group's gross investments in the leases to the net investment in the leases as at December 31, 2012, 2013 and 2014.

(in millions of Euros)	Year ended December 31, 2014			Year ended December 31, 2013			Year ended December 31, 2012		
	Gross investment in the lease	Unearned interest income	**Net investment in the lease**	Gross investment in the lease	Unearned interest income	**Net investment in the lease**	Gross investment in the lease	Unearned interest income	**Net investment in the lease**
Within 1 year	6	(1)	5	6	(1)	5	8	(2)	**6**
Between 1 and 5 years	23	(1)	22	22	(2)	20	28	(3)	**25**
Later than 5 years	—	—	—	6	—	6	11	—	**11**
Total Finance lease receivables	**29**	**(2)**	**27**	**34**	**(3)**	**31**	**47**	**(5)**	**42**

Interest received in the year ended December 31, 2014, totaled €1 million (€1 million for the year ended December 31, 2013, and €2 million for the year ended December 31, 2012).

NOTE 17 – CASH AND CASH EQUIVALENTS

(in millions of Euros)	At December 31, 2014	At December 31, 2013
Cash in bank and on hand	168	232
Deposits	821	1
Total Cash and cash equivalents	**989**	**233**

As at December 31, 2014, cash in bank and on hand includes a total of €8 million held by subsidiaries that operate in countries where capital control restrictions prevent the balances from being available for general use by the Group (€6 million as at December 31, 2013).
As at December 31, 2014, deposits include proceeds drawn under the Senior Notes issued in December 2014, to be used for the acquisition of Wise entities (See Note 3 – Acquisition of Wise entities) and for Body In White growth project.

NOTE 18 – SHARE CAPITAL

As at December 31, 2014, authorized share capital consists of 398,500,000 Class A ordinary shares and 1,500,000 Class B ordinary shares.

	Number of shares			*In millions of Euros*	
	“A” Shares	**“B” Shares**	**Preference Shares**	**Share capital**	**Share premium**
As of January 1, 2014	**104,076,718**	**950,337**	**5**	**2**	**162**
Shares converted	842,228	(842,228)	—	—	—
Shares cancelled	—	—	(5)	—	—
As of December 31, 2014	**104,918,946**	**108,109**	**—**	**2**	**162**

According to Dutch law and the articles of association of Constellium N.V., the following characterizations, rights and obligations are attached to the shares:

- Constellium N.V. shares are divided in two classes: A shares and B shares;
- Class A ordinary shares can be held by anyone approved by the general meeting of shareholders; and
- Class B ordinary shares can only be held by (i) German limited partnerships which have entered into an agreement pursuant to a management equity plan, or (ii) the Company itself.
- All of the Company’s shares have a stated nominal value of €0.02 per share. All shares attract one vote and none are subject to any vesting restrictions.
- The Class A ordinary shares and Class B ordinary shares are entitled to an equal profit allocation.
- At the applicable MEP interest vesting date (the vesting conditions being summarized in NOTE 32 - Share Equity Plan), the related Class B ordinary shares are thereby converted into Class A ordinary shares. There are no other circumstances whereby Class B ordinary shares might be converted into Class A ordinary shares.

On May 16, 2013, the Group issued preference shares to existing shareholders and repurchased them for no consideration after dividend payment. All the preference shares were cancelled in August 2014.

During 2014, 842,228 Class B ordinary shares were converted to Class A ordinary shares, of which 749,417 related to Management Equity Plan accelerated vesting implemented during the second quarter of 2014.

On July 8, 2014, Constellium N.V. repurchased the 108,109 Class B shares from Omega Management Gmbh & Co K.G, which may be subsequently cancelled.

At December 31, 2014	Class "A" and "B" Shares	%
Free Float	89,396,158	85.12%
Bpifrance	12,846,969	12.23%
Other[(A)]	2,783,928	2.65%
Total	**105,027,055**	**100.00%**

At December 31, 2013	Class "A" and "B" Shares	%
Free Float	50,526,761	48.11%
Apollo Funds	37,561,475	35.76%
Bpifrance	12,846,969	12.23%
Other	4,091,850	3.90%
Total	**105,027,055**	**100.00%**

(A) Of which 108,109 B shares held by Constellium N.V.

NOTE 19 – BORROWINGS

19.1. Analysis by nature

(in millions of Euros)	At December 31, 2014				At December 31, 2013			
	Amount	Type of rate	Nominal rate	Effective rate	Amount	Type of rate	Spread	Effective rate
2013 Term loan facility[(A)]								
In U.S. Dollar	—	—	—	—	252	Floating	4.75%	6.48%
In Euro	—	—	—	—	72	Floating	5.25%	7.33%
Constellium N.V. and Constellium France SAS								
Senior Notes								
In U.S. Dollar (due 2024) [(B)]	326	Fixed	5.75%	6.26%	—	—	—	—
In Euro (due 2021) [(B)]	296	Fixed	4.63%	5.16%	—	—	—	—
In U.S. Dollar (due 2023) [(C)]	324	Fixed	8.00%	8.61%	—	—	—	—
In Euro (due 2023) [(C)]	236	Fixed	7.00%	7.54%	—	—	—	—
Constellium N.V.								
U.S. Revolving Credit Facility[(D)]								
In U.S. Dollar	34	Floating	—	2.54%	18	Floating	—	3.03%
Constellium Rolled Products Ravenswood, LLC								
Unsecured Credit Facility[(E)]								
Constellium N.V.	—	—	—	—	—	—	—	—
Others[(F)]	36	—	—	—	6	—	—	—
Total Borrowings	**1,252**	—	—	—	**348**	—	—	—
Of which:								
Non-current	*1,205*				*326*			
Current	*47*				*22*			

(A) Represents amounts drawn under the previous term loan facility. On March 25, 2013, Constellium N.V. entered into a $210 million (equivalent to €152 million at the year-end exchange rate) and €45

million seven-year floating rate term loan facility. The proceeds were primarily used to repay the previous variable rate term loan facility entered into on May 25, 2012, which was therefore terminated. At the same date, Constellium France entered into a $150 million (equivalent to €109 million at the year-end exchange rate) and €30 million seven-year floating rate term loan facility.
The 2013 term loan was guaranteed by certain of the Group subsidiaries and includes negative, affirmative and financial covenants.

(B) Represents amounts drawn under the “Senior Notes”. On May 7, 2014, Constellium N.V. issued a $400 million Senior Notes due 2024 (the “U.S. Dollar Notes” equivalent to €330 million at the year-end exchange rate excluding arrangement fees and accrued interests) and a €300 million Senior Notes due 2021 (the “Euro Notes”) offering. The proceeds were primarily used to repay the 2013 term loan which was therefore terminated.
As of December 31, 2014, amounts under the Senior Notes are net of arrangement fees related to the issuance of the notes totaling €12 million (including €6 million relating to the U.S. Dollar notes and €6 million relating to the Euro Notes) and include accrued interests for €4 million (including €2 million relating to the U.S. Dollar notes and €2 million relating to the Euro Notes).

(C) Represents amounts drawn under the “Senior Notes”. On December 19, 2014, Constellium N.V. issued a $400 million Senior Notes due 2023 (the “U.S. Dollar Notes” equivalent to €330 million at the year-end exchange rate excluding arrangement fees and accrued interests) and a €240 million Senior Notes due 2023 (the “Euro Notes”) offering.
As of December 31, 2014, amounts under the Senior Notes are net of arrangement fees related to the issuance of the notes totaling €12 million (including €7 million relating to the U.S. Dollar notes and €5 million relating to the Euro Notes) and include accrued interests for €2 million (including €1 million relating to the U.S. Dollar notes and €1 million relating to the Euro Notes).

The whole of the Senior Notes are guaranteed on a senior unsecured basis by certain of the subsidiaries. Senior Notes include negative covenants.

(D) Represents amounts drawn under the U.S. Revolving Credit Facility. On May 25, 2012, Constellium Holdco II B.V., Constellium Holdings I, LLC and Constellium Rolled Products Ravenswood, LLC subsidiaries of Constellium N.V. entered into a $100 million (equivalent to €82 million at the year-end exchange rate), five-year secured asset-based variable rate revolving credit facility and letter of credit facility (“the ABL facility”). At December 31, 2014 the net maximum U.S. Revolving Credit Facility Balance amounts to $94 million (equivalent to €78 million at the year-end exchange rate). The proceeds from this ABL facility were used to repay amounts owed under the previous ABL facility entered into by Constellium Rolled Product Ravenswood, LLC on January 4, 2011.
Certain assets of the Borrower have been pledged as collateral for the ABL Facility.
As of December 31, 2014, the Group used the letter of credit for about $1 million ($1 million at the year ended December 31, 2013). U.S. Revolving Credit Facility is fully classified as a current item.
As of December 31, 2014, the Group had $51 million (equivalent to €42 million at the closing exchange rate) of unused borrowing availability under the U.S. Revolving Credit Facility (at December 31, 2013: $40 million, equivalent to €29 million at the closing exchange rate).

(E) In 2014, Constellium N.V. entered into a €120 million unsecured revolving credit facility with maturity May 2017.

(F) Includes finance lease liabilities and other miscellaneous borrowings. During the third and the fourth quarters in 2014, Constellium Automotive LLC contracted two leases under a sale-leaseback transaction for respectively $11 million and $19 million (equivalent respectively to €10 million and €16 million at the year-end exchange rate).

19.2. Currency concentration

The composition of the carrying amounts of total non-current and current borrowings (net of unamortized arrangement fees) in Euro equivalents is denominated in the currencies shown below:

(in millions of Euros)	At December 31, 2014	At December 31, 2013
U.S. Dollar	709	270
Euro	539	76
Swiss Franc	4	2
Total borrowings net of unamortized debt financing costs	**1,252**	**348**

19.3. Movements in borrowings

(in millions of Euros)	At December 31, 2014	At December 31, 2013
Balance at the opening	**348**	**158**
Repayments of Term Loan[(A)]	(331)	(156)
Proceeds received from Term Loan and Senior Notes[(B)]	1,153	351
Proceeds received from U.S. Revolving Credit Facility	13	2
Deferred arrangement fees[(C)]	(24)	(9)
Unamortized arrangement fees[(D)]	9	13
Movement in interests accrued	6	—
Translation differences	44	(12)
Movement in other financial debt[(E)]	34	1
Balance at the closing	**1,252**	**348**

[(A)] As of December 31, 2013, the amount includes the repayment of the 2012 term loan ($199 million of the net U.S dollar principal equivalent to €154 million at March 25, 2013 exchange rate) and the principal repayment.
As of December 31, 2014, the amount includes the repayment of the 2013 term loan ($356 million of the net U.S dollar principal, equivalent to €257 million at May 7, 2014 exchange rate and €74 million of the net Euro principal) and the principal repayment.

[(B)] As of December 31, 2013, the amount represents the value of the 2013 term loan at March 25, 2013 exchange rate (U.S. Dollar Term Loan for $360 million equivalent to €276 million at March 25, 2013 exchange rate and Euro Term Loan for €75 million).
As of December 31, 2014, the amount represents the value of the Senior Notes at May 7, 2014 exchange rate and at December 19, 2014 exchange rate (U.S. Dollar Notes for $800 million equivalent to €613 million and Euro Notes for €540 million).

[(C)] As of December 31, 2013, the Group recognized €9 million of arrangement fees related to 2013 term loan.
As of December 31, 2014, the Group recognized €24 million of arrangement fees net of amount amortized related to the Senior Notes.
Arrangement fees are integrated in the effective interest rate calculation.

[(D)] As of December 31, 2013 and due to the early repayment of the 2012 term loan, €13 million of arrangement fees which were not amortized, were fully recognized as financial expenses (see NOTE 10 – Finance costs –Net).

As of December 31, 2014 and due to the early repayment of the 2013 term loan, €9 million of arrangement fees which were not amortized at the date of the issuance of Senior Notes, are fully recognized as financial expenses. (see NOTE 10 – Finance costs –Net).

(E) As of December 31, 2014, other financial debt includes a new finance leases for $30 million (equivalent to €26 million at year-end exchange rate).

19.4. Main features of the Group's borrowings

Interest

2013 Term Loan

The interest rate under both U.S. Dollar term loan facilities is the applicable U.S. Dollar interest rate (U.S. Dollar Libor) for the interest period subject to a floor of 1.25% per annum, plus a margin of 4.75% per annum. The interest rate under both Euro term loan facilities is the applicable Euro interest rate (Euribor) for the interest period subject to a floor of 1.25% per annum, plus a margin of 5.25% per annum.

Senior Notes

Interest under Senior Notes issued in May 2014 accrue at a rate of 5.750% per annum on the U.S. Dollar Notes (Due 2024) and 4.625% per annum on the Euro Notes (Due 2021) and will be paid semi-annually on May 15 and November 15 of each year, starting on November 15, 2014.

Interest under Senior Notes issued in December 2014 accrue at a rate of 8.00% per annum on the U.S. Dollar Notes (Due 2023) and 7.00% per annum on the Euro Notes (Due 2023) and will be paid semi-annually on January 15 and July 15 of each year, starting on July 15, 2015.

U.S. Revolving Credit Facility

Under the ABL Facility, interest charged is dependent upon the type of loan as follows:

(a) Base Rate Loans will bear interest at an annual rate equal to the sum of the British Banker Association LIBOR Rate (U.S. Dollar LIBOR) plus an applicable margin comprised between 0.5% and 1.0% of the base rate, which is the greater of: (i) the prime rate in effect on any given day and (ii) the federal funds rate in effect on any given day plus 0.5%.

(b) Eurodollar Rate Loans will bear interest at an annual rate equal to the sum of the Eurodollar Rate (essentially U.S. Dollar LIBOR) plus the applicable margin comprised between 1.5% and 2.0%;

Unsecured Credit Facility

Borrowings under the Unsecured Credit Facility will bear interest at the Eurocurrency rate plus a margin of 2.50% per annum. Accrued interest on each borrowings shall be payable on demand and in the event of any repayment or prepayment of any loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment.

Foreign exchange Exposure

2013 Term Loan

It is the Group policy to hedge all non-functional currency loans and deposits. In line with this policy the U.S. Dollar loans were hedged through cross currency interest rate swaps and rolling foreign exchange forwards. The notional of the cross-currency interest rate swaps amounted to $308 million on December 31, 2013. The remaining balance of the term loan was hedged by simple rolling foreign exchange forwards. The cross currency swaps had a negative fair value of €26 million at December

31, 2013. Changes in the fair value of hedges related to this translation exposure were recognized within financial costs in the consolidated income statement.

The cross currency swaps associated with this repaid term loan was settled in 2014 for €26 million and is presented in Other Financing Activities in the cash flow statement.

Senior Notes

The notional of the Dollar Notes issued in May 2014 is hedged through cross currency swaps and rolling foreign exchange forwards. The notional of the cross currency basis swaps amounted to $320 million on December 31, 2014. The remaining balance of the U.S. Dollar Notes is hedged by simple rolling foreign exchange forwards. Changes in the fair value of hedges related to this translation exposure are recognized within financial costs in the consolidated income statement. The positive fair value of hedging instrument is €29 million as of December 31, 2014.

The notional of the U.S. Dollar Notes issued in December 2014 was placed in U.S. Dollar short term deposits.

Financing cost

2013 Term Loan

A $2 million (equivalent to €1 million at the issue date of the term loan) and €1 million original issue discount (OID) were deducted from the Term Loan at inception. Constellium N.V. received a net amount of $209 million (€162 million at the issue date of the Term Loan) and €45 million. Constellium France received a net amount of $149 million (€115 million at the issue date of the Term Loan) and €30 million. In addition, the Group incurred debt fees of €8 million. Debt fees and OID are integrated into the effective interest rate of the term loan. Interest expenses are included in finance costs.

As of December 31, 2014 and due to the early payment of the 2013 term loan, the Group incurred exit fees for $6 million (equivalent to €4 million at the issue date of the private offering) and €2 million. Exit fees are included in finance cost.

Senior Notes

A $16 million (equivalent to €13 million at December 31, 2014 and net of amount amortized) and €11 million arrangement fees net of amount amortized were deducted from the private offerings.

