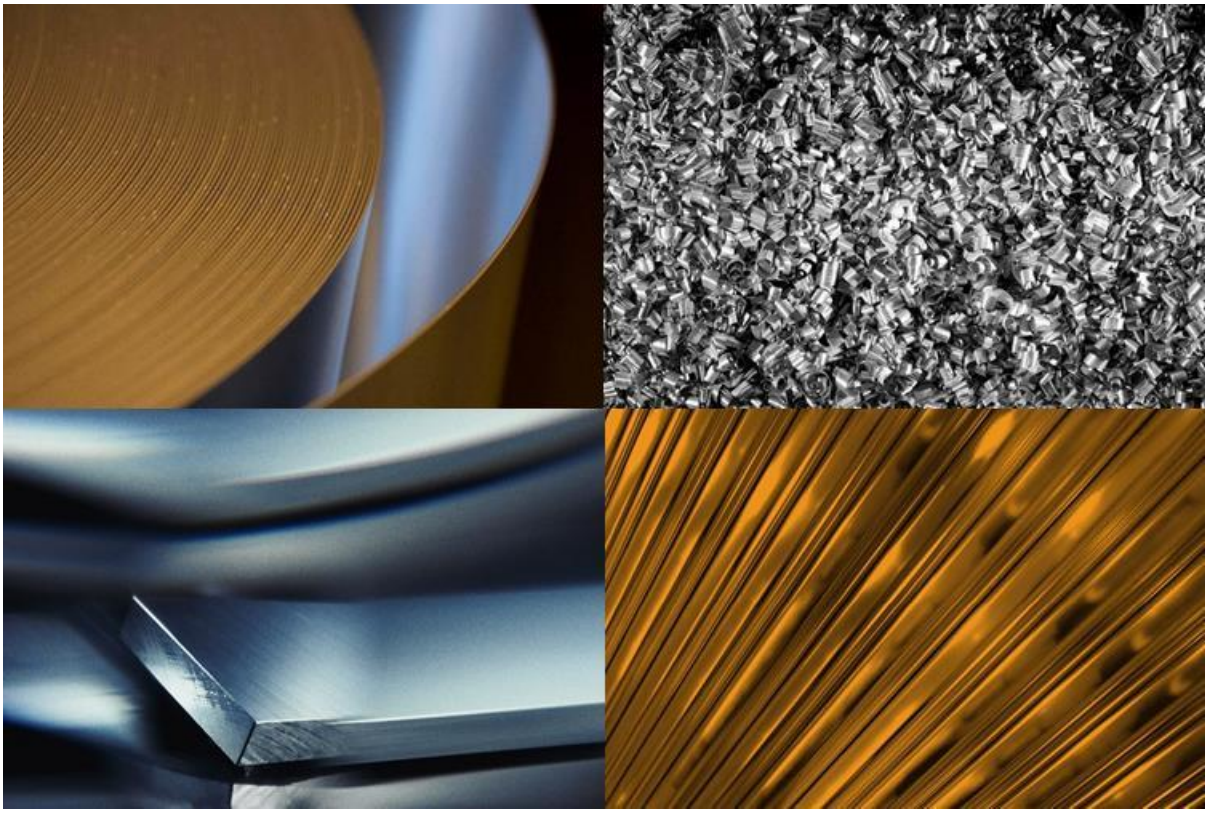
Annual Report 2015



Constellium

TABLE OF CONTENTS

Constellium

DIRECTORS' REPORT 2015 – 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, 2015.

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 aluminium products, serving primarily the packaging, aerospace 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 aluminium 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 aluminium products, such as common alloy coils, paintstock, foilstock and soft alloys extrusions for construction and distribution.

As of December 31, 2015, we operated 22 production facilities, 9 administrative and commercial sites and one R&D center, and had approximately 11,000 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. 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 aluminium, 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 aluminium aerospace plates and automotive structures and a leading European and North American 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 customer base includes market-leading firms in packaging, aerospace, and automotive, such as Rexam PLC, Anheuser-Busch InBev, Ball Corporation, Crown Holdings, Inc., Airbus, Boeing, and several premium automotive original equipment manufacturers, including BMW AG, Daimler AG and Ford Motor Company. 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 January 5, 2015, Constellium acquired 100% of Wise Metals Intermediate Holdings LLC (“Wise” or “Muscle Shoals”), a private aluminium sheet producer located in Muscle Shoals, Alabama, United States. With this acquisition, Constellium obtained access to 450,000 metric tons (kt) of hot mill capacity from the widest strip mill in North America, reinforcing its position in the can market and positioning Constellium to continue to grow in the North American Body in White (BiW) market.

1.3 Business (overview of operating segments)

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

Packaging & Automotive Rolled Products includes the production of rolled aluminium products in our French, United States 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 construction markets.

In our Packaging & Automotive Rolled Products operating segment, we produce and develop customized aluminium sheet and coil solutions. Approximately 85% of operating segment volume for the year ended December 31, 2015 was in packaging rolled products, which primarily include beverage and food can stock as well as closure stock and foil stock. The remaining 15% of operating segment volume for that period was in automotive rolled products and specialty and other thin-rolled products, which include technologically advanced products for the automotive and industrial sectors. Our Packaging & Automotive Rolled Products operating segment accounted for approximately 53% of revenues and 53%[1] of Adjusted EBITDA for the year ended December 31, 2015.

Aerospace & Transportation includes the production of rolled aluminium products for the aerospace market, as well as rolled products for transport, industry and defense end-uses. We produce aluminium plate, sheet and fabricated products in our European and North American facilities. Substantially all of these aluminium 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 aluminium and specialty materials products with wide applications across the global aerospace, defense, transportation, and industrial sectors. We offer a wide

[1] The difference between the sum of Adjusted EBITDA for our three segments and the Group Adjusted EBITDA, is attributable to amounts for Holdings and Corporate.

range of products including plate, sheet, extrusions and precision casting products 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 approximately 26% of our revenues and 30%[1] of Adjusted EBITDA for the year ended December 31, 2015.

Automotive Structures & Industry includes the production of hard and soft aluminium alloy extruded profiles in Germany, France, Switzerland, 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 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, body structures 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 approximately 20% of revenues and 23% of Adjusted EBITDA for the year ended December 31, 2015.

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 (packaging, aerospace and automotive), with the goal of driving growth and profitability

We are focused on our three strategic end-markets — packaging, aerospace, and automotive—which we believe generally have attractive growth prospects for aluminium. 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 helps ensure relatively good visibility into return on investment. Our focus on high value-added products in our three strategic end-markets with strong customer relationships enable us to maximize conversion premium growth and profitability rather than focusing on volume growth. For example, in January 2015 we completed the acquisition of Wise, a major producer of aluminium beverage can sheet in North America. 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. We also recently announced that we executed a Term Sheet with UACJ Corporation to expand our joint venture with UACJ to produce automotive BiW sheet in the U.S., and establish a leadership position in the growing North American BiW market. In November 2015, we announced the building of a new manufacturing facility in Bartow County, Georgia, United States, in response to growing demand for automotive structures in North America. This project represents approximately a $20 million investment and an additional $12 million investment by a third-party developer, for a total project value of approximately $32 million.