Arrangement fees are integrated in the effective interest rate calculation of the private offerings.

U.S. Revolving Credit Facility

The €3 million U.S. Revolving Credit Facility expenses incurred in 2012 were included in Deferred financing costs and are amortized as interest expense in Finance costs – net.

A fronting fee of 0.125% per annum of the face amount of each letter of credit is expensed as incurred and payable in arrears on the last day of each calendar quarter after the letter of credit issuance.

Unsecured Credit Facility

As of December 31, 2014, transaction costs related to the Unsecured Revolving Facility are capitalized and amortized over the maturity of the credit facility (May 2017). The related fees are amortized over 36 months as a finance expense.

In addition, the Group incurs commitment fees related to the Unsecured Credit Facility, equal (i) the average of the daily difference between the commitments and the aggregate principal amount of all outstanding loans, times; (ii) 1.00% per annum.

Covenants

Senior Notes

The private offerings contain customary terms and conditions, including amongst other things, limitation on incurring or guaranteeing additional indebtness, on paying dividends, on making other restricted payments, on creating restriction on dividend and other payments to us from certain of our subsidiaries, on incurring certain liens, on selling assets and subsidiary stock, and on merging.

The Group was in compliance with all applicable affirmative covenants as of and for the period ended December 31, 2014.

U.S. Revolving Credit Facility

This facility contains a minimum availability covenant that requires Constellium Rolled Products Ravenswood, LLC to maintain excess availability of at least the greater of (a) $10 million and (b) 10% of the aggregate revolving loan commitments. It also contains customary events of default.

Constellium Rolled Products Ravenswood, LLC was in compliance with all applicable covenants as of and for the period ended December 31, 2014.

Factoring facilities

The factoring facility has a minimum liquidity covenant. As of December 31, 2014 the Company was in compliance.

NOTE 20 – TRADE PAYABLES AND OTHER

	At December 31, 2014		At December 31, 2013	
(in millions of Euros)	Non-current	Current	Non-current	Current
Trade payables				
Third parties	—	659	—	411
Related parties	—	—	—	58
Total Trade payables	**—**	**659**	**—**	**469**
Other payables	5	51	1	32
Employees' entitlements	16	111	16	119
Deferred revenue	10	32	18	13
Taxes payable other than income tax	—	19	—	13
Total Other	**31**	**213**	**35**	**177**
Total Trade payables and Other	**31**	**872**	**35**	**646**

NOTE 21 – PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

For the years ended December 31, 2014 and 2013, actuarial valuation were performed with the support of an independent expert and are reflected in the consolidation financial statements as described in NOTE 2.e – Principles governing the preparation of the consolidated financial statements.

Description of the plans

The Group operates a number of pensions, other post-employment benefits and other long-term employee benefit plans. Some of these plans are defined contribution plans and some are defined benefit plans, with assets held in separate trustee-administered funds. Benefits paid through pension trusts are sufficiently funded to ensure the payment of benefits to retirees when they become due.

Pension plans

Constellium's pension obligations are in the U.S., Switzerland, Germany, and France. Pension benefits are generally based on the employee's service and highest average eligible compensation before retirement and are periodically adjusted for cost of living increases, either by company practice, collective agreement or statutory requirement.

Other post-employment benefits (OPEB)

The Group provides health care and life insurance benefits to retired employees and in some cases to their beneficiaries and covered dependents, mainly in the U.S.. Eligibility for coverage is dependent upon certain age and service criteria. These benefit plans are unfunded.

Other long-term employee benefits

Other long term employee benefits include jubilees in France and Switzerland, other long-term disability benefits in the U.S. and medical care in France.

Description of risks

Our pension plan assets consist primarily of funds invested in listed stocks and bonds. Our estimates of liabilities and expenses for pensions and other post-employment benefits incorporate a number of assumptions, including discount rate, longevity estimate and inflation rate.

The defined benefit plans expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and change in law governing the employee benefit obligations.

Investment risk

The present value of funded defined benefit obligations is calculating using a discount rate determined by reference to high quality corporate bond yields. If the return on plan asset is below this rate, it will increase the plan deficit.

Interest risk

A decrease in the discount rate will increase the defined benefit obligation. As at December 31, 2014, impacts of the change on the defined benefit obligation of a 0.50% increase / decrease in the discount rates are calculated by using a proxy based on the duration of each scheme, as follows:

(in millions of Euros)	**0.50% increase in discount rates**	**0.50% decrease in discount rates**
France	(9)	10
Germany	(10)	10
Switzerland	(17)	20
United States	(28)	32
Total sensitivity on Defined benefit obligations	**(64)**	**72**

Longevity risk

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy of the plan participants will increase the plan's liability.

Main events (related impact being recorded in Other gains / (losses) – net, see NOTE 8)

- In 2014, the Swiss pension plan was modified to reflect updated conversion factors with transitional rates until 2022. This amendment resulted in the immediate recognition of negative past service cost of €6 million.
- In 2012, 2013 and 2014, the Group implemented certain plan amendments that had the effect of reducing benefits for the participants in the Constellium Rolled Products Ravenswood Retiree Medical and Life Insurance Plan. These amendments resulted in the immediate recognition of negative past service cost of €9 million in 2014, €11 million in 2013 and of €58 million in 2012.
- During the first quarter of 2012, the Group withdrew from the foundation which administered its employee benefit plans in Switzerland and joined a commercial multi-employer foundation. This change led to a partial liquidation which triggered a settlement. Consequently, related assets and liabilities were transferred to the new foundation and employees' benefits were also adjusted. The settlement resulted in an €8 million loss.

	Year ended December 31, 2014				**Year ended December 31, 2013**				**Year ended December 31, 2012**			
	Rate of ncrease in salaries	Rate of increase in pensions	Discount rate	Inflation	Rate of increase in salaries	Rate of increase in pensions	Discount rate	Inflation	Rate of increase in salaries	Rate of increase in pensions	Discount rate	Inflation
Switzerland	**1.75%**	—	**1.15%**	**1.25%**	**1.75%**	—	**2.35%**	**1.25%**	**2.00%**	—	**1.95%**	**1.25%**
U.S.	**3.80%**	—	—	—	**3.80%**	—	—	—	**3.80%**	—	—	—
Hourly pension	—	—	4.15%	—	—	—	4.95%	—	—	**1.10%**	4.15%	—
Salaried pension	·	—	4.25%	—	—	—	5.15%	—	—	—	4.35%	—
OPEB[(A)]	·	—	4.05%	–	—		4.85%	—	—	—	4.05%	—
France	**1.75%**	**2.00%**	—	**2.00%**	**2.00%**	**2.00%**	—	**2.00%**	**2.50%**	**2.00%**	—	**2.00%**
Retirements	—	—	1.90%	–	—	—	3.50%	—	—	—	3.20%	—
Other benefits	—	—	1.55%	—	—	—	3.50%	—	—	—	3.20%	—
Germany	**2.75**	**1.80%**	**1.90%**	**1.80%**	**2.75%**	**2.10%**	**3.50%**	**2.10%**	**2.75%**	**2.10%**	**3.20%**	**2.10%**

[(A)] Other main financial assumptions used for the OPEB (healthcare plans, which are predominantly in the U.S.), were:

- Medical trend rate: pre 65: 7.00% starting in 2015 reducing to 5.00% by the year 2022 and post 65: 6.50% starting in 2015 grading down to 5.00% by 2022, and
- Claims costs based on individual company experience.

For both pension and healthcare plans, the post-employment mortality assumptions allow for future improvements in life expectancy.

Amounts recognized in the Consolidated Statement of Financial Position

(in millions of Euros)	At December 31, 2014 Pension benefits	Other benefits	Total	At December 31, 2013 Pension benefits	Other benefits	Total
Present value of funded obligation	(612)	—	(612)	(485)	—	(485)
Fair value of plan assets	330	—	330	277	—	277
Deficit of funded plans	(282)	—	(282)	(208)	—	(208)
Present value of unfunded obligation	(127)	(245)	(372)	(104)	(195)	(299)
Net liability arising from defined benefit obligations	**(409)**	**(245)**	**(654)**	**(312)**	**(195)**	**(507)**

Movements in the present value of the Defined Benefit Obligations

(in millions of Euros)	At December 31, 2014 Pension benefits	Other benefits	Total	At December 31, 2013 Pension benefits	Other benefits	Total
Defined Benefit Obligations at beginning of year	**(589)**	**(195)**	**(784)**	**(644)**	**(234)**	**(878)**
Net decrease in liabilities from disposals	—	—	—	3	1	4
Current service cost	(14)	(4)	(18)	(15)	(5)	(20)
Interest cost	(21)	(9)	(30)	(19)	(9)	(28)
Actual plan participants' contributions	(5)	—	(5)	(5)	—	(5)
Past service cost	6	7	13	—	11	11
Immediate recognition of (losses) / gains arising over the year	—	(4)	(4)	—	1	1
Actual benefits paid out	29	15	44	30	16	46
Remeasurement due to changes in demographic assumptions	(14)	(12)	(26)	(1)	(1)	(2)
Remeasurement due to changes in financial assumption	(101)	(16)	(117)	44	17	61
Experience gain / (loss)	3	(1)	2	4	—	4
Exchange rate (loss) / gain	(33)	(26)	(59)	11	8	19
Classified as held for sale	—	—	—	3	—	3
Defined Benefit Obligations at end of year	**(739)**	**(245)**	**(984)**	**(589)**	**(195)**	**(784)**
Of which:						
Funded	(612)	—	(612)	(485)	—	(485)
Unfunded	(127)	(245)	(372)	(104)	(195)	(299)

Movements in the fair value of plan assets

(in millions of Euros)	At December 31, 2014 Pension benefits	Other benefits	Total	At December 31, 2013 Pension benefits	Other benefits	Total
Plan assets at beginning of year	**277**	**—**	**277**	**267**	**—**	**267**
Remeasurement return on plan assets	11	—	11	9	—	9
Interests income	10	—	10	8	—	8
Actual employer contributions	34	15	49	28	15	43
Actual plan participants' contributions	5	—	5	5	—	5
Actual benefits paid out	(29)	(15)	(44)	(31)	(15)	(46)
Actual administrative expenses paid	(1)	—	(1)	(1)	—	(1)
Exchange rate gain / (loss)	23	—	23	(8)	—	(8)
Fair value of plan assets at end of year	**330**	**—**	**330**	**277**	**—**	**277**

Variation of the net pension liabilities

(in millions of Euros)	At December 31, 2014 Pension Benefits	Other Benefits	**Total**	At December 31, 2013 Pension Benefits	Other Benefits	**Total**
Net (liability) recognized at beginning of year	**(312)**	**(195)**	**(507)**	**(377)**	**(234)**	**(611)**
Total amounts recognized in the Consolidated Income Statement	(20)	(10)	(30)	(28)	(1)	(29)
Total amounts recognized in the SoCI	(101)	(29)	(130)	56	16	72
Actual employer contributions	34	15	49	27	16	43
Exchange rate (loss) / gain	(10)	(26)	(36)	3	8	11
Net decrease from disposals	—	—	—	4	—	4
Classified as held for sale	—	—	—	3	—	3
Net (liability) recognized at end of year	**(409)**	**(245)**	**(654)**	**(312)**	**(195)**	**(507)**

Amounts recognized in the Consolidated Income Statement

(in millions of Euros)	Year ended December 31, 2014 Pension benefits	Other benefits	Total	Year ended December 31, 2013 Pension benefits	Other benefits	Total	Year ended December 31, 2012 Pension benefits	Other benefits	Total
Service cost									
Current service cost	(14)	(4)	(18)	(15)	(5)	(20)	(15)	(5)	(20)
Past service cost	6	7	13	—	11	11	20	55	75
(Losses) arising from plan settlements	—	—	—	—	—	—	(28)	—	(28)
Net interests	(11)	(9)	(20)	(12)	(8)	(20)	(13)	(13)	(26)
Immediate recognition of (losses) / gains arising over the period	—	(4)	(4)	—	1	1	—	1	1
Administrative expense	(1)	—	(1)	(1)	—	(1)	—	—	—
Total (costs) / income recognized in the Consolidated Income Statement	**(20)**	**(10)**	**(30)**	**(28)**	**(1)**	**(29)**	**(36)**	**38**	**2**

The expenses shown in this table are included as employee costs in the Consolidated Income Statement within employee benefit expense and in Other gains/(losses) - net (See NOTE 7 - Employee Benefit Expenses and NOTE 8 - Other Gains / (Losses) - Net).

Analysis of amounts recognized in the Consolidated Statement of Comprehensive Income (SoCI)

(in millions of Euros)	At December 31, 2014 Pension benefits	Other benefits	Total	At December 31, 2013 Pension benefits	Other benefits	Total
Cumulative amount of losses recognized in the SoCI at beginning of year	**27**	**4**	**31**	**83**	**20**	**103**
Liability losses due to changes in assumptions	14	11	**25**	1	1	**2**
Liability losses / (gains) due to changes in financial assumptions	102	17	**119**	(44)	(16)	**(60)**
Liability experience (gains) / losses arising during the year	(4)	1	**(3)**	(4)	—	**(4)**
Asset (gains) arising during the year	(11)	—	**(11)**	(9)	—	**(9)**
Exchange rate losses /(gains)	4	3	**7**	—	(1)	**(1)**
Total losses / (gains) recognized in SoCI	**105**	**32**	**137**	**(56)**	**(16)**	**(72)**
Cumulative amount of losses recognized in the SoCI at end of year	**132**	**36**	**168**	**27**	**4**	**31**

Defined benefit obligations by countries

(in millions of Euros)	At December 31, 2014	At December 31, 2013
France	(139)	(111)
Germany	(148)	(127)
Switzerland	(224)	(185)
U.S.	(473)	(361)
Defined Benefit Obligations	**(984)**	**(784)**

Value of plan assets at year end by major classes of assets

The following table shows the fair value of plans' assets classified under the appropriate level of the fair value hierarchy:

(in millions of Euros)	At December 31, 2014 U.S.	Switzerland	Total	At December 31, 2013 U.S.	Switzerland	Total
Equities	83	40	**123**	65	34	**99**
Bonds	70	75	**145**	60	65	**125**
Property	5	19	**24**	4	15	**19**
Other	3	35	**38**	1	33	**34**
Total fair value of plan assets	**161**	**169**	**330**	**130**	**147**	**277**

The actual return on plan assets was €21 million in 2014 (€17 million in 2013).

(in millions of Euros)	At December 31, 2014 Level 1	Level 2	Level 3	Total	At December 31, 2013 Level 1	Level 2	Level 3	Total
Cash and cash equivalents	2	1	—	**3**	—	—	—	**—**
Equity	84	39	—	**123**	69	30	—	**99**
Bonds								
Government bonds	—	1	—	**1**	—	4	—	**4**
Corporate bonds	78	66	—	**144**	68	53	—	**121**
Other investments								
Real estate	20	4	—	**24**	19	—	—	**19**
Hedge fund	6	—	—	**6**	12	—	—	**12**
Insurance contracts	—	4	—	**4**	—	1	—	**1**
Other	6	—	19	**25**	—	2	19	**21**
Total	**196**	**115**	**19**	**330**	**168**	**90**	**19**	**277**

Cash Flows

Contributions to plans

Contributions to pension plans totaled €34 million for the year ended December 31, 2014 (€27 million for the year ended December 31, 2013).

Contributions to other benefits totaled €15 million for the year ended December 31, 2014 (€16 million for the year ended December 31, 2013).

Expected contributions to pension for the year ending December 31, 2015 amount to €29 million and other post-employment benefits (healthcare obligations) amount to €16 million.

Benefit payments

Benefit payments expected to be paid to pension, other post-employment benefit plans' participants and other benefits, are as follows:

(in millions of Euros)	**Estimated benefits payments**
Year ended December 31,	
2015	46
2016	47
2017	48
2018	50
2019 to 2024	329
Total	**520**

OPEB amendments

During the third quarter of 2012, the Group implemented certain plan amendments that had the effect of reducing benefits of the participants in the Constellium Rolled Products Ravenswood Retiree Medical and Life Insurance Plan. In February 2013, five Constellium retirees and the United Steelworkers union filed a class action lawsuit against Constellium Rolled Products Ravenswood, LLC in a federal district court in West Virginia, alleging that Constellium Rolled Products Ravenswood, LLC improperly modified retiree health benefits.

The Group believes that these claims are unfounded, and that Constellium Rolled Products Ravenswood, LLC had a legal and contractual right to make the applicable modification.

NOTE 22 – PROVISIONS

(in millions of Euros)	**Close down, environmental and restoration costs**	**Restructuring costs**	**Legal claims, tax and other costs**	**Total**
At January 1, 2014	**48**	**10**	**45**	**103**
Additional provisions	1	8	15	**24**
Amounts used	(2)	(7)	(3)	**(12)**
Unused amounts reversed	(4)	(1)	(4)	**(9)**
Unwinding of discounts	4	—	—	**4**
At December 31, 2014	**47**	**10**	**53**	**110**
Current	3	8	38	**49**
Non-current	44	2	15	**61**
Total Provisions	**47**	**10**	**53**	**110**

(in millions of Euros)	**Close down, environmental and restoration costs**	**Restructuring costs**	**Legal claims, tax and other costs**	**Total**
At January 1, 2013	**56**	**19**	**47**	**122**
Additional provisions	1	3	13	**17**
Amounts used	(1)	(10)	(9)	**(20)**
Unused amounts reversed	(6)	(2)	(6)	**(14)**
Others	(1)	—	—	**(1)**
Unwinding of discounts	(1)	—	—	**(1)**
At December 31, 2013	**48**	**10**	**45**	**103**
Current	3	5	30	**38**
Non-current	45	5	15	**65**
Total Provisions	**48**	**10**	**45**	**103**

Close down, environmental and restoration costs

The Group records provisions for the estimated present value of the costs of its environmental clean-up obligations and close down and restoration efforts based on the net present value of estimated future costs of the dismantling and demolition of infrastructure and the removal of residual material of disturbed areas, using an average discount rate of 1.21%. A change in the discount rate of 0.50% would impact the provision by €2million.

It is expected that these provisions will be settled over the next 40 years depending on the nature of the disturbance and the technical remediation plans.

Restructuring costs

The Group records provisions for restructuring costs when management has a detailed formal plan, is demonstrably committed to its execution and can reasonably estimate the associated liabilities. The related expenses are included in Restructuring costs in the Consolidated Income Statement.

Legal claims, tax and other costs

(in millions of Euros)	**At December 31, 2014**	**At December 31, 2013**
Maintenance and customers related provisions[(A)]	14	18
Litigations[(B)]	28	17
Disease claims[(C)]	6	6
Other	5	4
Total	**53**	**45**

[(A)] These provisions include €7 million (€7 million in 2013 and €13 million in 2012) related to general equipment maintenance, mainly linked to the Group's leases. These provisions also include €1 million (€3 million in 2013 and in 2012) related to product warranties and guarantees and €6 million (€6 million in 2013 and €5 million in 2012) related to late delivery penalties. These provisions are expected to be utilized in the next five years.

[(B)] The Group is involved in litigation and other proceedings, such as civil, commercial and tax proceedings, incidental to normal operations. It is not anticipated that the resolution of such litigation and proceedings will have a material effect on the future results, financial position, or cash flows of the Group.

[(C)] Since the early 1990s, certain activities of the Group's businesses have been subject to claims and lawsuits in France relating to occupational diseases resulting from alleged asbestos exposure, such as mesothelioma and asbestosis. It is not uncommon for the investigation and resolution of such claims to go on over many years as the latency period for acquiring such diseases is typically between 25 and 40 years. For any such claim, it is up to the social security authorities in each jurisdiction to determine if a claim qualifies as an occupational illness claim. If so determined, the Group must settle the case or defend its position in court. As at December 31, 2014, 9 cases in which gross negligence is alleged ("faute inexcusable") remain outstanding (10 as at December 31, 2013), the average amount per claim being €0.3 million. The average settlement amount per claim in 2014 and 2013 was €0.1 million. It is not anticipated that the resolution of such litigation and proceedings will have a material effect on the future results from continuing operations, financial condition, or cash flows of the Group.

NOTE 23 – CASH FLOWS

(in millions of Euros)	Notes	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012
Cash flows from / (used in) operating activities				
Net income from continuing operations		54	96	149
Adjustments				
Income tax expense	11	37	39	46
Finance costs – net	10	58	50	60
Depreciation and impairment	6	49	32	14
Restructuring costs and other provisions		6	(8)	16
Defined benefit pension costs	21	29	29	(2)
Unrealized losses / (gains) on derivatives – net and from remeasurement of monetary assets and liabilities – net	4, 8	52	(14)	(60)
Losses on disposal and assets classified as held for sale		5	6	—
Share of (profit) / loss of joint-ventures		—	(3)	5
Other		5	2	2
Total Adjustments		**241**	**133**	**81**
Changes in working capital				
Inventories		(95)	41	35
Trade receivables		(48)	9	26
Margin calls	25	11	4	7
Trade payables		170	(1)	20
Other working capital		(33)	(9)	27
Total Changes in working capital		**5**	**44**	**115**
Changes in other operating assets and liabilities				
Provisions	22	(12)	(17)	(31)
Income tax paid		(27)	(29)	(28)
Pension liabilities and other post-employment benefit obligations		(49)	(43)	(40)
Total Changes in other operating assets and liabilities		**(88)**	**(89)**	**(99)**
Net cash flows from operating activities		**212**	**184**	**246**

NOTE 24 - FINANCIAL RISK MANAGEMENT

The Group's financial risk management strategy focuses on minimizing the cost and cash flow impacts of volatility in foreign currency exchange rates, metal prices and interest rates, while maintaining the financial flexibility the Group requires in order to successfully execute the Group's business strategies.

Due to Constellium's capital structure and the nature of its operations, the Group is exposed to the following financial risks: (1) market risk (including foreign exchange risk, commodity price risk and interest rate risk); (2) credit risk and (3) liquidity and capital management risk.

(a) **Market risk**

(i) ***Foreign exchange risk***

Net assets, earnings and cash flows are influenced by multiple currencies due to the geographic diversity of sales and the countries in which the Group operates. The Euro and the U.S. dollar are the currencies in which the majority of sales are denominated. Operating costs are influenced by the currencies of those countries where Constellium's operating plants are located and also by those currencies in which the costs of imported equipment and services are determined. The Euro and U.S. dollar are the most important currencies influencing operating costs.

The policy of the Group is to hedge committed and highly probable forecasted foreign currency operational transactions. The Group uses foreign exchange forwards for this purpose.

In June 2011, the Group entered into a multiple-year frame agreement with a major customer for the sale of fabricated metal products in U.S. Dollars. In line with its hedging policy, the Group entered into significant foreign exchange derivative transactions to forward sell U.S. dollars versus the euro following the signing of the multiple-year frame agreement to match these future sales.

As at December 31, 2014, our largest foreign exchange derivative transactions related to this contract. The notional principal amounts of the outstanding foreign exchange contracts at December 31, 2014 - with maturities ranging between 2015 and 2018 - were as follows:

Currency	**Forward Exchange contracts in currency millions**	**Foreign Exchange Swap contracts in currency millions**
CHF	23	2
CZK	(28)	768
EUR	82	116
GBP	(5)	(1)
JPY	(1,012)	(583)
SGD	—	8
USD	(144)	(186)

A negative balance represents a net currency sale, whereas a positive balance represents a net currency purchase.

Except for limited non-recurring transactions, hedge accounting is not applied and therefore the mark-to-market impact is recorded in Other gains/(losses) - net.

In the year ended December 31, 2013, the impact of the Group's hedging strategy in relation to foreign currency led to unrealized gains on derivatives of €21 million which related primarily to the exposure on the multiple year sale agreement for fabricated products in U.S. dollars by a euro functional subsidiary of the group. In the year ended December 31, 2014, the impact of these derivatives was an unrealized loss of €41 million as the U.S. dollar appreciated against the euro in the second half of 2014. The offsetting gain related to the forecasted sales are not visible due to the sales not yet being recorded in the books of the Group.

As the U.S. dollar appreciates against the euro, the derivative contracts entered into with financial institutions have a negative mark-to-market. Our financial derivative counterparties require margin should our mark-to-market exceed a pre-agreed contractual limit. In order to protect from the potential margin calls for significant market movements, the Group holds a significant liquidity buffer in cash or in availability under its various borrowing facilities, enters into derivatives with a large number of financial counterparties and monitors margin requirements on a daily basis for adverse movements in the U.S. dollar versus the euro.

At December 31, 2014, the margin requirement related to foreign exchange hedges amounted to zero (€11 million at December 31, 2013).
Throughout the year 2014, there were no margins posted related to foreign exchange hedges.
During 2012, the Group has decided to limit the liquidity risk arising from potential margin calls on operational hedges by entering into a portfolio of foreign exchange zero cost collars (combinations of bought calls and sold puts). As of December 31, 2014, the Group still had $198 million of these collars (as of December 31, 2013: $398 million), with maturities ranging between 2015 and 2016.
Borrowings are principally in U.S. dollars and euros (see NOTE 19 – Borrowings). It is the policy of the Group to hedge all non-functional currency debt and cash. The Group entered into cross currency basis swaps to hedge the foreign exchange inherent in our financing. As of December 31, 2014, the

notional outstanding on the cross currency basis swaps was $320 million (€233 million). The unrealized gain related to the economic hedges of the USD loans amounted to €30 million during the year ended December 31, 2014.

Foreign exchange sensitivity: risks associated with exposure to financial instruments

A 10% weakening in the December 31, 2014, closing Euro exchange rate against U.S. Dollar on the value of financial instruments held by the Group at December 31, 2014, would have decreased earnings (before tax effect) as shown in the table below (excluding Wise purchase hedging result):

At December 31, 2014 *(in millions of Euros)*	**Sensitivity impact**
Cash and cash equivalents and restricted cash	45
Trade receivables	22
Trade payables	(14)
Borrowings	(77)
Metal derivatives (net)	(2)
Foreign exchange derivatives (net) [(A)]	(54)
Cross currency swaps	29
Total	**(51)**

[(A)] The foreign exchange derivative largely hedge items that are not already on the balance sheet (forecast U.S. Dollar receivables in euros functional currency entities)

The amounts shown in the table above may not be indicative of future results since the balances of financial assets and liabilities may change.

A 10% weakening in the December 31, 2014, closing Euro exchange rate against Swiss Franc on the value on trade receivable is €1 million and on trade payable is €(6) million.

A 10% change in the closing Euro exchange rate against currencies other than U.S. Dollar or Swiss Franc does not have a material impact on earnings.

(ii) ***Commodity price risk***

The Group is subject to the effects of market fluctuations in the price of aluminum, which is the Group's primary metal input and a significant component of its output. The Group is also exposed to silver, copper and natural gas in a less significant way. The Group has entered into derivatives contracts to manage these risks and carries those instruments at their fair values on the Consolidated Statement of Financial Position.

As of December 31, 2014, the notional principal amount of aluminum derivatives outstanding was 133,875 tons (approximately $269 million) - 129,350 tons at December 31, 2013, (approximately $247 million) - with maturities ranging from 2015 to 2019, copper derivatives outstanding was 3,000 tons (approximately $24 million) - 4,200 tons at December 31, 2013 (approximately $33 million) - with maturities ranging from 2015 to 2016, silver derivatives 270,027 ounces (approximately $6 million) - 261,785 ounces at December 31, 2013 (approximately $6 million) - with maturities in 2015, and 3,465,000 MMBtu of natural gas futures (approximately $13 million) - 900,000 MMBtu at December 31, 2013 (approximately $3 million) with maturities from 2015 to 2016.

The value of the contracts will fluctuate due to changes in market prices but is intended to help protect the Group's margin on future conversion and fabrication activities. At December 31, 2014, these contracts are directly with external counterparties.

When the Group is unable to align the price and quantity of physical aluminum purchases with that of physical aluminum sales, it enters into derivative financial instruments to pass through the exposure to metal price fluctuations to financial institutions at the time the price is set. Therefore, the Group has purchased fixed price aluminum forwards to offset the exposure of LME volatility on its fixed price sales agreements for the supply of metal. The Group does not apply hedge accounting and therefore any mark-to-market movements are recognized in Other gains / (losses) – net.

In the year ended December 31, 2013, €7 million of unrealized losses were recorded in relation to LME futures due to a decline in the LME price of aluminum. In the year ended December 31, 2014, €7 million of unrealized losses were recorded in relation to LME futures due to a decline in the LME price of aluminum, with the revaluation of the underlying transaction continuing partially off- balance sheet for the sales which had not yet been invoiced and recognized as revenue.

As the LME price for aluminum falls, the derivative contracts entered into with financial institution counterparties have a negative mark-to-market. The Group's financial institution counterparties may require margin calls should the negative mark-to-market exceed a pre-agreed contractual limit. In order to protect from the potential margin calls for significant market movements, the Group enters into derivatives with a large number of financial counterparties and monitors margin requirements on a daily basis for adverse movements in aluminum prices.

As of December 31, 2014, the margin requirement related to aluminum hedges was zero (as of December 31, 2013, margin posted on aluminum hedges was also zero).

Throughout the year 2014, there was no margin posted related to aluminum hedges.

Commodity price sensitivity: risks associated with derivatives

The net impact on earnings and equity of a 10% increase or decrease in the market price of aluminum, based on the aluminum derivatives held by the Group at December 31, 2014 (before tax effect), with all other variables held constant was estimated to €20 million gains or losses (€17 million at December 31, 2013). The balances of such financial instruments may change in future periods however, and therefore the amounts shown may not be indicative of future results.

(iii) ***Interest rate risk***

Interest rate risk refers to the risk that the value of financial instruments held by the Group and that are subject to variable rates will fluctuate, or the cash flows associated with such instruments will be impacted due to changes in market interest rates. The Group's interest rate risk arises principally from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents deposits (including short-term investments) earning interest at variable interest rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

Interest rate sensitivity: risks associated with variable-rate financial instruments

The impact (before tax effect) on profit (loss) for the period of a 50 basis point increase or decrease in the LIBOR or EURIBOR interest rates, based on the variable rate financial instruments held by the Group at December 31, 2014, with all other variables held constant, was estimated to be less than €1 million for the periods ended December 31, 2014 and December 31, 2013. The balances of such financial instruments may not remain constant in future periods however, and therefore the amounts shown may not be indicative of future results.

(b) **Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk with financial institutions and other parties as a result of cash-in-bank, cash deposits and the mark-to-market on derivative transactions and from customer trade receivables arising from Constellium's operating activities. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset as described in NOTE 25 - Financial Instruments. The Group does not generally hold any collateral as security.

Credit risk related to deposits with financial institutions

Credit risk with financial institutions is managed by the Group's Treasury department in accordance with a Board approved policy. Constellium management is not aware of any significant risks associated with financial institutions as a result of cash and cash equivalents deposits (including short-term investments) and financial derivative transactions.
The number of financial counterparties is tabulated below showing our exposure to the counterparty by rating type (Parent company ratings from Moody's Investor Services).

	At December 31, 2014		**At December 31, 2013**	
	Number of financial counterparties[(A)]	Exposure *(in millions of Euros)*	Number of financial counterparties[(A)]	Exposure *(in millions of Euros)*
Rated Aa or better	3	233	2	16
Rated A	7	764	7	222
Rated Baa	2	5	1	1
Total	**12**	**1,002**	**10**	**239**

[(A)] Financial Counterparties for which the Group's exposure is below €250k have been excluded from the analysis.