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 2014, we completed the sale of our Tarascon-sur-Ariège (Sabart) plant in France, which was dedicated to the production of hard alloys billets. In 2015, we decided to dispose of our plant in Carquefou (France), which is part of our A&T operating segment, which was dedicated to aero and non-aero tubes. The sale of this plant was completed in February 2016.

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 at strengthening 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 aluminium 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:

- Plans to invest in new BiW capacity in the United States to serve the rapidly growing automotive market;
- Our investment of $35 million at our Ravenswood plant, in West Virginia in the United States, for the installation of a new pusher furnace to expand the plant's ability to supply aerospace customers;
- The successful expansion of our Constellium Automotive USA, LLC plant, located in Michigan in the United States, which is producing highly innovative crash-management systems for the automotive market;
- Planned construction of a new manufacturing facility in Bartow County, Georgia in the United States, to respond to the growing North American demand for aluminium structural parts to lighten vehicles, for a total project value of approximately $32 million;
- Our planned investment of €23 million in our site located in Decin, Czech Republic, to expand casting, extrusion and fabrication capacity in aluminium automotive hard alloys.

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 and experienced team with long track records of successfully implementing Lean manufacturing programs at other companies.

2.2.2 Outlook 2016

We expect continued growth in our aerospace and automotive markets. The packaging market is strong in Europe, but will remain flat to slightly lower than 2015 in North America. In 2016, we will also start ramping up significant new capacity in our BiW projects (Bowling Green, Kentucky and Neuf-Brisach, France), in our AS&I segment (Van Buren, Michigan, and Decin, Czech Republic) and in our facility in Ravenswood, West Virginia.

The Company launched, subject to market and other conditions, an offering for approximately $400 million of senior secured notes due 2021 consisting of U.S. dollar denominated senior secured notes (the “Offering”). We intend to use the proceeds from the Offering for general corporate purposes, which may include investments in Wise and the Company’s joint venture with UACJ Corporation, capital expenditures, repayment of debt, working capital investments, research and development efforts, or future acquisitions. Upon consummation of the Offering or shortly thereafter, the Company expects to invest €100 million from the Offering in Wise. There can be no assurance that the Company will successfully complete the Offering on the terms described herein or at all.

2.3 Group financial review

Group Summary

	2015	2014	Var.
Shipments (k metric tons)	1,478	1,062	39%
Revenues (€ millions)	5,153	3,666	41%
Adjusted EBITDA (€ million)	343	275	25%
Adjusted EBITDA per ton (€)	232	259	(10%)

Adjusted EBITDA per metric ton and percentage changes are calculated on unrounded underlying figures. The difference between the sum of reported segment Adjusted EBITDA and the Group Adjusted EBITDA is related to Holdings and Corporate.

Total shipments in 2015 were 1,478k metric tons, a 39% increase compared to 1,062k metric tons in 2014, driven mainly by the integration of Wise and reflecting good traction from automotive rolled products, automotive extruded products and aerospace rolled products.

Revenues for 2015 were €5,153 million, which represents an increase of 41%, or €1,487 million, from 2014 resulting primarily from the integration of the Muscle Shoals facility. On a like-for-like basis (excluding the impact of movements in London Metal Exchange (LME) metal prices, premiums, currency exchange rates, and the acquisition of Wise), revenues increased by 4% when compared to 2014.

Adjusted EBITDA for 2015 was €343 million, an increase of €68 million, or 25%, from the 2014 Adjusted EBITDA, driven by the acquisition of Wise, record performance in the Automotive Structures and Industry (AS&I) segment, and recovery in the Aerospace and

Transportation (A&T) segment. Our results in Packaging and Automotive Rolled Products (P&ARP) were driven by the acquisition of Wise, which contributed €68 million in Adjusted EBITDA in 2015. Adjusted EBITDA in 2015 also includes a favorable year-over-year effect from metal premiums of €15 million and foreign exchange effect of €14 million when compared to 2014 and reflects higher costs in Holdings and Corporate as compared with 2014.

Adjusted EBITDA per metric ton for 2015 was €232, a decrease of 10% or €27 per metric ton reflecting a higher proportion of packaging in the product mix as a result of the Wise acquisition.

Net income

Net income in 2015 was a net loss of €552 million compared with net income of €54 million in 2014. The change over the prior year was primarily attributable to a €457 million impairment charge, higher depreciation, significant one-time charges, higher finance costs, and unfavorable metal price lag, partially offset by higher Adjusted EBITDA, lower unrealized losses on derivative instruments, and the positive impact of the income tax benefit recognized in 2015 on our loss before income tax.

The €457 million impairment charge included primarily a €400 million impairment charge against the carrying value of the Wise asset. This charge, which has no impact on cash flows, reflects management's view of the future expected performance at Muscle Shoals in light of the challenges for the can business. The total charges also includes a €49 million impairment in 2015 related to our Valais facility in Switzerland, for which the assets are now fully impaired.

The increase in depreciation was primarily attributable to an additional €61 million of depreciation related to Muscle Shoals assets, which were acquired in January 2015.

Significant one-time charges in 2015 included €22 million of metal premium losses and €16 million in hedging policy and purchase accounting adjustments related to Muscle Shoals.

The increase in finance costs was mainly attributable to a €117 million increase in interest expense on borrowings, driven by a full year of interest expense related to our Senior Notes issued in May and December 2014 and interest expense on borrowings at Muscle Shoals. The year-over-year change in the effect of metal price lag on net income was €61 million (changed from favorable impact in 2014 to unfavorable impact in 2015), driven by lower aluminium prices. The decrease in unrealized losses was driven by a €31 million decrease in losses on foreign exchange related derivative instruments, mainly driven by lower currency exchange rate volatility in 2015 compared to 2014.

Earnings per share

For the fiscal year ended December 31, 2015, the fully diluted earnings per share were a negative €5.27 versus a positive €0.48 per share for the same period in 2014. Fully diluted earnings per share were based on a weighted average number of ordinary shares of 105 million for the years ended December 31, 2015 and 2014.

Cash flow and liquidity

Net cash from operating activities increased by €299 million, to an inflow of €511 million in the year ended December 31, 2015 from an inflow of €212 million for the year ended December 31, 2014. Operational cash flows benefited from a substantial reduction in accounts receivables, of which €335 million was contributed by non-recourse sales of receivables.

Cash flows used in investing activities increased by €506 million to €722 million for the year ended December 31, 2015, from €216 million for the year ended December 31, 2014.

Net cash used in financing activities was €308 million for the year ended December 31, 2015, a €1,061 million change from €753 million of cash from financing activities for the year ended December 31, 2014.

Net Debt at December 31, 2015 was €1,703 million, an increase from €222 million as of December 31, 2014, mainly due to the acquisition of Wise. Our cash position at the end of fiscal year 2015 was €472 million.