Credit risks related to customer trade receivables

The Group has a diverse customer base geographically and by industry. The responsibility for customer credit risk management rests with Constellium management. Payment terms vary and are set in accordance with practices in the different geographies and end-markets served. Credit limits are typically established based on internal or external rating criteria, which take into account such factors as the financial condition of the customers, their credit history and the risk associated with their industry segment. Trade accounts receivable are actively monitored and managed, at the business unit or site level. Business units report credit exposure information to Constellium management on a regular basis. Over 80% of the Group's trade account receivables are insured by insurance companies rated A3[1] or better. In situations where collection risk is considered to be above acceptable levels, risk is mitigated through the use of advance payments, bank guarantees or letters of credit. Historically we have a very low level of customer default as a result of long history of dealing with our customer base and an active credit monitoring function.

[1] Rating from Moody's Investor Services.

See NOTE 16 - Trade Receivables and Other for the aging of trade receivables.

(c) **Liquidity and capital risk management**

The Group's capital structure includes shareholder's equity, borrowings from related parties and various third-party financing arrangements (such as credit facilities and factoring arrangements). Constellium's total capital is defined as total equity plus net debt. Net debt includes borrowings due to third parties less cash and cash equivalents.

Constellium's overriding objectives when managing capital are to safeguard the business as a going concern, to maximize returns for its owners and to maintain an optimal capital structure in order to minimize the weighted cost of capital.

All activities around cash funding, borrowings and financial instruments are centralized within Constellium's Treasury department. Direct external funding or transactions with banks at the operating plant entity level are generally not permitted, and exceptions must be approved by Constellium's Treasury department.

The liquidity requirements of the overall Company are funded by drawing on available credit facilities, while the internal management of liquidity is optimized by means of cash pooling agreements and/or intercompany loans and deposits between the Company's operating entities and central Treasury.

The contractual agreements that the Group has with derivative financial counterparties require the posting of collateral once a certain threshold has been reached. In order to protect the Group from the potential margin calls for significant market movements, the Group holds a significant liquidity buffer in cash or availability under its various borrowing facilities, enters into derivatives with a large number of financial counterparties, entered into a series of zero cost collars (see section 24.a (i)) and monitors margin requirements on a daily basis for adverse movements in the U.S. dollar versus the euro and in aluminum prices.

The table below shows undiscounted contractual values by relevant maturity groupings based on the remaining period from December 31, 2014, and December 31, 2013, to the contractual maturity date.

	At December 31, 2014			At December 31, 2013		
(in millions of Euros)	Less than 1 year	Between 1 and 5 years	Over 5 years	Less than 1 year	Between 1 and 5 years	Over 5 years
Financial assets :						
Cross currency interest rate swaps	7	23	—	—	—	—

	At December 31, 2014			At December 31, 2013		
(in millions of Euros)	Less than 1 year	Between 1 and 5 years	Over 5 years	Less than 1 year	Between 1 and 5 years	Over 5 years
Financial liabilities:						
Borrowings[A]	92	304	1,456	41	94	341
Cross currency interest rate swaps	—	—	—	6	21	—
Net cash flows from derivatives liabilities related to currencies and metal[B]	73	43	—	18	9	—
Trade payables and other (excludes deferred revenue)	840	21	—	633	17	—
	1,005	**368**	**1,456**	**698**	**141**	**341**

[A] Borrowings include the U.S. Revolving Credit Facility which is considered short-term in nature and is included in the category "Less than 1 year" and undiscounted forecasted interests on the Term Loan.

[B] Foreign exchange options have not been included as they are not in the money.

See NOTE 19 – Borrowings, for further details on borrowings and credit facilities.

See NOTE 16 – Trade receivables and others, for further details on factoring arrangements.

Derivative financial instruments

The Group enters into derivative contracts to manage operating exposure to fluctuations in foreign currency, aluminum, copper, silver and natural gas prices. The tables below show the undiscounted contractual values and terms of derivative instruments.

(in millions of Euros)	At December 31, 2014 Less than 1 year	At December 31, 2014 Between 1 and 5 years	At December 31, 2014 Total	At December 31, 2013 Less than 1 year	At December 31, 2013 Between 1 and 5 years	At December 31, 2013 Total
Assets - Derivative Contracts[(A)]						
Aluminum future contracts	2	—	**2**	1	—	**1**
Currency derivative contracts	41	11	**52**	12	7	**19**
Cross currency interest rate swap[(B)]	7	23	**30**	—	—	—
Total	**50**	**34**	**84**	**13**	**7**	**20**
Liabilities - Derivative Contracts[(A)]						
Aluminum future contracts	16	2	**18**	8	2	**10**
Copper future contracts	2	3	**5**	—	2	**2**
Silver and natural gas future contracts	3	—	**3**	—	—	**—**
Currency derivative contracts	52	39	**91**	10	5	**15**
Cross currency interest rate swaps[(B)]	—	—	—	6	21	**27**
Total	**73**	**44**	**117**	**24**	**30**	**54**

[(A)] Foreign exchange options have not been included as they are not in the money.

[(B)] The principal of the U.S. Dollar Notes issued in May 2014 is hedged by using floating-floating cross currency basis swaps indexed on floating Euro and U.S. Dollar interest rates. At December 31, 2014, the Group recognize a positive fair value of the hedging instrument for €30 million (undiscounted amount).

The principal of the U.S. Dollar loans issued in March 2013 were hedged through cross currency interest rate swaps and rolling foreign exchange forwards. The cross currency swaps had a negative fair value of €27 million (undiscounted amount) at December 31, 2013.

NOTE 25 - FINANCIAL INSTRUMENTS

The tables below show the classification of financial assets and liabilities, which includes all third and related party amounts.

Financial assets and liabilities by categories

(in millions of Euros)	Notes	At December 31, 2014 Loans and receivables	At Fair Value through Profit and loss(A)	Total	At December 31, 2013 Loans and receivables	At Fair Value through Profit and loss	Total
Cash and cash equivalents	17	989	—	**989**	233	—	**233**
Trade receivables and Finance Lease receivables	16	458	—	**458**	394	—	**394**
Other financial assets		7	83	**90**	11	21	**32**
Total financial assets		**1,454**	**83**	**1,537**	**638**	**21**	**659**

(in millions of Euros)	Notes	At amortized costs	At Fair Value through Profit and loss(A)	Total	At amortized costs	At Fair Value through Profit and loss	Total
Trade payables	20	659	—	**659**	469	—	**469**
Borrowings	19	1,252	—	**1,252**	348	—	**348**
Other financial liabilities		—	111	**111**	—	60	**60**
Total financial liabilities		**1,911**	**111**	**2,022**	**817**	**60**	**877**

Other financial assets and Other financial liabilities are detailed as follows:

(in millions of Euros)	At December 31, 2014 Non-current	Current	Total	At December 31, 2013 Non-current	Current	Total
Derivatives	33	50	**83**	7	14	**21**
Margin calls	—	—	—	—	11	**11**
Other(B)	—	7	**7**	—	—	—
Other financial assets	**33**	**57**	**90**	**7**	**25**	**32**
Derivatives	40	71	**111**	36	24	**60**
Other financial liabilities	**40**	**71**	**111**	**36**	**24**	**60**

(A) Except for derivatives hedging the foreign currency risk associated to Wise purchase price. (See NOTE 3 – Acquisition of Wise entities)

(B) Corresponds to advance payments related to finances leases contracted for the expansion of the site in Van Buren, U.S.

Fair values

All the derivatives are presented at fair value in the balance sheet.
The carrying value of the Group's borrowings is the redemption value at maturity. The fair value of the ABL and December 2014 Senior Notes is approximately the carrying value. The fair value of the May 2014 Senior Notes accounts for 87.0% of the carrying value and amounts to €540 million as of December 31, 2014.

The fair values of other financial assets and liabilities approximate their carrying values, as a result of their liquidity or short maturity.

Margin calls

Constellium Finance SAS and Constellium Switzerland AG entered into agreements with some financial institutions in order to define applicable rules with regards to the setting-up of derivative trading accounts. On a daily or weekly basis (depending on the arrangement with each financial institution), all open currency or metal derivative contracts are revalued to the current market price. When the change in fair value reaches a certain threshold (positive or negative), a margin call occurs resulting in the Group making or receiving back a cash payment to/from the financial institution.
The cash deposit related to margin calls made by the Group is nil as of December 31, 2014 (€11 million at December 31, 2013).

Valuation hierarchy

The following table provides an analysis of financial instruments measured at fair value, grouped into levels based on the degree to which the fair value is observable:

- Level 1 valuation is based on quoted prices (unadjusted) in active markets for identical financial instruments, it includes aluminum futures that are trade on the LME;
- Level 2 valuation is based on inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. prices) or indirectly (i.e. derived from prices), it includes foreign exchange derivatives. The method used to calculate the fair value mainly consists on discounted cash flow; and
- Level 3 valuation is based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At December 31, 2014 *(in millions of Euros)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Other financial assets	2	81	—	**83**
Other financial liabilities	22	89	—	**111**

At December 31, 2013 *(in millions of Euros)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Other financial assets	1	20	—	**21**
Other financial liabilities	12	48	—	**60**

NOTE 26 - INVESTMENTS IN JOINT VENTURES

	At December 31, 2014	At December 31, 2013
As at January 1	**1**	**2**
Group share in profit / (loss)	(1)	—
Change in consolidation scope	19	(1)
Effects of changes in foreign exchange rates	2	—
As at December 31	**21**	**1**

The Group holds a 49.85% interest in a joint-venture named Rhenaroll S.A. (located in Biesheim, France), specialized in the chrome-plating, grinding and repairing of rolling mills' rolls and rollers. As of December 31, 2014, the revenue of Rhenaroll amounted to €3 million (€3 million as of December 31, 2013). The entity's net income was immaterial both in 2014 and 2013.

Quiver Ventures LLC, a joint-venture in which Constellium holds a 51% interest, was created during the fourth quarter of 2014. This joint-venture will supply Body-in-White aluminum sheet to the North American automotive industry through a facility located in Bowling Green, Kentucky. The joint venture did not operate in 2014, production being scheduled to start in the first half of 2016.

These investments in joint ventures are accounted for under the equity method. Rhenaroll S.A. and Quiver Ventures LLC are private companies and there are no quoted market prices available for their shares.

(in millions of Euros)		**Group share of joint venture's net assets**		**Group share of joint venture's profit / (loss)**	
	% interest	At December 31, 2014	At December 31, 2013	Year ended 2014	Year ended 2013
Rhenaroll S.A.	49.85%	1	1	—	—
Quiver Ventures LLC	51.00%	20	—	(1)	—
Investments in joint ventures		**21**	**1**	**(1)**	**—**

NOTE 27 - DEFERRED INCOME TAXES

(in millions of Euros)	At December 31, 2014	At December 31, 2013
Shown in the Consolidated Statement of Financial Position:		
Deferred income tax assets	190	177
Deferred income tax liabilities	—	(1)
Net deferred income tax assets	**190**	**176**

The following table shows the changes in net deferred income tax assets (liabilities) for the years ended December 31, 2014 and 2013.

(in millions of Euros)	Year ended December 31, 2014	Year ended December 31, 2013
Balance at beginning of year	**176**	**194**
Net deferred income tax assets acquired	—	—
Deferred income taxes recognized in the Consolidated Income Statement	(3)	(10)
Effects of changes in foreign currency exchange rates	3	(1)
Deferred income taxes recognized directly in other comprehensive income	11	(9)
Other	3	2
Balance at end of year	**190**	**176**

Year ended December 31, 2014 *(in millions of Euros)*	Opening Balance	Acquisitions /Disposals	*Recognized in* Profit or loss	OCI	FX	Other	Closing balance
Deferred tax (liabilities) / assets in relation to:							
Long-term assets	**28**	—	(19)	—	(3)	(4)	**2**
Inventories	**11**	—	(7)	—	1	—	**5**
Pensions	**74**	—	3	14	4	—	**95**
Derivative valuation	**3**	—	21	(3)	—	—	**21**
Tax losses Carried forward	**8**	—	2	—	2	—	**12**
Other [(A)]	**52**	—	(3)	—	(1)	7	**55**
Total	**176**	—	**(3)**	**11**	**3**	**3**	**190**

[(A)] Mainly non-deductible provisions.

Year ended December 31, 2013 *(in millions of Euros)*	Opening Balance	Acquisitions /Disposals	*Recognized in* Profit or loss	OCI	FX	Other	Closing balance
Deferred tax assets / (liabilities) in relation to:							
Long-term assets	**75**	—	(9)	—	—	(38)	**28**
Inventories	**16**	—	—	—	—	(5)	**11**
Pensions	**62**	—	22	(9)	(1)	—	**74**
Derivative valuation	**9**	—	(6)	—	—	—	**3**
Tax losses Carried forward	**6**	—	5	—	—	(3)	**8**
Other [(A)]	**26**	—	(22)	—	—	48	**52**
Total	**194**	**—**	**(10)**	**(9)**	**(1)**	**2**	**176**

[(A)] Mainly non-deductible provisions.

Year ended December 31, 2012 *(in millions of Euros)*	Opening Balance	Acquisitions /Disposals	*Recognized in* Profit or loss	OCI	FX	Other	Closing balance
Deferred tax (liabilities) / assets in relation to:							
Long-term assets	**121**	—	(47)	—	1	—	**75**
Inventories	**(14)**	—	31	—	(1)	—	**16**
Pensions	**45**	—	1	16	—	—	**62**
Derivative valuation	**30**	—	(21)	—	—	—	**9**
Tax losses Carried forward	**—**	—	6	—	—	—	**6**
Other	**(6)**	—	14	—	—	18	**26**
Total	**176**	**—**	**(16)**	**16**	**—**	**18**	**194**

Based on the expected taxable income of the entities, the Group believes that it is more likely than not that a total of € 599 million (€ 516 million at December 31, 2013; € 497 million at December 31, 2012) of deductible temporary differences, unused tax losses and unused tax credits will not be used. Consequently, net deferred tax assets have not been recognized. The related tax impact of € 193 million (€ 153 million at December 31, 2013; € 175 million at December 31, 2012) is attributable to the following:

(in millions of Euros)	At December 31, 2014	At December 31, 2013
Tax losses	**(72)**	**(62)**
In 2014	—	(2)
In 2015	(1)	—
In 2016	(1)	—
In 2017	(1)	(2)
In 2018	—	—
In 2019 and after (limited)	(54)	(40)
Unlimited	(15)	(18)
Unused tax credits	**—**	**—**
Deductible temporary differences	**(121)**	**(91)**
Depreciation and Amortization	(8)	(9)
Pensions [(A)]	(112)	(77)
Other	(1)	(5)
Total	**(193)**	**(153)**

[(A)] Increase mostly related to Switzerland and the United States.

Substantially all of the tax losses not expected to be used reside in the Netherlands, in France and in Switzerland.

The holding companies in the Netherlands have been generating tax losses over the past three years, and these holding companies are not expected to generate sufficient taxable profits in the foreseeable future to utilize these tax losses before they expire in the years from 2018 to 2021.

The tax losses not expected to be utilized in France relate to losses generated by certain of our French companies prior to joining the tax consolidation group created on January 1, 2012. Although tax losses do not expire in France and although the French tax consolidation group is profitable, tax losses generated prior to joining the tax group by loss-generating companies can only be utilized on a stand-alone basis. It is more likely than not that these loss-making companies will not be able to utilize their losses on a stand-alone basis in the foreseeable future. Consequently, the related deferred tax assets have not been recognized.

The tax losses not expected to be utilized in Switzerland relate to losses, generated by one of our Swiss entities, that will expire in the years from 2019 to 2021. Due to the adverse consequences of certain 2014 agreements which will terminate beyond 2019, this Swiss entity is not expected to generate sufficient taxable profits over the next coming years to utilize these losses before they expire.

Substantially all the unrecognized deferred tax assets on deductible temporary differences on pension relate to the United States and to the Swiss entity. In assessing the recoverability of these deferred tax assets we have carefully considered the available positive and negative evidence, and determined that the positive evidence (such as recent profits, which were positively impacted by non-recurring favorable items) is less objectively verifiable and still carries less weight than the negative evidence (such as long history of operating losses, specific unfavorable agreements and lack of long term visibility on future operating profits) in the assessment of long term deferred tax asset recognition.

NOTE 28 - COMMITMENTS

Non-cancellable operating leases commitments

The Group leases various buildings, machinery, and equipment under operating lease agreements. Total rent expense was €19 million for the year ended December 31, 2014 (€17 million for the year ended December 31, 2013).

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

(in millions of Euros)	At December 31, 2014	At December 31, 2013
Less than 1 year	14	9
1 to 5 years	31	26
More than 5 years	5	3
Total non-cancellable operating leases minimum payments	**50**	**38**

Capital expenditure commitments

(in millions of Euros)	At December 31, 2014	At December 31, 2013
Property, Plant and equipment	132	46
Total capital expenditure commitments	**132**	**46**

NOTE 29 - RELATED PARTY TRANSACTIONS

The following table describes the nature and amounts of related party transactions included in the Consolidated Income Statement.

(in millions of Euros)	Notes	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012
Revenue(A)		—	**2**	**6**
Metal supply(B)		—	**(473)**	**(583)**
Exit fees		—	—	(2)
Interest expense(C)	10, 19	—	—	(6)
Realized exchange loss on other financial items		—	—	(7)
Unrealized exchange (loss) on financing activities		—	—	—
Finance costs – net		**—**	**—**	**(15)**
Realized gains on derivatives	8	—	—	—
Other Gains – net		**—**	**—**	**—**
Direct expenses related to acquisition, separation and IPO(D)		—	**(15)**	**—**

(A) The Group sells products to certain subsidiaries and affiliates of Rio Tinto.

(B) Purchases of metal from certain subsidiaries and affiliates of Rio Tinto, net of changes in inventory levels, are included in Cost of sales in the Consolidated Income Statement.

(C) Until May 2012, the Group incurred interest expense on borrowings due to Apollo Omega and Bpifrance.

(D) Representing transaction costs, equity fees and other termination fees of the management agreement paid to the Owners.

The following table describes the nature and year-end related party balances of amounts included in the Consolidated Statement of Financial Position, none of which is secured by pledged assets or collateral.

(in millions of Euros)	Notes	At December 31, 2014	At December 31, 2013
Trade receivables	16	—	1
Trade payables	20	—	58

Transactions with Rio Tinto are unrelated since December 12, 2013 (see NOTE 1 – General information).

NOTE 30 - KEY MANAGEMENT REMUNERATION

The Group's key management comprises the Board members and the Executive committee members effectively present during 2014.

The Board members have been included for the period they were considered as Board member or member of the Executive Committee.

Key management personnel referred above as Executive committee members are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly including Vice-Presidents of key activities of the Group.

The costs reported below are the compensation and benefits incurred for the Key management:

- Short term benefits include their base salary plus bonus.
- Directors fees include annual director fees and Board/Committee attendance fees.
- Share base payments include the portion of the IFRS 2 expense allocated to key management.
- Post-employment benefits mainly include pension costs.
- Termination benefits: departure costs paid in the course of the year.

As a result, the aggregate compensation for the Group's key management is comprised of the following:

(in millions of Euros)	**Year ended December 31, 2014**	**Year ended December 31, 2013**	**Year ended December, 31, 2012**
Short-term employee benefits	7	8	8
Directors fees	1	—	—
Share base payments	3	2	—
Post-employment benefits	1	1	—
Termination benefits	1	1	2
Employer social contributions	1	1	1
Total	**14**	**13**	**11**

NOTE 31 - SUBSIDIARIES AND OPERATING SEGMENTS

The following is a list of the Group's principal subsidiaries. They are wholly-owned subsidiaries of Constellium and are legal entities for which all or a substantial portion of the operations, assets, liabilities, and cash flows are included in the continuing operations of the consolidated reporting Group as of December 31, 2014.

Entity	Country	Ownership
Cross Operating Segment		
Constellium France S.A.S. (A&T, P&ARP and Holdings & Corporate)	France	100%
Constellium Singen GmbH (AS&I and P&ARP)	Germany	100%
Constellium Valais S.A. (AS&I and A&T)	Switzerland	100%
AS&I		
Constellium Automotive USA, LLC	U.S.	100%
Constellium Engley (Changchun) Automotive Structures Co Ltd.	China	54%
Constellium Extrusions Decin S.r.o.	Czech Republic	100%
Constellium Extrusions Deutschland GmbH	Germany	100%
Constellium Extrusions France S.A.S.	France	100%
Constellium Extrusions Levice S.r.o.	Slovak Republi c	100%
A&T		
Constellium Aviatube	France	100%
Constellium China	China	100%
Constellium Italy S.p.A	Italy	100%
Constellium Japan KK	Japan	100%
Constellium Property and Equipment Company, LLC	U.S.	100%
Constellium Rolled Products Ravenswood, LLC	U.S.	100%
Constellium South East Asia	Singapore	100%
Constellium Ussel S.A.S.	France	100%
P&ARP		
Constellium Deutschland GmbH	Germany	100%
Constellium Neuf Brisach S.A.S.	France	100%
Holdings & Corporate		
C-TEC Constellium Technology Center	France	100%
Constellium Finance S.A.S.	France	100%
Constellium France Holdco S.A.S.	France	100%
Constellium Germany Holdco GmbH & Co. KG	Germany	100%
Constellium Germany Holdco Verwaltungs GmbH	Germany	100%
Constellium Holdco II B.V.	Netherlands	100%
Constellium Holdco III B.V.	Netherlands	100%
Constellium Paris S.A.S.	France	100%
Constellium UK Limited	United Kingdom	100%
Constellium U.S. Holdings I, LLC	U.S.	100%
Constellium U.S. Holdings II, LLC	U.S.	100%
Constellium Switzerland AG	Switzerland	100%
Constellium W S.A.S.	France	100%
Engineered Products International S.A.S.	France	100%

Refer to NOTE 4 - Operating Segment Information for definition and description of operating segments.

NOTE 32 - SHARE EQUITY PLANS

Share based payment

Management equity plan ("MEP")

The Company implemented a MEP for Constellium management in order to align their interests with the ones of the shareholders and to enable the selected managers to participate in the long-term growth of Constellium.
The MEP was implemented at the beginning of 2011, with an effective date of 4 February 2011, through the establishment of a management investment company, Omega Management GmbH & Co. KG ("Management KG"). The selected managers were invited to invest as limited partners in Management KG to have the opportunity to hold interests in the Company's shares indirectly through this limited partnership. As a consequence, the selected Company Management is holding partnership interests in due proportion to their initial investment.
These MEP interests (related to ordinary B shares) are definitely acquired and vested by tranche according to year of service and performance:

- The service vesting is a 20% vesting per year over a 5 year period if the share equity plan participant continues employment with Constellium through the applicable vesting date, and
- The performance-vesting tranches generally vest in respect of the financial year that includes the share equity plan participant's effective investment date and each of the following four financial years only if the share equity plan participant continues employment with Constellium through the end of the applicable year and Constellium attains certain Management Adjusted EBITDA targets in respect of that financial year.

In 2014, the accelerated vesting of the remaining non-vested portion of the Class B ordinary shares was approved. As a consequence, the fully vested Class B ordinary shares that were held through the management investment company, Omega Management GmbH & Co. KG ("Management KG") have been converted into Class A ordinary shares.
In accordance with IFRS 2 "Share based payments", the difference between the fair value at the grant date and the acquisition amount of the Class B ordinary shares is accounted for, over the vesting period of the related MEP partnership interests, in the consolidated income statement, with a corresponding increase in equity.
As of December 31, 2014, Management KG held 2.55% of the overall share capital of Constellium, consisting of 2,675,809 Class A ordinary shares.

Restricted stock unit ("RSU") plans

Free share program

In 2013, a free share program was granted to all employees in the U.S., France, Germany, Switzerland and the Czech Republic. Under this program, each eligible employee was granted an award of 25 RSU under the Constellium 2013 Equity Plan that will vest and be settled in Class A ordinary shares on the second anniversary of our initial public offering, subject to the applicable employee remaining employed by the Company or its subsidiaries through that date.

Shareholding Retention Program

In 2013, a shareholding retention program was implemented in order to encourage critical members of our senior management team to maintain a significant portion of their current investment under the Company's MEP.
Beneficiaries of the MEP were awarded a one-time retention award under the Constellium 2013 Equity plan consisting of a grant of RSU with a grant date value equal to a specified percentage of the

recipient's annual base salary. The RSU will vest and be settled for our Class A ordinary shares on the second anniversary of the date of grant, subject to the recipient remaining continuously employed with the Group through that date and, for MEP participants, subject to the retention of at least 75% of interest in Class A ordinary shares under the MEP.

Equity Awards Plan

In May 2013, two non-employee directors were granted an award of 8,816 RSU with an aggregate grant date value of €0.1 million. The service vesting tranche vests 50% on each anniversary date of the equity award grant date.
In March and May 2014, three employees were granted 51,000 restricted stock units with an aggregate grant date value of €1.3 million. These RSU will vest 100% after a 2 year period if the employees are continuously employed from the grant date through the end of the 2 year period.
In June 2014, four board members were granted an award of 2,205 RSU each with an aggregate grant date value of €0.2 million. The service vesting tranche vests 50% on each anniversary date of the equity award grant date.
In September 2014, seven employees were granted 33,000 RSU with an aggregate grant date value of €0.7 million. These RSU will vest 100% after a 2 year period if the employees are continuously employed from the grant date through the end of the 2 year period.

Co-investment Plan

In March 2014, the company provided the opportunity to selected managers to invest part of their 2013 bonus paid in 2014 and to enter into a co-investment plan.
The selected managers who effectively decided to invest part of their bonus into ordinary shares, were granted performance based RSU in an amount equal to a specified multiple ("the vesting multiplier") of ordinary shares (71,490) invested as part of this plan. These performance RSU will vest after a two year period from grant date if the three following conditions are simultaneously met:

- The performance condition is Total Shareholder Return (TSR) related as the vesting multiplier will be in a range from 0 to 7 depending on the TSR evolution over the two year vesting period;
- The selected managers must be continuously employed by the Company through the end of the 2 year vesting period; and
- The selected managers who have invested into this co-investment plan must continue to hold 100% of the shares they initially purchased through this program until the end of the 2 year vesting period.

Expense recognized during the year

In accordance with IFRS 2, an expense is recognized over the vesting period. The estimate of this expense is based upon the fair value of a Class A ordinary share at the grant date.
The total expense related to Share Equity Plans for the year ended December 31, 2014 and 2013, amounted to €4 million and €2 million respectively.
Movements in the number of potential shares:

	2014	**2013**
As at January 1	**659,942**	—
Granted	92,820	683,206
Forfeited	(48,914)	(23,264)
Exercised	—	—
Expired	—	—
As at December 31	**703,848[(A)]**	**659,942**

Potential shares are summarized as follows:

Grant-date	RSU	Expiry date	Initial number of shares	Forfeited in 2013	Forfeited in 2014	Outstanding number of shares	Fair value per share at grant date[B]
2013-05	Free Share Program	2015-05	192,800	—	—	192,800	€10.6
2013-05	Equity Awards Plan	2015-05	8,816	—	—	8,816	$14.7
2013-10	Shareholding Retention Program	2015-10	481,590	(23,264)	(48,914)	409,412	€13.0
Total at December 31, 2013			**683,206**			**611,028**	
2014-03	Shareholding Retention Program	2016-03	16,000	—	—	16,000	€21.1
2014-05	Shareholding Retention Program	2016-05	35,000	—	—	35,000	€22.0
2014-06	Equity Awards plan	2016-06	8,820	—	—	8,820	$30.6
2014-09	Shareholding Retention Program	2016-09	33,000	—	—	33,000	€21.1
Total at December 31, 2014			**'76,026 [A]**	**(23,264)**	**(48,914)**	**703,848**	

[A] The co-investment plan is not included as the number of RSU is unknown until the end of the vesting period. The potential rights associated to each of the 71,490 ordinary shares invested as part of this plan has been evaluated using the Monte Carlo method, and amounted to $76.60 per share at grant date.

[B] Fair value is the quoted market price at grant date.

NOTE 33 - DISPOSALS, DISPOSALS GROUP CLASSIFIED AS HELD FOR SALE

- In October 2014, the sale of Constellium Sabart in France was completed generating a loss recorded in Other Gains / (Losses). (See NOTE 8 – Other Gains / (Losses) – Net)
- The Group continues the disposal plan of another company from the Aerospace and Transportation operating segment; and therefore kept the related assets and liabilities as held for sale. As at December 31, 2014, the committed disposal plan is still in progress.

(in millions of Euros)	**At December 31, 2014**	**At December 31, 2013**
Assets of disposal group classified as held for sale		
Inventories	4	6
Trade receivable and other	5	8
Cash and Cash equivalents	2	3
Other	3	4
	14	**21**
Liabilities of disposal group classified as held for sale		
Provisions	—	—
Pensions and other post-employment benefit obligations	3	3
Trade payable and other	5	6
Other	—	—
	8	**9**

NOTE 34 - SUBSEQUENT EVENTS

On January 5, 2015, Constellium N.V. completed its acquisition of Wise Metals Intermediate Holdings LLC ("Wise"), a private aluminum sheet producer located in Muscle Shoals, Alabama. With the closing of the acquisition, Constellium now has access to 450,000 metric tons (kt) of hot mill capacity from the widest strip mill in North America, reinforcing its position on the can market and positioning Constellium to continue to grow in the North American Body-in-White market. (See NOTE 3 – Acquisition of Wise entities)

FINANCIAL STATEMENTS 2014

Constellium N.V.

Registration number: 34393663

Statement of Comprehensive income / (loss)

(in thousands of Euros)	*Notes*	*Year ended December 31, 2014*	*Year ended December 31, 2013*
Revenue	*8.1*	1 130	517
Gross Profit		**1 130**	**517**
Selling and administrative expenses	*8.2/8.3*	(5 930)	(3 460)
Director's fees and related expenses	*10*	(858)	(406)
(loss) from recurring operations		**(5 659)**	**(3 349)**
Other income		0	29
Other expenses	*8.4*	(18 333)	(22 858)
(loss) from operations		**(23 992)**	**(26 178)**
Finance income		82 298	15 488
Dividends		0	194 300
Finance expenses		(80 552)	(33 161)
Finance result - net	***8.5***	**1 746**	**176 627**
(loss) / income before income tax		(22 246)	150 449
Income tax	*8.6*		-
Net (loss) / income		**(22 246)**	**150 449**
Other comprehensive income		-	-
Total comprehensive (loss) / income		**(22 246)**	**150 449**

The accompanying notes are an integral part of these financial statements.

Statement of Financial position (Before proposed appropriation of results)

(In thousands of Euros)	*Notes*	*Year ended December 31 2014*	*Year ended December 31 2013*
Non-current assets			
Property, plant and equipement	*3.1*	208	376
Financial assets	*3.2*	1 198 928	100 079
Investments	*3.3*	100 065	95 948
		1 299 202	196 403
Current assets			
Trade receivables and other	*4.1*	92 357	193 796
Prepaid and deferred expenses		40	-
Other financial assets	*3.2*	7 173	197
Cash and cash equivalents	*4.2*	28	2 174
		99 598	196 167
Total Assets		**1 398 800**	**392 570**
Equity			
Share capital	*5.1*	2 101	2 101
Share premium	*5.1*	170 589	170 591
Accumulated retained earnings		18 131	(136 864)
Other reserves	*5.1*	(135)	-
Net income for the year		(22 246)	150 449
Total Equity		**168 440**	**186 277**
Non-current liabilities			
Borrowings	*6*	1 175 044	196 150
		1 175 044	196 150
Current liabilities			
Trade payables and other	*7*	48 352	8 798
Other financial liabilities	6	6 964	1 345
		55 316	10 143
Total Liabilities		**1 230 360**	**206 293**
Total Equity and Liabilities		**1 398 800**	**392 570**

The accompanying notes are an integral part of these financial statements.