At December 31, 2015, we had €733 million of total liquidity, comprised of €472 million in cash and cash equivalents, €56 million of undrawn credit facilities under our ABL facilities, €50 million available under our factoring arrangements, €145 million of undrawn credit facilities under our Unsecured Revolving Credit Facility, and €10 million under a separate revolving credit facility. Our ability to borrow under the Unsecured Revolving Credit Facility is subject to financial covenants with which we were compliant at December 31, 2015.

2.4 Segmental review

Packaging & Automotive Rolled Products (P&ARP)

	2015	2014	Var.
Shipments (k metric tons)	1,035	620	67%
Revenues (€ millions)	2,748	1,576	74%
Adjusted EBITDA (€ million)	183	118	55%
Adjusted EBITDA per ton (€)	176	190	(7%)

Revenues are before intercompany eliminations. Adjusted EBITDA per metric ton and percentage changes are calculated on unrounded underlying figures.

Shipments and revenues increased by 67% and 74%, respectively, in our P&ARP segment over the period, which were primarily attributable to the increased volumes from the integration of Wise despite lower metal prices. Shipments for packaging rolled products remained flat while automotive rolled products volumes increased by 16% in 2015 compared to 2014.

For the year ended December 31, 2015, Adjusted EBITDA for the P&ARP segment was €183 million reflecting a 55% growth over 2014, primarily attributable to the integration of Wise. The decrease in Adjusted EBITDA per metric ton is mainly due to a higher proportion of packaging sales in the product mix as a result of the integration of Muscle Shoals facility.

Aerospace & Transportation (A&T)

	2015	2014	Var.
Shipments (k metric tons)	231	238	(3%)
Revenues (€ millions)	1,355	1,197	13%
Adjusted EBITDA (€ million)	103	91	14%
Adjusted EBITDA per ton (€)	445	380	17%

Revenues are before intercompany eliminations. Adjusted EBITDA per metric ton and percentage changes are calculated on unrounded underlying figures.

Shipments in our A&T segment decreased by 3% while revenues increased by 14%, respectively over the period primarily reflecting a more favorable product mix. Aerospace rolled products shipments increased by 8% and transportation and other rolled products shipments fell by 11% compared to 2014.

For the year ended December 31, 2015, Adjusted EBITDA in the A&T segment was €103 million, an overall increase of 14% over the fiscal year in 2014. These results include a year-over-year positive impact of €5 million from lower metal premiums and €18 million from foreign exchange compared to the prior year.

Automotive Structures & Industry (AS&I)

	2015	2014	Var.
Shipments (k metric tons)	212	208	2%
Revenues (€ millions)	1,047	921	14%
Adjusted EBITDA (€ million)	80	73	11%
Adjusted EBITDA per ton (€)	380	351	8%

Revenues are before intercompany eliminations. Adjusted EBITDA per metric ton and percentage changes are calculated on unrounded underlying figures.

Shipments and revenues increased by 2% and 14% respectively over the period, driven by automotive extruded products.

For the year ended December 31, 2015, Adjusted EBITDA in the AS&I segment reached €80 million, a 11% increase from fiscal year 2014, and Adjusted EBITDA per ton increased by 8% to €380 resulting primarily from the 8% increase in automotive extruded product shipments in 2015 and a favorable year-over-year impact of €4 million from metal premiums compared to 2014.

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 2015, the research and development center employed 242 employees, including approximately 100 scientists and 100 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, 2013, 2014 and 2015, we invested €36 million, €38 million, and €35 million, respectively, in research and development.

2.6 Risk management and control

2.6.1 Approach to risk management and business control

Although risk is inherent in the conduct of business activities, Constellium's policies are designed to provide reasonable assurance that risk management and control objectives are met by integrating management control in the daily operations, ensuring compliance with legal and regulatory requirements and the integrity of the Company's financial reporting and disclosures.

Our Board of Directors 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 delegated to the Audit Committee the oversight of the Company's risk management program with periodic reports provided to the Board. The Audit Committee is delegated with (i) review of 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) review of the Company's risk assessment and risk management policies, and (iii) periodic assessment of whether the Company has implemented the appropriate internal risk management and internal control culture.

In 2015, the Company developed (and is in the process of implementing) a comprehensive risk assessment framework with the objective of better understanding the Company's risk exposure. Formal sessions were held with senior management throughout the second quarter of 2015 to evaluate and map the company's risks and set up risk management processes. We also implemented a 3-year roadmap to help us make additional improvements to the assessment process. Under such roadmap, for 2016 and 2017, we expect our focus to be on governance and monitoring of the identified risks, revisit the risk mapping in 2017, with the goal of optimizing resources in 2018 to ensure convergence and consistency within our risk functions.

Our risk assessment framework is structured around the following risk categories:

- strategic;
- operational;
- financial; and

- human resources.

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 23 of our consolidated financial statements.

2.6.2 Principal risk factors, sensitivities and uncertainties

In 2015, the Company identified the following categories as principal areas of risk. This list reflects Constellium's view from its initial analysis in 2015 and does not include all the risks that may ultimately affect the Company.

Strategic	Operational	Financial	Human Resources
Inability to adapt and right-size	Operational disruption	Metal and foreign exchange hedging	Key people and competencies
Aggressive competition	Ineffective integration of acquisitions	Level of indebtedness	
Aluminium substitution	Loss of key customers		
Timeliness and pace of growth projects	Sourcing disruption		

More specific risks within these main categories are listed below:

- If we fail to implement our business strategy, including our productivity and lean initiatives, our financial condition and results of operations could be materially adversely affected.

- 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. We may be unable to timely complete our expected capital investments, including in BiW, or may be unable to achieve the anticipated benefits of such investments.

- 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.

- The loss of certain members of our management team may have a material adverse effect on our operating results.

- 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.

- Aluminium 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 are subject to unplanned business interruptions that may materially adversely affect our business.

- 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.

- Interruptions in or failures 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.

- The price volatility of energy costs may adversely affect our profitability.

- If we were to lose order volumes from any of our largest customers, our sales volumes, revenues and cash flows would be reduced.

- 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 financial results could be adversely affected by the volatility in aluminium prices.

- If we are unable to adequately mitigate the cost of price increases of our raw materials, including aluminium, our profitability could be adversely affected.

- 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.

- We are dependent on a limited number of suppliers for a substantial portion of our aluminium 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 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.

In addition to the principal risks identified above, the Company believes that it is also subject to the following risks:

- A deterioration in our financial position or a downgrade of our ratings by a credit rating agency could increase our borrowing costs, lead to our inability to access liquidity facilities, and adversely affect our business relationships.

- 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.

- 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.

- Our production capacity might not be able to meet growing market demand or changing market conditions.

- 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.

- 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.

- If we do not adequately maintain and continue to evolve our financial reporting and internal controls (which could result in higher operating costs), we may be unable to accurately report our financial results or prevent fraud.

- 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.

- 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.

- Other 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 level that we maintain may not fully cover all potential exposures.