Statement of Changes in equity

	Share Capital	Share Premium	Other reserves	Retained Earnings and Net Income	Total Equity
As at January 1, 2013	**38**	**103 039**	**-**	**11 840**	**114 917**
Profit for the year	-	-		150 449	150 449
Other Comprehensive Income	-	-		-	-
Total Comprehensive Income	**-**	**-**		**150 449**	**150 449**
Transaction with the owners					
Management Equity Plan shares changes	-	-		1 515	1 515
Share Premium Contribution	-	8 143		-	8 143
Share Premium Distribution		(103 038)		-	(103 038)
IPO Primary Offering	-	154 317		-	154 317
IPO Over-allotment	-	25 145		-	25 145
IPO fees	-	(17 015)		-	(17 015)
Prorata share issuance	2 063	-		(1 930)	133
Share equity plan		-		(1 328)	(1 328)
Interim dividend distribution	-	-		(146 961)	(146 961)
As at December 31, 2013	**2 101**	**170 591**	**-**	**13 585**	**186 277**

	Share Capital	Share Premium	Other reserves	Retained Earnings and Net Income	Total Equity
As at January 1, 2014	**2 101**	**170 591**	**-**	**13 585**	**186 277**
Loss for the year	-	-		(22 246)	(22 246)
Total Comprehensive Income	**-**	**-**		**(22 246)**	**(22 246)**
Transaction with the owners					
Management Equity Plan shares changes	-	-		3 920	3 920
Share equity plan		-		624	624
Other	-	(2)		-	(2)
Treasury Shares (1)			(135)	-	(135)
As at December 31, 2014	**2 101**	**170 589**	**(135)**	**(4 117)**	**168 440**

(1) The company repurchased 108 109 shares on July 8, 2014 for €135 thousands.

The accompanying notes are an integral part of these financial statements.

Statement of Cash flows

(In thousands of Euros)	*Notes*	*Year ended December 31 2014*	*Year ended December 31 2013*
Cash flows from / (used in) operating activities			
Net income		(22 246)	150 449
Adjustments to determine cash flow used in operating activities:			
Finance Result	8.5	(7 513)	17 673
Depreciation and amortization		168	(539)
Dividend Received from previous year		19 300	0
Change in working capital :			
Trade receivables and other		(23 243)	(20 444)
Prepaid and deferred expenses		(40)	28
Increase in Interest Receivable (net)		(2 024)	0
Trade payables and other		39 554	7 522
Net cash flows from operating activities (1)		**3 957**	**154 688**
Cash flows (used in) / from investing activities			
Current account with subsidiary (for cash pooling)		108 308	(168 290)
Loans granted to subsidiary and related parties	3.2	(1 152 962)	(207 350)
Repayment loans granted to subsidiary and related parties	3.2	96 894	259 724
Interests received	8.5	26 982	8 772
Net cash flows (used in) / from investing activities		**(920 778)**	**(107 144)**
Cash Flows (used in) / from financing activities			
Distribution of shares Premium to owners of the Company	5.1	0	(103 038)
Net proceeds received from issuance of shares	5.1	0	162 759
Contribution to Share Premium	5.1	0	8 143
Interests paid	8.5	(21 667)	(13 029)
Proceeds received from Term-loan	6	1 141 063	207 603
Repayment of Term-Loan	6	(205 118)	(155 356)
Interim dividend paid		0	(146 961)
Payment of deferred financing costs and debt fees		0	(172)
Other financing activities		533	(5 654)
Treasury Stock Purchase		(135)	0
Net cash flows (used in) / from financing activities		**914 675**	**(45 705)**
Net increase (decrease) in cash and cash equivalents		**(2 146)**	**1 839**
Cash and cash equivalent - beginning of period	4.2	2 174	335
Cash and cash equivalent - end of period	**4.2**	**28**	**2 174**

(1) Includes dividends received in 2013 for €175,000 thousands.

The accompanying notes are an integral part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

NOTE 1 - General information

Refer to “NOTE 1 - General Information” of Consolidated Financial Statements.

NOTE 2 - Summary of significant accounting policies

2.1 Statement of compliance

The Company financial statements of Constellium N.V. are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as endorsed by the European Union.

The Group’s application of IFRS results in no difference between IFRS as issued by the IASB and IFRS as endorsed by the EU. (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm)

The Company financial statements of Constellium N.V. are also prepared in accordance with Title 9, Book 2 of the Dutch Civil Code.

The financial statements are presented in Euro (“EUR”) unless otherwise noted.

The financial statements have been authorized by the Board of Directors at its meeting held March 11, 2015.

2.2 Application of new and revised International Financial Reporting Standards (IFRSs)

New Standards and interpretations not yet mandatorily applicable:

The Group has not applied the following new, revised and amended standards and interpretations issued but not yet effective and which could affect the Group’s future financial statements: IFRS 9 - Financial instruments; amendment to IFRS 11 – Joint Arrangements; IFRS 15 - Revenue from contracts with customers; amendments to IAS 16 - Property, plant and equipment and to IAS 38 - Intangible assets; IFRIC 21 Taxes (“Levies”).

The impact of these standards on the Group’s results and financial situation is currently being evaluated.

2.3 Principles governing the preparation of the financial statements

Investment in subsidiaries

Investments in subsidiaries are accounted for at cost, less any accumulated impairment losses. Costs related to the acquisition of a subsidiary are expensed as incurred.

Impairment of investments in subsidiaries

Risk of impairment is yearly assessed. If the carrying value exceeds the recoverable value, which is the highest of either value in use or the fair value less costs of disposal, an impairment loss is recorded for the difference between the two values. Value in use is defined as the value of the future economic benefits expected to be derived from the use of an asset. This is generally calculated by using discounted future cash flows.

Foreign currency transactions and re-measurement

Transactions denominated in currencies other than the functional currency are converted to the functional currency at the exchange rate in effect at the date of the transaction.

Functional currency

The functional currency of the Company is the Euro, the currency of the primary economic environment in which it operates. A significant portion of the Company's transactions are in US Dollars.

Foreign currency translation

In the preparation of these financial statements, the year-end balances of assets, liabilities of the Company are converted from their transactional currencies into Euros, at the respective year-end exchange rates.

Realized and unrealized foreign exchange gains and losses are recorded in finance income and expenses.

Revenue & dividend recognition

Revenue is measured at the fair value of the consideration received or receivable.

Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties

The company recognizes revenue when i) the amount of revenue can reliably measured, ii) it is probable that future economic growth benefits will flow to the entity and iii) specific criteria have been met for each of the relevant activities as described below.

The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from consulting services is recognized in the accounting period in which the services are rendered.

Dividend income is recognized when the right to receive payment is established, generally upon approval by the subsidiary's general meeting of shareholder

Other income and other expense

Other income and expenses are representative of items which are inherently difficult to predict due to their unusual, irregular or non-recurring nature.

Amounts disclosed as revenue are net of returns, trade allowance, rebates and amounts collected on behalf of third parties.

Interest income and expense

Interest income is recorded using the effective interest rate method on loans receivable and on the interest bearing components of cash and cash equivalents.

Interest expense on short and long-term financing is recorded based on the effective interest rates applied to various borrowings.

Property, plant and equipment

Recognition and measurement:

Property, plant and equipment acquired by the Company are recorded at cost, which comprises the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the estimated close down and restoration costs associated with the asset. Subsequent to the initial recognition, property, plant and equipment is measured at cost less accumulated depreciation.

Depreciation:

Property, plant and equipment are depreciated over the estimated useful lives of the related assets using the straight-line method. Estimated useful life by category:

- Leasehold improvements 5 years (the term of the lease)
- Equipment 3 – 5 years

Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment if there is any indication that the carrying amount of the asset (or group of assets to which it belongs) may not be recoverable. The recoverable amount is based on the higher of fair value less costs to sell (market value) and value in use (determined using estimates of discounted future net cash flows of the asset or group of assets to which it belongs).

Financial instruments

(i) Financial assets (other than investments in subsidiaries)

Financial assets are classified as follows: (a) at fair value through profit or loss; and (b) loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the Company's financial assets at initial recognition.

(a) *At fair value through profit or loss:* These are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the Income Statement.

(b) *Loans and receivables:* These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current or non-current assets based on their maturity date. Loans and receivables are comprised of non-current and current loans receivable and Trade receivables and other in the Statement of Financial Position. Loans and receivables are carried at amortized cost using the effective interest method, less any impairment.

(c) *Impairment*: A provision for impairment of loans or receivables is established when there is objective evidence that the Company will not be able to collect all amounts due. Indicators of impairment would include financial difficulties of the debtor, likelihood of the debtor's insolvency, late payments, default or a significant deterioration in creditworthiness. The amount of the provision is the difference between the asset's carrying value and the present value of the estimated future cash flows, discounted at the original effective interest rate. The expense (income) related to the increase (decrease) of the provision for impairment is recognized in the Income Statement. When a loan or receivable is deemed uncollectible, it is written off against the provision for impairment account. Subsequent recoveries of amounts previously written off are credited in the Income Statement.

(ii) Financial liabilities

Borrowings and other financial liabilities are recognized initially at fair value, net of transaction costs incurred and directly attributable to the issuance of the liability. These financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Any difference between the amounts originally received (net of transaction costs) and the redemption value is recognized in the Income Statement over the year to maturity using the effective interest method.

Trade payables are initially recorded at fair value and classified as current liabilities if payment is due in one year or less

(iii) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, relevant market prices are used to determine fair values. The Company periodically estimates the impact of credit risk on its derivatives instruments aggregated by counterparties.

Credit Value Adjustments are calculated for asset derivatives at fair value. Debit Value Adjustments are calculated for credit derivatives at fair value.

The fair value method used is based on historical probability of default, provided by leading rating agencies. References in the Consolidated Financial Statements are Note 2- §2.e Financial Instruments – Fair Value.

Leases

The Company as the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Office space and equipment from third parties are leased under operating lease agreements. Under such operating lease agreements, the total lease payments are recognized as rent expense on a straight-line basis over the term of the lease agreement, and are included in Selling and administrative expenses, depending on the nature of the leased assets.

Cash and cash equivalents

Cash and cash equivalents are carried at fair value and comprised of cash in bank accounts and on hand, short-term deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value, less bank overdrafts that are repayable on demand, provided there is a right of offset.

Share capital

Class “A” ordinary shares and Class “B” ordinary shares are entitled to an equal profit allocation and classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of equity instruments granted is recognized as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted.

The total fair value of the share-based payment is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Company revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions.

Share-based payments to employees of indirectly held subsidiaries is recognized as a capital contribution, presented as investment, with a corresponding amount in equity.

Trade payables

Trade payables are initially recorded at fair value and classified as current liabilities if payment is due in one year or less.

Taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of Financial Position date in the Netherlands where the Company and the fiscal unity operate and generate taxable income.

Management establishes tax reserves and accrues interest thereon, if deemed appropriate; in expectation that certain of the company tax return positions may be challenged and that the company might not succeed in defending such positions, despite management’s belief that the positions taken were fully supportable.

Deferred income tax assets and liabilities are recognized for the estimated future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. This approach also requires the recognition of deferred income tax assets for operating loss carry forwards and tax credit carry forwards.

The effect on deferred tax assets and liabilities of a change in tax rates and laws is recognized as tax income in the year when the rate change is substantively enacted. Deferred income tax assets and liabilities are measured using tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on the tax rates and laws that have been enacted or substantively enacted at the date of the Statement of Financial Position. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2.4 Judgments in applying accounting policies and key sources of estimation uncertainty

Many of the amounts included in the financial statements involve the use of judgment and/or estimation. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, giving consideration to previous experience. However, actual results may differ from the amounts included in the financial statements. Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include the following items:

Taxes

Significant judgment is sometimes required in determining the provision for income taxes as there are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. We recognize liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were recorded, such differences will impact the current and deferred income tax provisions, results of operations and possibly cash flows in the year in which such determination is made.

Management judgment is required to determine the extent to which deferred tax assets can be recognized. The Company recognizes deferred tax assets when it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. This assessment is conducted through a detailed review of deferred tax assets by jurisdiction and takes into account past, current and expected future performance deriving from the budget and the business plan.

Valuation of equity and other investments

Investments in subsidiaries consist of investment in Constellium Holdco II B.V. which is fully owned by Constellium N.V.

Investments in affiliates are valued at acquisition cost. If this carrying value exceeds the recoverable value which is the highest of either the value in use or the fair value less costs of disposal, an impairment loss is recorded for the difference between the two. Value in use is defined as the value of the future economic benefits expected to be derived from the use of an asset. This is generally calculated by using discounted future cash flows.

NOTE 3 - Non-current assets

3.1. Property, plant and equipment

Property, plant and equipment are comprised as follows:

(In thousands of Euros)

2014

Gross value	At January 01, 2014	Increase	Disposal	At December 31,2014
Leasehold improvements	776	-	-	776
Furniture and Office equipment	100	-	-	100
Total gross	**876**	**-**	**-**	**876**

Amortization, depreciation and impairment	At January 01, 2014	Amort.& depr.	Impairment	At December 31,2014
Leasehold improvements	412	155	-	567
Furniture and Office equipment	88	13	-	101
Total amortization, depreciation and impairment	**500**	**168**	**-**	**668**

Net book value	At January 01, 2014			At December 31,2014
Leasehold improvements	363			208
Furniture and Office equipment	12			-0
Total Net book value	**376**			**208**

2013

Gross value	At January 01, 2013	Increase	Disposal	At December 31,2013
Leasehold improvements	776	-	-	776
Furniture and Office equipment	100	-	-	100
Total gross	**876**	**-**	**-**	**876**

Amortization, depreciation and impairment	At January 01, 2013	Amort.& depr.	Impairment	At December 31,2013
Leasehold improvements	255	157	-	412
Furniture and Office equipment	60	29	-	88
Total amortization, depreciation and impairment	**315**	**186**	**-**	**500**

Net book value	At January 01, 2013			At December 31,2013
Leasehold improvements	520			363
Furniture and Office equipment	41			12
Total Net book value	**561**			**376**

3.2. Financial assets

(Including current part of the financial assets)

Financial assets are comprised of the following:

(in thousands of Euros)		At December 31, 2014 Non-current	At December 31, 2014 Current	At December 31, 2013 Non-current	At December 31, 2013 Current
Shareholder loan in $ to Constellium Holdco II B.V.	*1*	-	-	53 241	8
Shareholder loan in € to Constellium Holdco II B.V.	*2*	-	-	44 663	144
Loan in $ to Constellium Holdco II B.V.		-	-	2 175	-
Shareholder loan in $ to Constellium Holdco II B.V. May 07, 2014	*3*	329 464	3 157	-	-
Shareholder loan in € to Constellium Holdco II B.V. May 07, 2014	*4*	300 000	2 492	-	-
Shareholder loan in $ to Constellium Holdco II B.V. December 19, 2014	*5*	329 464	928		
Shareholder loan in € to Constellium Holdco II B.V. Decemeber 19, 2014	*6*	240 000	596		
Other		-	-	-	45
Total - Financial assets		1 198 928	7 173	100 079	197

In connection with the refinancing on May 7, 2014 (note 6):

(1) the previous shareholder loan with an initial principal amount of $75,000 thousands was terminated. The remaining principal amount plus accrued interest was $73,357 thousands (equivalent to €52,672 thousands at the settlement date foreign exchange rate). The repayment including the accrued interest and the premium for early repayment amounted to $74,815 thousands (equivalent to €53,719 thousands at the date of the transaction).

(2) the previous loan with initial principal amount of €45,000 thousands was terminated. The remaining principal amount plus accrued interest was of **€**44,531 thousands. The repayment including the accrued interest and the premium for early repayment amounted to €45,292 thousands.

(3) the company entered into a new shareholder loan of $400,000 (equivalent to €287,212 thousands at the transaction date) maturing on May 15, 2024 bearing a fixed interest rate of 7.50% per annum. The interest are accrued and paid each semester commencing November 15, 2014. On this basis the interest income amounted to €15,695 thousands in 2014.

(4) the company entered into a new shareholder loan of €300,000 thousands maturing on May 15, 2021 bearing a fixed interest rate of 6.50% per annum. The interest are accrued and paid each semester commencing on November 15, 2014. On this basis, the interest income amounted to €12,675 thousands in 2014.

Pursuant the support to its subsidiaries, the purpose of these 2 loans is to enable Constellium Holdco II B.V. to reorganize its indebtedness and of its subsidiaries.

In connection with the financing on December 19, 2014 (Note 6):

Constellium N.V. provided on the same date two loans to Constellium Holdco B.V. :

(5) a shareholder loan in a principal amount of $400,000 thousands (equivalent to €325,760 thousands at the transaction date) bearing a fixed interest rate of 8.45% per annum with a maturity date of January 15, 2023. The interest period is each successive period of six months finishing on January 15 and July 15 of each year with the first period commencing on the date the

loan is disbursed and finishing on January 15, 2015. In 2014, the interest income amounted to €928 thousands.

(6) a shareholder loan in a principal amount of €240,000 thousands bearing a fixed interest rate of 7.450% per annum with a maturity date of January 15, 2023. The interest period is each successive of six months finishing on January 15 and July 15 of each year with the first period commencing on the date the loan is disbursed and finishing on January 15, 2015. In 2014, the interest income amounted to €596 thousands.

The Company financial assets have been contracted at the same time and symmetrically as the Company's 2014 Senior Notes liabilities (both bear a fixed rate and have the same notional amounts, in the same currency) and thus, the fair value of these assets are linked to these financial liabilities (refer to Note 6.b).

3.3. Investments

As of December 31, 2014, investments consist of:

- Investment in Constellium Holdco II B.V. for €93,155 thousands (2013: €93,155 thousands).
- Investments in indirectly held subsidiaries related to share-based payment arrangements for €6,910 thousands (versus €2,792 thousands as of December 31, 2013).

<u>Investment in Constellium Holdco II B.V.</u>

Name	Registered office	Share in issued capital	Equity, excluding net income (1)	Net Income (1)
Constellium Holdco II B.V.	Schiphol-Rijk	100%	8 393	91 952
Total			8 393	91 952

(1) The amounts are based on Dutch Generally Accepted Accounting Principles as applied by Constellium Holdco II B.V.

The net income is mainly explained by the sale of all the shares of Constellium US Holdings US I, LLC

As of December 31, 2014 and 2013, the recoverable amount of the investments in subsidiary has been assessed based on value-in-use calculations and significantly exceeded their carrying value. Accordingly, no change in value has been recorded.

<u>Investments in indirectly held subsidiaries related to share-based arrangements</u>

The €4,118 thousands increase relates to the vesting of equity-settled share-based payments to employees of indirectly held subsidiaries.

For further details on share-based arrangements, see Note 32 to the Consolidated Financial Statements.

NOTE 4 - Current assets

4.1 Receivable and other

(In thousands of Euros)		At December 31, 2014	At December 31, 2013
VAT refund from Dutch Tax Authority	*1*	-	597
VAT from Constellium Holdco II B.V. under the tax unity		66	5
Inter-company receivable	*2*	26 451	2 199
Short-term advance	*3*	63 280	171 588
Dividends receivable	*4*	-	19 300
Other	*5*	2 559	107
Total Trade receivable and other		**92 357**	**193 796**

(1) Primarily the VAT refund of €548 thousands as validated by the Dutch tax authority in December 2013.

(2) Consist of expenses incurred in the M&A activity and Wise acquisition to be invoiced to Constellium W.

(3) Short-term advances to Constellium Finance SAS in relation to cash pooling, an indirect subsidiary serving as a central treasury entity of the Constellium group. As at December 31, 2014, they are primarily in Euros for an amount of €63,280 thousands.

(4) Interim dividend approved in 2013 and paid by Constellium Holdco II B.V. in 2014.

(5) Consist of credit line costs to be amortized.

4.2. Cash and cash equivalents

Cash and cash equivalents represent positive bank balances of €28 thousands (2013: €2,174 thousands).

NOTE 5 - Shareholders' Equity

	Number of shares			*In thousands of Euros*	
	"A" Shares	**"B" Shares**	**Preference Shares**	**Share capital**	**Share premium**
As of January 1, 2014	**104 076 718**	**950 337**	**5**	**2 101**	**170 591**
Shares converted	842 228	(842 228)			
Shares cancelled			(5)		
Other					(2)
As of December 31, 2014	**104 918 946**	**108 109**	**0**	**2 101**	**170 589**

5. 1. Share capital and Share premium

As at December 31, 2014 authorized share capital consists of 398,500,000 Class “A” ordinary shares and 1,500,000 Class “B” ordinary shares.

According to Dutch law and the articles of association of Constellium N.V., the following characterizations, rights and obligations are attached to the shares:

- Constellium N.V. shares are divided in two classes: “A” shares and “B” shares;
- Class “A” ordinary shares can be held by anyone approved by the general meeting of shareholders; and
- Class “B” ordinary shares can only be held by (i) German limited partnerships which have entered into an agreement pursuant to a management equity plan, or (ii) the Company itself.
- All of the Company’s shares have a stated nominal value of €0.02 per share. All shares attract one vote and none are subject to any vesting restrictions.
- The class “A” ordinary shares and class “B” ordinary shares are entitled to an equal profit allocation.
- At the applicable MEP interest vesting date (the vesting conditions being summarized in NOTE 32 – Share Equity Plan of the Consolidated Financial statements), the related Class B ordinary shares are thereby converted into Class A ordinary shares. There are no other circumstances whereby Class B ordinary shares might be converted into Class A ordinary shares.

On May 16, 2013, the Company issued preference shares to its existing shareholders and repurchased them for no consideration after the dividend payment. All the preference shares were cancelled on August 13, 2014.

During 2014 842,228 Class B ordinary shares were converted to Class A ordinary shares, of which 749,417 related to Management Equity Plan accelerated vesting implemented during the second quarter of 2014.

On July 8, 2014, the company repurchased 108,109 Class B shares from Omega Management Gmbh & Co K.G. The cost of these Treasury shares is booked as part of “Other Equity”.

At December 31, 2014	Class “A” and “B” Shares	%
Free Float	89,396,158	85,1%
Bpifrance	12,846,969	12,2%
Other	2,783,928	2,7%
Total	**105,027,055**	**100,0%**

At December 31, 2013	Class “A” and “B” Shares	%
Free Float	50,526,761	48,1%
Apollo Funds	37,561,475	35,8%
Bpifrance	12,846,969	12.2%
Omega Management GmbH & Co.KG	4,091,840	3.9%
Rio Tinto	10	0.0%
Total	**105,027,055**	**100.00%**

5.2. Reconciliation of shareholders' Equity and income statement

The following is the reconciliation of Company shareholders' equity and net income with the consolidated shareholders' equity and net income.

in thousands Euros	At December 31,2014	At December 31,2013
Equity according to consolidated statements	(37 565)	35 948
Deduct : Non controlling interest	(5 780)	(3 850)
Add : Retained deficit and other reserves of subsidiary accounted for at cost	203 642	146 036
Difference in treatment of share premium agreement with previous shareholders	8 143	8 143
Equity according to company financial statements	168 440	186 277

in thousands Euros	At December 31,2014	At December 31,2013
Net profit according to consolidated statements	53 917	99 987
Deduct : Profit of subsidiaries consolidated at cost (1)	(76 163)	(143 838)
Add : Dividend received from subsidiaries	0	194 300
Net (loss) / profit according to company financial statements	(22 246)	150 449

(1) Includes IFRS 2 expense related to share-based payments arrangements which has no impact on Net (loss) / profit according to company financial statements.

NOTE 6 - Non-current liabilities

	At December 31, 2014				At December 31, 2013			
(in thousands of Euros)	Amount	Type of rate	Nominal rate	Effective rate	Amount	Type of rate	Spread	Effective rate
2013 Term loan Facility								
In U.S. Dollar					151 131	Floating	4.75%	6.48%
In Euro					44 663	Floating	5.25%	7.33%
2014 Senior Notes								
In U.S. Dollar (due 05/ 2024)	329 464	Fixed	5.75%	6.26%				
In U.S. Dollar (due 01/ 2023)	329 464	Fixed	8.00%	8.61%				
In Euro (due 05/ 2021)	300 000	Fixed	4.63%	5.16%				
In Euro (due 01/ 2023)	240 000	Fixed	7.00%	7.54%				
Accrued interests	5 670							
Refinancing and Financing Costs	(23 884)							
Other	1 293				356			
Total Borrowings	1 182 007				196 150			
Total Non-current	1 175 044				195 794			
Total Current	6 963				356			

A) *Refinancing May 7, 2014*

Fixed rate term loans facilities

On May 7, 2014, Constellium successfully completed bond offerings for an aggregate amount of approximately €587 million.

These private offerings were comprised of $400 million (equivalent to €287 million at the issue date of the private offerings) of US dollar denominated senior notes due May 15, 2024 and €300 million of Euro denominated notes due May 15, 2021.

The company used a portion of the proceeds from these offerings to repay the outstanding under its existing Term Loan, with the balance to be used for general corporate purposes.

Financing cost

The Company incurred the following financing costs:

- Refinancing fees of an amount of $6,000 thousands (equivalent at the issue date of the private offerings to €4,308 thousands) and € 4,500 thousands.
- Incentive fees of an amount of $1,000 thousands (equivalent to €730 thousands at the issue date of the private offerings) and €750 thousands.
- Early repayment fees related to the existing term loan of $3,459 thousands (equivalent to €2,548 thousands at the issue date of the private offerings) and €761 thousands.

As most financing costs were deducted from the private offerings, Constellium N.V. received a net amount of $392,450 thousands (equivalent to €281,778 thousands at the issue date of the private offerings) and €294,750 thousands.

Transaction costs, i.e. fees and commissions, are integrated in the effective interest rate calculation of the private offerings. Early repayment fees and interest expenses are included in finance costs as incurred.

Capitalized fees of an amount of €12,225 thousands will be amortized over the duration of the senior notes.

Unsecured Credit Facility

Concurrently with Senior Notes, Constellium N.V. entered into a €120 million unsecured revolving credit facility with a term of three years which will be available upon consummation of the Senior Notes. Fees incurred were of an amount of € 1,800 thousands. This Unsecured Credit Facility bears a floating rate.

B) *Refinancing December 19, 2014*

Fixed rate term loans facilities

On December 19, 2014, the Company successfully completed a private offering of $400 million of U.S. dollar denominated senior notes due January 15, 2023 (the “U.S Dollar Notes”) and €240 million of euro denominated senior notes due January 15, 2023. The U.S. Dollar Notes will bear interest at a rate of 8.00% per annum, and the Euro Notes will bear interest at a rate of 7.00% per annum, in each case semi-annually in arrears.

Senior Notes are guaranteed on a senior unsecured basis by all of the current direct and indirect restricted subsidiaries that guarantee indebtedness under our Unsecured Revolving Credit Facility as of the date of the issuance of the Notes. Senior Notes include negative, affirmative covenants.

The Company intends to use a portion of the proceeds from the Offering to finance the Company's acquisition of Wise Metals Intermediate Holdings LLC and for general corporate purposes.

The U.S. Dollar notes bear interest at a rate of 8.00% per annum payable semi-annually in arrear. The interest expense was $1,067 thousands in 2014. No interest was paid.

The Euro notes bear interest at a rate of 7.00% per annum payable semi-annually in arrear. The interest expense was €560 thousands in 2014. No interest was paid.

Capitalized fees of €11,659 thousands will be amortized over the duration of the senior notes.

C) Covenants

Senior Notes: The private offerings contain customary terms and conditions, including amongst other things, limitation on incurring or guaranteeing additional indebtness, on paying dividends, on making other restricted payments, on creating restriction on dividend and other payments to us from certain of our subsidiaries, on incurring certain liens, on selling assets and subsidiary stock, and on merging.

The company was in compliance with all applicable covenants as of and for the period ended December 31, 2014.

U.S. Revolving Credit Facility: This facility contains a minimum availability covenant that requires Constellium Rolled Products Ravenswood, LLC to maintain excess availability of at least the greater of (a) $10 million and (b) 10% of the aggregate revolving loan commitments. It also contains customary events of default.

Constellium Rolled Products Ravenswood, LLC was in compliance with all applicable covenants as of and for the period ended December 31, 2014.

D) Fair Values

The carrying value of the Company's borrowings is the redemption value at maturity. The fair value of the December 2014 Senior Notes is approximately the carrying value. The fair value of the May 2014 Senior Notes is 87.0% of the carrying value amounted to €540 million.

NOTE 7 - Current liabilities

Trade payables and other

The trade payables include vendor balances of €9,778 thousands, accrued expenses for an amount of €38,214 thousands of which €36,026 thousands for the acquisition of Wise Corporation and the December 2014 financing and Withholding Tax due for €360 thousands.

NOTE 8 - Comprehensive income

8.1 Revenue

Revenue of €1,130 thousands (2013: €517 thousands) represents primarily Management Fees invoiced to subsidiaries.

8.2 Selling and administrative expenses

Selling and administrative expenses includes office costs, rent expenses, and professional fees including statutory audit fees.

8.3 Auditors Fees

The following audit fees were expensed by the Company and its subsidiaries in the income statement in the reporting period:

2014	*PwC Accountants N.V.*	*Other PwC network*	*Total PwC network*
Audit Fees	77	8 696	8 773
Audit Related Fees		668	668
Tax services		555	555
Other non audit services		0	0
	77	9 919	9 996

2013	*PwC Accountants N.V.*	*Other PwC network*	*Total PwC network*
Audit Fees	77	10 618	10 695
Audit Related Fees		1 327	1 327
Tax services		1 398	1 398
Other non audit services		9	9
	77	13 352	13 429

The fees listed above relate to the procedures applied to the Company and its consolidated Group entities by accounting firms and external auditors as referred to in Section 1, subsection 1 of the Dutch Accounting Firms Oversight Act (Dutch acronym: Wta), as well as by Dutch and foreign accounting firms, including their tax services and advisory groups.

8.4 Other expenses

Other Expenses amount to €18,333 thousands, of which €17,506 thousands are legal fees and other professional fees relating to refinancing.

8.5 Finance Result

(In thousands of Euros)	Year ended December 31, 2014	Year ended December 31, 2013
Net realized foreign exchange (FX) gains on cash and cash equivalents	37	888
Net realized FX gains on financial assets and interest receivables	12 079	-
Net realized FX gains on trade receivable and other	23	15
Net unrealised FX gains on cash and cash equivalents	263	-
Net unrealized FX gains on trade receivable and other	(22)	120
Net unrealized FX gains on financial assets and interest receivables	35 889	5 687
Interest income received and accrued	34 003	8 566
Other finance income	27	212
Total Finance Income	**82 298**	**15 488**
Net realized FX losses on cash and cash equivalents	(11)	-
Net realized FX losses on financial assets and interest receivables	(6 191)	(5 863)
Net realized FX losses on trade receivable and other	(20)	-
Net unrealized FX losses on cash and cash equivalents	(185)	(7)
Net unrealised FX losses on financial assets and interest receivables	(41 712)	-
Interests expense paid and accrued	(27 304)	(13 029)
Amortization of financing costs	(966)	(13 889)
Early redemption costs	(3 309)	-
Other finance costs	(855)	(373)
Total Finance Expenses	**(80 552)**	**(33 161)**
Dividends		194 300
Finance Result	**1 746**	**176 627**

The finance costs are made primarily of interest income received from subsidiaries and interest expense paid and accrued, respectively €34,003 thousands and €27,304 thousands. The result on foreign exchange gains and losses, realized and unrealized is a gain of €150 thousands. The finance result netted of unrealized gains and losses, which have no impact on the cash flow generated, amounts to a loss of €7,513 thousands.

As of December 31, 2014, Fees Term Loan include:

- Amortization of financing costs related to the May 2014 refinancing for €504 thousands;
- Amortization of financing costs related the unsecured credit facility maturing in May 2017 for €462 thousands; and
- Early redemption costs related to the refinancing from May 7, 2014 for €3,309 thousands. A symmetric gain related to the early redemption of shareholders loans is included within Interests income received and accrued for €1,937 thousands.

8.6 Income tax expense

The net taxable loss recorded by the fiscal unity of €28,756 thousands in 2014 and €78,716 thousands in 2013. As there is not sufficient likelihood that future taxable profits will be available to be used against it, no deferred tax asset was recognized at December 31, 2014 and 2013.