- Increases in our effective tax rate, changes in income tax laws, additional income tax liabilities due to unfavorable resolution of tax audits and challenges to our tax position could have a material adverse impact on our financial results.

- Our historical financial information presented in this report may not be representative of future results and our relatively short history operating as a standalone company may pose some challenges.

- 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. If we were to lose our foreign private issuer status, the regulatory and compliance costs to us under U.S. securities laws as a U.S. domestic issuer could be significantly more than costs we incur as a foreign private issuer.

- 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 which could 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 expected benefits of the Wise Acquisition, and Wise may not have the value we anticipated prior to the consummation 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.

- If we are unable to successfully transition to new leadership following the expected retirement of our current Chief Executive Officer, our business and operating results could be adversely affected.

- Wise has substantial leverage and may be unable to obtain sufficient liquidity to operate its business and service its indebtedness. Constellium may elect to make capital contributions to Wise but is under no legal obligation to do so.

- Our planned joint investment with UACJ in BiW sheet in the U.S. may not be consummated, or may be consummated on terms that differ materially from those currently contemplated and we may be unable to execute on our strategy with respect to the joint venture with UACJ.

2.6.3 Risk appetite and internal mitigating of the most important risk factors

Our risk appetite for the principal risk factors listed will need to be evaluated as part of our recently established risk assessment process. However, we do have governing principles that help mitigate risks generally in our business. We have identified some general mitigating activities below by category:

	Strategic	Operational	Financial	Human Resources	Legal and compliance
Mitigating Activities	Dedicated team for corporate strategic program, Business Intelligence and project management Mid and long term strategic plans R&D programs and site Industry association presence	Asset integrity program Lean and Operational Excellence Program Customer satisfaction program Supplier relationship monitoring and multiple sourcing strategies Operational procedures and guidance Risk assessments with periodic updates Environmental, Health & Safety procedures and policies Quality Control standards for products Periodic review of Insurance Program Internal Audit function	Accounting, Treasury, and Internal Control policies and procedures review and regular updates Dedicated audit committee with financial experts Regular monitoring of business performance Enhancement of IT technology and infrastructure resilience Internal Control over Financial Reporting Program Quarterly certification process	Constellium University Succession planning Retention schemes Global Code of Conduct	Knowledge and monitoring of rules, laws, changes in laws and regulations IP protection program Insider trading policy

2.6.4 Expected impact on the financial statements upon occurrence of risk or uncertainty

If any of the principal risks listed in section 2.6.2 would materialize, they could have a material adverse effect on the Company’s operations, financial position, results of operations and liquidity.

2.6.5 Risks and uncertainties with significant impact in 2015

Principal risks identified by the Company in section 2.6.2 contributed to significant adverse impacts on our financial results in 2015 including impairment charges for our Muscle Shoals and Valais operations; and operating losses due to the inability to effectively hedge or pass through metal premium exposure to our customers.

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

Our financial risk management strategy focuses on minimizing 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 that have been 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.

Constellium is a founding member of ASI (Aluminium Stewardship Initiative).

4. GOVERNANCE (INCLUDING CORPORATE GOVERNANCE STATEMENT)

4.1 The Board

In 2015, after the annual general meeting of shareholders ("Annual General Meeting") on June 11, 2015, our Board of Directors (the "Board") consisted of ten Directors. On November 11, 2015, one of the Directors, Matthew H. Nord resigned.

We currently have a one-tier Board consisting of one Executive Director and eight Non-Executive Directors (each a "Director"). The Board is responsible for our policy making and day-to-day management. The Non-Executive Directors supervise and provide guidance to the Executive Director. Each Director owes a duty to the Board 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 Directors as of December 31, 2015.

Name	Age	Position	Date of Appointment
Richard B. Evans American	68	Non-Executive Director (Chairman)	January 5, 2011 Current term: 2011-2016
Pierre Vareille French	58	Executive Director	March 1, 2012 Current term: 2012-2016
Guy Maugis French	62	Non-Executive Director	January 5, 2011 Current term: 2011-2017
Philippe Guillemot French	56	Non-Executive Director	May 21, 2013 Current term: 2014-2016
Werner P. Paschke German	65	Non-Executive Director	May 21, 2013 Current term: 2014-2017
Michiel C.M. Brandjes Dutch	61	Non-Executive Director	June 11, 2014 Current term: 2014-2016
Lori Ann Walker American	58	Non-Executive Director	June 11, 2014 Current term: 2014-2016
John Ormerod British	66	Non-Executive Director	June 11, 2014 Current term: 2014-2016
Peter Frans Hartman Dutch	66	Non-Executive Director	June 11, 2014 Current term: 2014-2016

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 a Director since January 2011 and 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 served as Chief Executive Officer of Constellium and as an Executive Director 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 aluminium 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. Mr. Vareille has also been a director of Verallia since 2015.

Guy Maugis. Mr. Maugis has served as a Non-Executive Director since January 2011. 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.

Philippe Guillemot. Mr. Guillemot has served as a Non-Executive Director since May 2013. 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. From 2010 to 2012, Mr. Guillemot served as a director and audit committee member of Visteon Corp. 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 has served as a Non-Executive Director since May 2013. 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 1989 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 has served as a Non-Executive Director since June 2014. 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 has served as a Non-Executive Director since June 2014. 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 has served as a Non-Executive Director since June 2014. 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 of ITV plc and member of the remuneration and nominations committees, and as Chairman of the audit committee since 2010. Until December 31, 2015, Mr. Ormerod served as Non-executive director of Tribal Group plc., as a member of the audit, remuneration and nominations committees, and as Chairman of the board. Mr. Ormerod 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. Mr. Ormerod also served as senior independent director of Misys plc from 2006 to 2012, and as director and Chairman of the audit committee from 2005 until 2012.

Lori A. Walker. Ms. Walker has served as a Non-Executive Director since June 2014. Ms. Walker currently serves as the audit committee chair of Southwire since 2014, and as a member of the audit and compensation committees of Compass Minerals since 2015. 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, Controller 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 2015

The Board held eleven (11) meetings in 2015 and reviewed several matters including amongst others:

- Committee reports.
- Reports from the CEO (including EHS and M&A activity).
- Review and approval of the 2014 Annual Accounts.
- Approval of the Form 20-F filing with the SEC for 2014.
- Approval of the draft agenda for the Constellium Annual General Meeting, including nomination of the new Non-executive Directors.
- Approval of issuance of Class A Ordinary shares as part of free share program pursuant to Company's 2013 Equity Incentive Plan
- Approval of the Wise Integration.
- Reports from the Business Units (on any major projects).
- Review of 2016 Budget.
- Finance Reports.
- Presentation shareholder activism, Dutch company protective measures and director duties.

4.4 Board evaluation

4.4.1 Self-evaluation of the Non-Executive Board Directors

The Board performed self-evaluations for the fiscal year 2015 and will address any concerns that were raised.

4.4.2 Discussions by the Non-Executive Board Directors on strategy, risks, risks management and risk control systems

The Board, including its Non-Executive Directors, 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 Directors of the Executive Board Director's performance

In 2015, the Board evaluated the performance of Pierre Vareille, our Chief Executive Officer and the Executive Director of our Board.