Under current Dutch tax law, losses incurred by the fiscal unity carry-forward 9 years after the loss is recognized.

Accumulated tax loss as of December 31, 2014 amounts to €172,587 thousands.

The following is a reconciliation of income tax for 2014 and 2013:

In thousands of Euros

	Year ended December 31, 2014	Year ended December 31, 2013
Income before income taxes	(22 246)	150 449
Statutory income tax rate applicable	25%	25%
Computed theoritical tax at statutory rate	5 562	(37 612)
Permanent differences		
Non-taxable profit, benefit not derived from business (1)	0	48 575
Share -based payments expense	0	(250)
IPO costs 2013 (2)	0	4 254
Second Offering Costs (3)	(250)	0
Other	(26)	(3)
Net taxable loss from tax unity (4)	1 902	6 630
Income tax loss, before impairment	**7 188**	**21 594**
Impairment of deferred tax assets	(7 188)	(21 594)
Income tax expense, net	**0**	**0**
Effective rate of tax	0%	0%

(1) Dividends received from Constellium Holdco II B.V.

(2) Capitalized IPO costs relating to the new issued shares recorded in equity and deductible for tax purposes

(3) Second Offering Costs not tax deductible

(4) Taxable loss from Constellium Holdco II BV

NOTE 9 - Contingencies and Commitments

9.1 Covenants associated with the Term Loans and Senior Notes

See details in NOTE 6 – Non-current liabilities

9.2 Long-term financial commitments

Long-term unconditional commitments have been entered into in respect of the operating real estate and equipment leases.

9.3 Leasing

The operating leases are recognized on a straight-line basis in the profit and loss account over the lease period. Commitments under minimum rental payments are as follows at December 31, 2014:

(in thousands of Euros)	Year ended December 31, 2014	Year ended December 31, 2013
Under 1 year	97	97
Between 1 and 5 years	195	195
Over 5 Years	-	-
Total	**292**	**292**

9.4 Fiscal entity

The Company forms a fiscal unity for the corporation tax with its subsidiary, Constellium Holdco II B.V., and is therefore separately liable for all tax liabilities.

NOTE 10 - Directors' Remuneration

The tables below show the remuneration of the directors (executive and non-executive), received from the Company and one of its subsidiaries for the year ended December 31, 2014.

Executive Director

(In Euros)

	Base Salary Paid	Non-equity Incentive Plan Compensation (EPA Bonus)	Equity awards (1)	Change in Pension value (2)	2014 Total
Pierre Vareille, CEO	772 891	550 997	0	159 842	1 483 730

Non-Executive Directors

(in euros)	BOARD FEES	ATTENDANCE FEES	TOTAL	EQUITY AWARDS (EQUIVALENT in €)	TOTAL 2014
Richard B. Evans	128 000	30 000	158 000		158 000
Michel Brandjes*	35 000	13 000	48 000	50 000	98 000
Philippe Guillemot	60 000	25 000	85 000		85 000
Peter F Hartman*	35 000	13 000	48 000	50 000	98 000
Guy Maugis	60 000	27 000	87 000		87 000
Matthew H. Nord	68 000	20 000	88 000		88 000
John Ormerod*	35 000	8 000	43 000	50 000	93 000
Werner Paschke	75 000	25 000	100 000		100 000
Lori A Walker*	35 000	14 000	49 000	50 000	99 000
TOTAL	**531 000**	**175 000**	**706 000**	**200 000**	**906 000**

*appointed June 2014

(1) Grants of Restricted Stock Units: in June 2014, four board members were granted an award of 2,205 RSU each with an aggregate grant date value of €0.2 million. The service vesting tranche vests 50% on each anniversary date of the equity award grant date.

(2) Amount contributed by the Company to the Swiss State.

2013

Executive Directors

(in Euros)

Name and position	Base Salary Paid	Non-equity Incentive Plan Compensation (EPA Bonus)	Equity awards (1)	Change in Pension value (2)	Total
Pierre Vareille, CEO	€ 735 156	€ 614 639	€ 719 251	€ 134 089	€ 2 203 135

(1) Equity awards: This award consists of a one-time grant of 54,611 restricted stock units granted on November 1, 2013. The restricted stock units will vest on the second anniversary of the date of grant.

(2) Amount contributed by the Company to the Swiss State.

Non-Executive Directors

(in euros)	BOARD FEES	ATTENDANCE FEES	TOTAL	EQUITY AWARDS (EQUIVALENT in €)	TOTAL 2013
Philippe Guillemot	37 397	16 000	53 397	50 000	103 397
Guy Maugis	60 000	11 000	71 000	0	71 000
Richard B. Evans	120 000	21 500	141 500	0	141 500
Pieter Oosthoek	46 926	0	46 926	0	46 926
Werner Paschke	36 986	22 500	59 486	50 000	109 486
TOTAL	**301 309**	**71 000**	**372 309**	**100 000**	**472 309**

(1) Equity awards: Two non-executive directors were granted an award of restricted stock units (8,816) with an aggregate grant date value of €100,000. The service vesting tranche vests 50% on each anniversary date of the equity award grant date (May 29, 2013).

NOTE 11 - Related parties

Refer to comments made in "NOTE 29 – Related parties transactions" of the Consolidated Financial Statements.

NOTE 12 – Financial Risk Management

- Credit Risk: see Note 24 within Consolidated Financial Statements.
- Liquidity Risk: See Note 6 "Non-Current liabilities" which describes Senior Notes and Facilities.
- Foreign Exchange and Interest Rate Risk:

  i) Credit Risk: see Note 24 within Consolidated Financial Statements.

  ii) Liquidity Risk: see Note 6 "Non-current liabilities" which describes senior notes and facilities.

  iii) Foreign Exchange and Interest Rate Risk :

    - The Company has balanced assets and liabilities in USD dollars as all cash collected through USD senior notes are transferred through symmetric loans to its subsidiary through shareholder loan.
    - Both shareholder loan and senior notes, which represent 85 % of total assets and liabilities, are fixed rate instruments.
    - As a result, the Company's sensitivity to interest variation is deemed limited.

OTHER INFORMATION

Provisions in the Articles of Association governing the appropriation of profit

Under the article 23 of the Company's Articles of Association, dated May 21, 2013:

- The Company may make distributions to the shareholders and other persons entitled to the distributable profits only to the extent of the Distributable Equity.
- Distribution of profit may be effected after the adoption of the annual accounts which show that such distribution is permitted.

Profit-sharing certificates and similar rights

All preference shares were cancelled on August 13, 2014

Proposal for profit appropriation

The Board of Directors proposes the following appropriation of Net Loss allocation to Retained Earnings:

Retained earnings	€ (22,246,072)
Net Loss	€ (22,246,072)

The net loss appropriation is not reflected in these Financial Statements

Subsequent events

On January 5, 2015, Constellium N.V. has completed its acquisition of Wise Metals Intermediate Holdings LLC ("Wise"), a private aluminum sheet producer located in Muscle Shoals, Alabama. With the closing of the acquisition, Constellium now has access to 450,000 metric tons (kt) of hot mill capacity from the widest strip mill in North America, reinforcing its position on the can market and positioning Constellium to continue to grow in the North American Body-in-White (BiW) market.

Constellium N.V.

Board of Directors

Approval of the 2014 financial statements as of

March 13, 2015

Members of the Board of Directors:

Richard B. Evans

Pierre Vareille

Guy Maugis

Matthew H. Nord

Philippe Guillemot

Werner Paschke

Peter F. Hartman

Michiel Brandjes

Lori A. Walker

John Ormerod

Independent auditor's report

To: the general meeting of Constellium N.V.

Report on the financial statements 2014

Our opinion

In our opinion the financial statements give a true and fair view of the financial position of Constellium N.V. as at 31 December 2014, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2014 of Constellium N.V., Amsterdam ('the company').

The financial statements comprise:

- the consolidated and company statement of financial position as at 31 December 2014;
- the following statements for 2014: the consolidated and company income statement, the consolidated and company statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

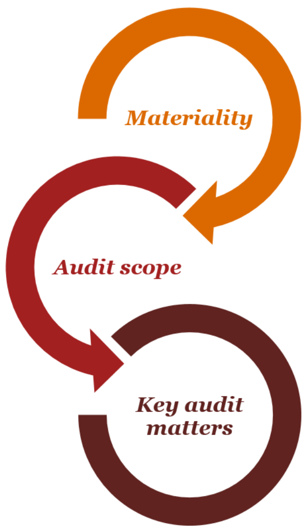
We are independent of Constellium N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. Moreover, we paid specific attention to the areas of focus driven by the operations of Constellium N.V. as an international manufacturer of aluminium products. These areas of focus were property, plant and equipment, inventory, revenue recognition and financial instruments used for hedging purposes. As in all of our audits, we also addressed the risk of management override of internal controls, including eval uating whether there was evidence of bias by the directors that may represent a risk of material misstatement due to fraud.



Materiality

- Overall materiality: € 25 million which represents 0.7% of average revenues over the past 3 years.

Audit scope

- We conducted audit work in 18 locations of which 6 qualify as significant components. The significant components have been subject to a full scope audit. For the remaining 12 locations, specific audit procedures have been performed in order to increase our audit coverage on some financial aggregates (such as revenues, cash, borrowings, accruals and provisions, taxes, financial derivatives or pensions), to test specific transactions over the period or as part of unpredictability procedures.
- Site visits were conducted for all significant components in France, Germany, Switzerland and the United States.

Key audit matters

- Recoverability of deferred tax assets.
- Acquisition of Wise Metals Intermediate Holdings LLC.

Materiality

The scope of our audit is influenced by the application of materiality. Our audit opinion aims on providing reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on our opinion.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	€ 25 million (2013: € 25 million).
How we determined it	0.7% of average revenues over the past 3 years.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice, based on our analysis of the drivers of the business and its key performance indicators as defined by management and stakeholders of the company. In addition, Constellium N.V. has shown volatile results over the past few years due to non-recurring formation costs, IPO costs and changes in fair value of derivatives recognised through the income statement. Therefore, we believe that the average revenues over the past 3 years are an appropriate benchmark.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the management and the Audit Committee that we would report to them misstatements identified during our audit above € 1 million (2013: € 1 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

Constellium N.V. is head of a group of entities. The financial information of this group is included in the consolidated financial statements of Constellium N.V.

Considering our ultimate responsibility for the opinion on the company's financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

The group's accounting process is structured around local finance functions in each reporting unit. These reporting units maintain their own accounting records and controls and report to the head office finance team through an integrated consolidation system.

We conducted audit work in 18 locations of which 6 qualify as significant components. The significant components have been subject to a full scope audit. For the remaining 12 locations, specific audit procedures have been performed in order to increase our audit coverage on some financial aggregates (such as revenues, cash, borrowings, accruals and provisions, taxes, financial derivatives or pensions), to test specific transactions over the period or as part of unpredictability procedures.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those functions to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the group financial statements as a whole. We conducted site visits to significant components in 4 countries: France, Germany, Switzerland and the United States.

The group consolidation, financial statement disclosures and a number of complex items are wholly or partly audited by the group engagement team at the head office. These include derivative financial instruments, pensions, taxes and share based payments.

By performing the procedures above at components, combined with additional procedures at group level, we have obtained sufficient and appropriate audit evidence regarding the financial information of the group as a whole to provide a basis for our opinion on the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We described the key audit matters and included a summary of the audit procedures we performed on those matters.

The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters.

Key audit matter	***How our audit addressed the matter***
Recoverability of deferred tax assets The company describes its accounting policies concerning deferred tax asset (DTA) recognition within note 2 and provides details on deferred tax positions and accumulated tax losses within note 27 to the consolidated financial statements. Significant tax losses were incurred in previous years by subsidiaries located in the Netherlands, France and Switzerland. Based on the expected taxable income of these subsidiaries and considering the related and inherent risk of uncertainty, the company's recognition of domestic and foreign net deferred tax assets was limited to € 190 million. Total unrecognised deferred tax assets amount to € 193 million. Due to the inherent level of uncertainty and management's judgement involved we considered this a key audit matter for our audit.	The group engagement team at the head office uses the work of PwC tax specialists to evaluate and test corporate tax positions taken by management and to coordinate local tax issues. We examined the deferred tax asset by jurisdiction and assessed recoverability through assessing the forecasted future taxable profits, derived from approved business plan, per entity. In addition, we have considered the local expiry periods together with any applicable restrictions in recovery for each individual jurisdiction. We have challenged the underlying assumptions and forecasted revenues and costs, ascertained inclusion of all required elements in the forecast and recalculated taxable profits based on the applicable tax rates in the countries the entities reside. We also assessed the past performance against business plans used by the company to determine the future taxable income per jurisdiction.
Acquisition of Wise Metals Intermediate Holdings LLC ('Wise Metals') Refer to note 3 to the consolidated financial statements for information concerning the acquisition of Wise Metals on 5 January 2015. Although not finalised before year-end, we considered the acquisition of Wise Metals to be a significant transaction that impacted the consolidated financial statements through the recording of acquisition costs of € 34 million, the hedge of foreign currency risk associated with the acquisition price	In order to obtain audit evidence concerning the disclosure of the post balance sheet date acquisition of Wise Metals we have assessed its financial information as at 31 December 2014. The Wise Metals consolidated financial statements as at 31 December 2014 were prepared in accordance with US Generally Accepted Accounting Principles ('US GAAP') and were audited by another US audit firm. We obtained the signed auditor's report and reviewed the bridge prepared by management between the consolidated financial statements prepared under US GAAP and the consolidated financial statements prepared under

Key audit matter	*How our audit addressed the matter*
and the required disclosures related to this acquisition. As the transaction is post year-end, the financial information of Wise Metals is not included in the consolidated financial statements of the company but is presented in the notes to provide information on the nature and magnitude of the transaction. Given the importance to the company and the major (future) impact on the financial position and performance of the group, we considered the appropriateness of disclosures on this transaction as a key audit matter for our audit.	Constellium Group accounting policies which are in accordance with EU-IFRS. The fair values of the assets and liabilities, that form the basis of the purchase price allocation, were carried out by an independent third party valuator, whose professional expertise, knowledge, credentials and independence we have assessed in order to be able to use their report. Together with PwC valuation specialists we have assessed the appropriateness of the scope and assumptions used to conduct the valuation. Subsequently, we have assessed the appropriateness of the disclosure in accordance with IFRS 3 - Business Combinations. We have performed substantive testing on acquisition costs to assess the accuracy and valuation of costs recognised within 'Other expenses'. We have also performed substantive testing on the contracted financial instruments that were established to hedge the foreign currency risk associated with the acquisition price and on the related hedging documentation to assess whether it meets the criteria for hedge accounting in accordance with IAS 39 - Financial Instruments: Recognition and Measurement. Furthermore, based on the relevant agreements and performed audit procedures as set out above we have assessed the appropriateness and completeness of disclosures in the financial statements in relation to this key audit matter.

Responsibilities of the management and the Audit Committee

The management is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the directors' report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and for
- such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management should prepare the financial statements using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so. The management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Audit Committee is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit has been performed with a high but not absolute level of assurance which makes it possible that we did not detect all frauds or errors.

A more detailed description of our responsibilities is set out in the appendix to our report.

Report on other legal and regulatory requirements

Our report on the directors' report and the other information

Pursuant to the legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the directors' report and other information):

- We have no deficiencies to report as a result of our examination whether the directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the directors' report, to the extent we can assess, is consistent with the financial statements.

Our appointment

We were appointed as auditors of Constellium N.V. for the year ended 31 December 2014 following the passing of a resolution by the shareholders at the annual meeting held on 11 June 2014 and representing a total period of uninterrupted engagement appointment of 4 years.

Rotterdam, 11 March 2015
PricewaterhouseCoopers Accountants N.V.

P.J.R.M. Wijffels RA

Appendix to our auditor's report on the financial statements 2014 of Constellium N.V.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among others of:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Concluding on the appropriateness of the management's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We provide the management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with the management, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.