4.5 Report of the Audit Committee

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

On December 31, 2015 the Audit Committee consisted of five Directors: Werner P. Paschke (Chairman), Philippe Guillemot, Guy Maugis, John Ormerod and Lori A. Walker.

The Audit Committee held eight (8) meetings in 2015 and reviewed several matters including amongst others**:**

- 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 updates.
- Compliance/ethics/whistleblowing review.
- Audit Committee policy on hiring (members of independent external auditor).
- IT (strategy, structure & roadmap).
- Tax strategy 2015.
- Trade compliance review.
- Report on major litigation issues.
- Review and approval of quarterly earnings press releases.
- External audit reports.

- Pension/Medical Management/Investment Strategy.
- Review of risk management processes.
- Approval of internal audit plan.
- Review of internal audit reports, including SOX activity.
- Annual review of committee charter.
- Self-evaluation results.

The Audit Committee and Board review the functioning of the external auditor annually. In 2015 the Annual General Meeting appointed PricewaterhouseCoopers Accountants N.V. as the independent external auditor for 2015.

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, 2015 the Remuneration Committee consisted of two Directors: Richard B. Evans and Peter F. Hartman (newly appointed Chairman of the committee). Until November 2015, the Committee consisted of three Directors, including Matthew Nord (former Chairman of the committee), who resigned in November 2015.

The Remuneration Committee held four (4) meetings in 2015 and reviewed several matters including amongst others:

- Compensation strategy update.
- May 2013 share grant update.
- Executive Committee members' salary update.
- Board members remuneration structure and level update including June 2015 RSU grants.
- Proposed SEC Compensation on Clawback Rules.
- Management Equity Plan wind-up program updates.
- Periodic performance RSU grants.
- Co-investment plan update.

- Annual review of committee charter.
- Self-evaluation results.

4.6.2 Remuneration Policy

The Remuneration Policy was adopted by the General Meeting on May 21, 2013.

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 also 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.

A revised payment program for the Non-Executive Board Directors was adopted by the Annual General Meeting on June 11, 2015, under such policy.

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

4.6.3 How the Remuneration Policy has been applied in 2015 (methods)

In 2015 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 March 1, 2012, and he also serves as an Executive Director. 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.

Mr. Vareille has informed the Board of his desire to retire during the course of 2016. The Company is working to ensure a smooth transition, which may occur this summer. At the Board's request, Mr. Vareille has agreed to remain in his current role until his successor is appointed, and to thereafter become an advisor to the Board to facilitate the transition. The Company is in discussions with a particular candidate, but no agreement has been finalized at this time. The Company currently expects to provide an update on the transition plan by early May 2016.

4.6.5 Share ownership Mr. Vareille

Mr. Vareille participated in our Management Equity Plan (MEP) described in paragraph 4.8.9. The MEP investment of Mr. Vareille represented 972,080 Class A ordinary shares. In connection with the wind-up of the MEP, these 972,080 Class A ordinary shares which were held by the MEP partnership, were transferred to Mr. Vareille in November 2015.

Scenario analysis, including calculation of remuneration of the CEO under different scenarios

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

Compensation CEO 2015

The following table sets forth the remuneration paid during our 2015 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	€884,810	€525,575	€1,875	€942,122	€156,840	€2,511,222

i Represents the annual lunch allowance.

ii The amount reported as Equity Awards represents the grant date fair value of the awards granted in 2015, computed in accordance with IFRS 2. In 2015, Pierre Vareille was granted 25,000 RSUs and 50,000 performance-based RSUs. The RSUs vest after a 3-year service period from grant date and the performance-based RSUs vest after a 3-year service period from grant date, subject to certain market-related performance conditions (see Note 31 to the consolidated financial statements).

iii Represents amount contributed by the Company during the 2015 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.

The Chairman of the Board receives an additional annual retainer of €60,000; the Chairman of the Audit Committee receives an additional annual retainer of €15,000; and the Chairman of each of the Remuneration Committee and the Nominating and Governance Committee, receives an additional annual retainer of €8,000.

The Chairman of the Board receives an additional annual grant of Restricted Stock Units worth US $ 50,000 and the other Directors receive an additional annual grant of Restricted Stock Units worth US $ 40,000.

The Restricted Stock Units vest in equal installments on each of the first and second anniversaries of the grant date, subject to the recipient continuously being a member of the Board through each such anniversary.

The Directors of the Board 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 2015 fiscal year to our Non-Executive Directors:

(in euros)	Board fees	Attendance fees	Total	Equity awards(1) (equivalent in euros)	Total
Richard B. Evans	128,000	32,000	160,00,0	44,156	204,156
Michiel Brandjes	60,000	14,000	74,000	35,327	109,327
Philippe Guillemot	60,000	20,000	80,000	35,327	115,327
Peter F. Hartman	60,000	22,000	82,000	35,327	117,327
Guy Maugis	68,000	29,000	97,000	35,327	132,327
Matthew H. Nord(2)	68,000	25,000	93,000	35,327	128,327
John Ormerod	60,000	26,000	86,000	35,327	121,327
Werner P. Paschke	75,000	27,000	102,000	35,327	137,327
Lori A. Walker	60,000	31,000	91,000	35,327	126,327
Total	**639,000**	**226,000**	**865,000**	**326,772**	**1,191,772**

(1) The amount reported as Equity Awards represents the grant date fair value of the awards granted in 2015, computed in accordance with IFRS 2. In 2015, Richard B. Evans was granted 3,946 RSUs and all other non-executive directors were each granted 3,157 RSUs. These RSUs vest 50% on each anniversary date of the grant date (see Note 31 to the consolidated financial statements).

(2) Matthew H. Nord left the Board in November 2015. His RSUs were cancelled.

4.6.7 Remuneration for 2016

We expect no changes in our Remuneration Policy for 2016.

4.7 Report of the Nominating and Governance Committee

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

On December 31, 2015 the Nominating / Governance Committee consisted of two Directors: Richard B. Evans (Chairman) and Michiel Brandjes. Until November 2015, the Committee consisted of three Directors, including Matthew Nord who resigned in November 2015.

The Nominating and Governance Committee held four (4) meetings in 2015 and reviewed several matters including amongst others:

- Chairman's report.
- Governance items.
- Review and approval of EHS Committee and charter.
- Recommendation of advisors to the Board and future director membership.
- Director appointments and Committee membership.

- Composition of Committee members.
- Board and Committee self-evaluation process.
- Director succession planning.
- CEO succession planning.

4.7.2 Deviation from the Dutch gender diversity requirement

The present Board composition fell short of the Board objective and the Dutch Act on Management and Supervision Act (*Wet bestuur en toezicht*) regarding gender diversity, which Act expired on January 1, 2016. New rules with respect to this may be introduced in the near future and we will monitor.

The Act on Management and Supervision Act (*Wet bestuur en toezicht*) regarding gender diversity requires at least 30% male and at least 30% female representation.

Ms. Walker was appointed to our Board on June 11, 2014 and the Board has the intention to propose the appointment of a special advisor to the Board, Martha Brooks, as a Non-Executive Director at the Company's next annual General Meeting.

Although the Company's Board 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 Directors.

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 list our Class A Ordinary Shares on the New York Stock Exchange (NYSE) and on the Euronext Paris, regulated markets, we are subject 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 agrees with the general approach and with the majority of the provisions of the Dutch Code. However, considering our interests and the interests 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).

The Board intends to evaluate a policy with respect to the number of additional board memberships that a Director may 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 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 interest 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 Directors 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 Director.

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 is absent, the Directors that are present will elect a Non-Executive Director 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 Directors 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).

Six Non-Executive Directors 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 six Non-Executive Directors are independent. We may need to deviate from the Dutch Code's independence definition for Directors 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. As an example, under NYSE rules, 8 of our current 9 directors are independent. We may need to further deviate from the Dutch Code's independence definition for Directors when looking for the most suitable candidates. For example, a current Director or future Director candidate may have particular knowledge of, or experience in, the downstream aluminium 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 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 June 11, 2015 Mr. Brandjes, Mr. Guillemot, Mr. Hartman, Mr. Ormerod and Ms. Walker were each re-appointed as Non-Executive Directors for a period of one year.

Mr. Maugis, Mr. Nord and Mr. Paschke were each re-appointed as Non-Executive Directors for a period of two years.

This deviation gives the shareholders the possibility to already vote on a possible reappointment after one respectively two years instead of four years. Since we are a relatively recent public company of only 3 years, the maximum term is not an issue at this point.

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 we are a relatively recent public company and (most) of our Non-Executive Directors are (re)appointed for one year, we currently do not have a 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 favour 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 the General Meeting 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. In addition, we hold quarterly earnings calls where we report our financial results to which all our investors are invited to attend via web conference.

4.8.2 Appointment and replacement of Directors

Our Articles of Association provide that our shareholders acting at a General Meeting appoint Directors upon a binding nomination by the Board. 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 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, the proposal must be adopted by simple majority of the votes cast at the General Meeting. The Executive Director can at all times be suspended by the Board.

4.8.3 Conflict of interest and related party transaction

In 2015, no transactions were reported where a Director had a conflict of interest with the Company.

In connection with the liquidation of the MEP in which certain of our executive officers held investment interests (described in 4.8.9) there were the following related-party transactions in 2015:

Effective as of November 10, 2015 all Ordinary Class A Shares in the capital of Constellium N.V. previously held by Management KG (as described in 4.8.9) were withdrawn and transferred directly to the MEP Participants (as described in 4.8.9). Mr. Vareille received in 972,080 Class A Ordinary Shares in total for investments he already held indirectly through the MEP.

4.8.4 Shareholders and general meetings

(A) Share capital

As of December 31, 2015, the Company’s authorized share capital of €8,000,000 is divided into 400,000,000 Class A Ordinary Shares, each with a nominal value of €0.02 and the Company’s issued and paid-up share capital amounted to €2,109,537.98 divided into 105,476,899 Class A Ordinary Shares.

On June 11, 2015 the General Meeting resolved to cancel all 108,109 issued Class B Ordinary Shares. The Class B Ordinary Shares were from an economic point of view, no longer relevant. The resolution of the General Meeting to cancel the Class B Ordinary Shares became effective on August 18, 2015.

Our Class A Ordinary Shares are listed on the New York Stock Exchange and on the 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 calendar days before the general meeting, are entitled to attend and vote at a 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 adopted a resolution pursuant to which the Board is authorized to limit or exclude the pre-emptive rights of holders of Class A Ordinary Shares for a period of five (5) years.

(E) **Repurchase of Shares**

On June 11, 2015 the General Meeting adopted a resolution pursuant to which our Board is authorized to repurchase Company shares under the following conditions:

1. for 18 months, until December 11, 2016;

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 is authorized to amend the Company's articles of association upon a proposal of the Board.

(G) **Reservation profits**

The Board has authority to take all or part of each year's profit into the Company's reserves. The General Meeting has the authority to vote on how the remaining profit should be allocated.

4.8.5 Restrictions on the transfer of shares

Unless any 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*), on December 31, 2015 the following persons had shareholdings of 3% or more in the share capital of Constellium N.V.:

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

(B) November 11, 2013, T. Rowe Price Associates, Inc., 3.99% capital interest and voting rights. Subsequently, on August 11, 2015, T. Rowe Price Associates, Inc. notified that its capital interest decreased to 3.06% and its voting rights to 3.04%.

(C) 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%.

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

(E) December 11, 2014, Barclays Plc (indirectly through Barclays companies), 5.09% capital interest and voting rights. On March 12, 2005 Barclays Plc notified that its (indirect) capital interest decreased to 4.59% capital interest and voting rights.

(F) November 13, 2015, Point Asset Management (indirectly through Point Asset Management companies), 5.14% 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 to hold the shares of Constellium.

The indirect owners of the shares of Constellium held by Management KG were 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 participated in the MEP.

The main terms and conditions of the MEP are set out in the partnership agreement of Management KG dated February 4, 2011, as amended from time to time, and the Investment and Shareholders Agreement dated January 28, 2011.

It was resolved to wind-up the MEP, which is expected to be finalized in the course of 2016. In connection with the wind-up of the MEP, the respective shares held through the MEP were distributed to the MEP Participants in the amount of their corresponding investments and awards under the program.

In connection with the wind-up of the MEP and with effect as of November 10, 2015, 2.410.357 Class A ordinary shares were transferred to the 34 MEP Participants in accordance with their respective share allocations under the MEP.

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

The Company adopted the Constellium N.V. 2013 Equity Incentive Plan (the “Constellium 2013 Equity Plan”), including a 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 or the Remuneration Committee may delegate administration to one or more 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. The Remuneration Committee determines the number of our Class A 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 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)**

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.

Our CEO, Mr. Vareille participates in the EPA.

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 an agreement with Rio Tinto there are - as far as the Company is aware, 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"), Aluminum 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 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.

Indentures for Senior Notes and Senior Secured Notes

The Company is party to indentures dated May 7, 2014 and December 19, 2014 providing for the issuance of our Senior Notes, and will become a party to an indenture that will provide for the issuance of Senior Secured Notes. Following a change of control, the existing indentures gives the holders of the applicable issuance of Senior Notes the right to require the Company to repurchase such holder's Senior Notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest. The contemplated indenture for the Senior Secured Notes will provide the same right to holders under the indenture governing such notes.

4.8.13 Agreements between the Company and its Directors 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

There are 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, 2015 give a true and fair view of the assets, liabilities, financial position and profit of loss of Constellium and its consolidated companies; and

- 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; and

- Constellium's internal risk management and control processes in relation to financial reporting worked properly in 2015.

Pierre Vareille
Chief Executive Officer

CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2015

Constellium

CONSOLIDATED INCOME STATEMENT

(in millions of Euros)	Notes	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013
Revenue	4, 5	5,153	3,666	3,495
Cost of sales	6	(4,703)	(3,183)	(3,024)
Gross profit		450	483	471
Selling and administrative expenses	6	(245)	(200)	(210)
Research and development expenses	6	(35)	(38)	(36)
Restructuring costs	6	(8)	(12)	(8)
Impairment	4, 6, 14	(457)	—	—
Other gains/(losses) - net	6, 8	(131)	(83)	(8)
(Loss) / Income from operations		(426)	150	209
Other expenses		—	—	(27)
Finance income	10	71	30	17
Finance costs	10	(226)	(88)	(67)
Finance costs - net		(155)	(58)	(50)
Share of (loss) / profit of joint-ventures	25	(3)	(1)	3
(Loss) / Income before income tax		(584)	91	135
Income tax benefit / (expense)	11	32	(37)	(39)
Net (Loss) / Income from continuing operations		(552)	54	96
Net Income from discontinued operations		—	—	4
Net (Loss) / Income for the period		(552)	54	100
Net (Loss) / Income attributable to:				
Equity holders of Constellium		(554)	51	98
Non-controlling interests		2	3	2
Net (Loss) / Income		(552)	54	100

Earnings per share attributable to the equity holders of Constellium

(in Euros per share)	Notes	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013
From continuing and discontinued operations				
Basic	12	(5.27)	0.48	1.00
Diluted	12	(5.27)	0.48	0.99
From continuing operations				
Basic	12	(5.27)	0.48	0.96
Diluted	12	(5.27)	0.48	0.95
From discontinued operations				
Basic	12	—	—	0.04
Diluted	12	—	—	0.04

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, 2015	Year ended December 31, 2014	Year ended December 31, 2013
Net (Loss) / Income		(552)	54	100
Other Comprehensive Income / (loss)				
Items that will not be reclassified subsequently to the consolidated income statement				
Remeasurement on post-employment benefit obligations	21	(7)	(137)	72
Deferred tax on remeasurement on post-employment benefit obligations	26	20	14	(9)
Cash flow hedges	24	(9)	9	—
Deferred tax on cash flow hedges	26	3	(3)	—
Items that may be reclassified subsequently to the consolidated income statement				
Currency translation differences		34	(13)	—
Other Comprehensive Income / (Loss)		41	(130)	63
Total Comprehensive (Loss) / Income		(511)	(76)	163
Attributable to:				
Equity holders of Constellium		(513)	(80)	161
Non-controlling interests		2	4	2
Total Comprehensive (Loss) / Income		(511)	(76)	163

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, 2015	At December 31, 2014
Assets			
Non-current assets			
Goodwill	13	443	11
Intangible assets	13	78	17
Property, plant and equipment	14	1,255	633
Investments accounted for under equity method	25	30	21
Deferred income tax assets	26	270	192
Trade receivables and other	16	53	48
Other financial assets	24	37	33
		2,166	**955**
Current assets			
Inventories	15	542	436
Trade receivables and other	16	365	573
Other financial assets	24	70	57
Cash and cash equivalents	17	472	991
		1,449	**2,057**
Assets classified as held for sale	32	13	—
Total Assets		3,628	3,012
Equity			
Share capital	18	2	2
Share premium	18	162	162
Retained deficit and other reserves		(715)	(207)
Equity attributable to owners of Constellium		(551)	(43)
Non-controlling interests		11	6
Total Equity		(540)	(37)
Liabilities			
Non-current liabilities			
Borrowings	19	2,064	1,205
Trade payables and other	20	54	31
Deferred income tax liabilities	26	10	—
Pension and other post-employment benefits obligations	21	701	657
Other financial liabilities	24	14	40
Provisions	22	119	61
		2,962	**1,994**
Current liabilities			
Borrowings	19	169	47
Trade payables and other	20	867	877
Income taxes payable		6	11
Other financial liabilities	24	107	71
Provisions	22	44	49
		1,193	**1,055**
Liabilities classified as held for sale	32	13	—
Total Liabilities		4,168	3,049
Total Equity and Liabilities		3,628	3,012

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	Re-measurement	Foreign currency translation reserve	Other reserves	Retained losses	Total Equity holders of Constellium	Non-controlling interests	Total equity
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)
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	Re-measurement	Cash flow hedges	Foreign currency translation reserve	Other reserves	Retained losses	Total Equity holders of Constellium	Non-controlling interests	Total equity
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 Equity holders										
Share equity plan	—	—	—	—	—	4	—	4	—	4
MEP shares changes	—	—	—	—	—	1	—	1	—	1
Transactions with non-controlling interests	—	—	—	—	—	—	—	—	(2)	(2)
At December 31, 2014	2	162	(146)	6	(28)	6	(45)	(43)	6	(37)

(in millions of Euros)	Share capital	Share premium	Re-measurement	Cash flow hedges	Foreign currency translation reserve	Other reserves	Retained losses	Total Equity holders of Constellium	Non-controlling interests	Total equity
At January 1, 2015	2	162	(146)	6	(28)	6	(45)	(43)	6	(37)
Net (loss) / Income	—	—	—	—	—	—	(554)	(554)	2	(552)
Other comprehensive income	—	—	13	(6)	34	—	—	41	—	41
Total comprehensive income / (loss)	—	—	13	(6)	34	—	(554)	(513)	2	(511)
Transactions with Equity holders										
Share equity plan	—	—	—	—	—	5	—	5	—	5
Transactions with non-controlling interests	—	—	—	—	—	—	—	—	3	3
At December 31, 2015	2	162	(133)	—	6	11	(599)	(551)	11	(540)

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, 2015	Year ended December 31, 2014	Year ended December 31, 2013
Cash flows from / (used in) operating activities				
Net (loss) / income from continuing operations		(552)	54	96
Adjustments				
Income tax (benefit) / expense	11	(32)	37	39
Finance costs – net	10	155	58	50
Depreciation and amortization	4	140	49	32
Restructuring costs and other provisions		2	6	(8)
Impairment		457	—	—
Defined benefit pension costs	21	48	29	29
Unrealized losses / (gains) on derivatives - net and from remeasurement of monetary assets and liabilities - net	4, 8	23	52	(14)
Losses on disposal and assets classified as held for sale	4, 8	5	5	6
Share of loss / (profit) of joint-ventures	25	3	—	(3)
Other		5	5	2
Changes in working capital:				
Inventories		149	(95)	41
Trade receivables	16	343	(48)	9
Margin calls		1	11	4
Trade payables		(161)	170	(1)
Other working capital		4	(33)	(9)
Changes in other operating assets and liabilities:				
Provisions - pay out	22	(20)	(12)	(17)
Income tax paid		(9)	(27)	(29)
Pension liabilities and other post-employment benefit obligations payment	21	(50)	(49)	(43)
Net cash flows from operating activities		511	212	184
Cash flows from / (used in) investing activities				
Purchases of property, plant and equipment		(350)	(199)	(144)
Acquisition of subsidiaries net of cash acquired	3	(348)	—	—
Proceeds from disposals, including joint-venture		4	(2)	7
Issuance of shares of joint-ventures		(9)	(19)	—
Proceeds from finance leases		6	6	6
Other investing activities		(25)	(2)	(1)
Net cash flows used in investing activities		(722)	(216)	(132)
Cash flows from / (used in) financing activities				
Net proceeds received from issuance of shares		—	—	162
Interim dividend paid		—	—	(147)
Distribution of share premium to owners of the Company		—	—	(103)
Withholding tax reimbursed /(paid)		—	20	(20)
Interests paid		(143)	(39)	(36)
Proceeds received from term loan and Senior Notes		—	1,153	351
Repayment of term loan	19	—	(331)	(156)
Proceeds / (Repayments) of U.S revolving Credit Facility and other loans	19	(211)	13	2
Payment of deferred financing costs		(2)	(27)	(8)
Transactions with non-controlling interests		3	(2)	(2)
Other financing activities	19	45	(34)	—

(in millions of Euros)	Notes	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013
Net cash flows (used in) / from financing activities		(308)	753	43
Net (decrease) / increase in cash and cash equivalents		(519)	749	95
Cash and cash equivalents – beginning of period	17	991	236	142
Effect of exchange rate changes on cash and cash equivalents		4	6	(1)
Cash and cash equivalents – end of period		476	991	236
Less: Cash and cash equivalents classified as held for sale	32	(4)	—	—
Cash and cash equivalents as reported in the Statement of Financial Position	17	472	991	236

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, 9 administrative and commercial sites and one world-class technology center. It has approximately 11,000 employees.

Constellium is a public company with limited liability. 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.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. 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 13, 2016.

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

Standards and Interpretations with an application date for the Group at January 1, 2015:

- Amendments to IAS 19, ‘Defined Benefit Plans’: Employee Contributions. This amendment clarifies the requirements related to contributions from employees or third parties. The Group applied this amendment in 2013 and there is no impact on the Group financial statements.

- Annual Improvements to IFRSs 2010-2012 Cycle and to IFRSs 2011-2013 Cycle. These Annual Improvements have no impact on the Group financial statements.

2.3. 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 will replace the guidance in IAS 39, 'Financial instruments' 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 will be 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 will be effective for accounting periods beginning on or after January 1, 2018.

IFRS 16, 'Leases' deals with principles for the recognition, measurement, presentation and disclosures of leases. The standard provides an accounting model, requiring lessee to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The lessor accounting approach remains unchanged. The standard will replace IAS 17, 'Lease' and will be effective for accounting periods beginning on or after January 1, 2019.

The impact of these standards on the Group's results and financial situation will be evaluated in 2016.

2.4. Basis of preparation

In accordance with IAS 1, 'Presentation of Financial Statements', the Consolidated Financial Statements are prepared on the assumption that Constellium is a going concern and will continue in operation for the foreseeable future.

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial statements respectively in NOTE 17 – Cash and Cash Equivalents, NOTE 19 – Borrowings and NOTE 23 – Financial Risk Management.

The Group's forecast and projections, taking account of reasonably possible changes in trading performance, including an assessment of the current macroeconomic environment, indicate that the Group should be able to operate within the level of its current facilities and related covenants.

Accordingly the Group continues to adopt the going concern basis in preparing the Consolidated Financial Statements. Management considers that this assumption is not invalidated by Constellium's negative equity as at December 31, 2015. This assessment was confirmed by the Board of Directors at its meeting held on March 13, 2016.

2.5. 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.

Constellium's CODM measures the profitability and financial performance of its operating segments 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 as income from continuing operations before income taxes, results from joint ventures, net finance costs, other expenses and depreciation and amortization as adjusted to exclude restructuring costs, impairment charges, unrealized gains or losses on derivatives and on foreign exchange differences, metal price lag, Share Equity Plan expense, effects of purchase accounting adjustments, start-up costs or acquisition, integration and separation costs, certain incremental costs and other exceptional, unusual or generally non-recurring items.

2.6. 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. All intercompany transactions and balances between Group companies are eliminated.

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 over which the Group has significant influence or joint control are accounted under the equity method. The investments are initially recorded at cost. Subsequently they are increased or decreased by the Group's share in the profit or loss, or by other movements reflected directly in the equity of the entity.

Business combination

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 based on 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.

At the acquisition date, 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.

Acquisition related costs are expensed as incurred and included in Other gains / (losses) - net in the Consolidated Income Statement.

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 or loss on disposal.

Impairment of goodwill

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 group of units may be impaired.

The net carrying value of a 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 of disposal.

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 over the projected period and the terminal value. Discount rates are determined based on the weighted-average cost of capital of each operating segment.

The fair value is the price that would be received for the group of cash-generating units, in an orderly transaction, from a market participant. This value is estimated on the basis of available and relevant market data or a discounted cash flow model incorporating a market participant's assumptions.

An impairment loss for goodwill is recognized for the amount by which the group of units carrying amount exceeds its recoverable amount.

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

Any impairment loss is recognized in the line Impairment 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 and Consolidated Statement of Cash Flows.

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 Consolidated 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 Cost 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 their 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 Consolidated Statement of Comprehensive Income / (Loss).

The following table summarizes the main exchange rates used for the preparation of the Consolidated Financial Statements of the Group:

		Year ended December 31, 2015		Year ended December 31, 2014		Year ended December 31, 2013	
Foreign exchange rate for 1 Euro		Average rate	Closing rate	Average rate	Closing rate	Average rate	Closing rate
U.S. Dollars	USD	1.1089	1.0887	1.3264	1.2141	1.3271	1.3791
Swiss Francs	CHF	1.0669	1.0835	1.2146	1.2024	1.2308	1.2276
Czech Koruna	CZK	27.2762	27.0226	27.5352	27.7348	25.9471	27.4273

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 clients loan the metal which the Group will then manufacture for them. In these circumstances, revenue is recognized when services are provided at 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

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 expensed as 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.

Interest income and expense

Interest income is recorded using the effective interest rate method on loans receivables 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 interests) incurred for the construction of any qualifying asset are capitalized during the period of time 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 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 (including interests) 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 are 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.

Intangible assets

Recognition and measurement

Technology and Customer relationships acquired in a business combination are recognized at fair value at the acquisition date. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and impairment losses. The useful lives of the Group intangible assets are assessed to be finite.

Amortization

Intangible assets are amortized over the estimated useful lives of the related assets using the straight-line method as follows:

- Technology 20 years;
- Customer relationships 25 years; and
- Softwares 3 – 5 years.

Impairment tests for property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets subject to amortization are reviewed for impairment if there is any indication that the carrying amount of the asset (or cash-generating unit to which it belongs) may not be recoverable. The recoverable amount is based on the higher of fair value less cost of disposal (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).

Any impairment loss is recognized in the line Impairment in the Consolidated Income Statement.

Financial instruments

(i) Financial assets

Financial assets are classified either: (a) at fair value through profit or loss, or as (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, 'Financial instruments'. 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 rate 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 rate 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 (losses) / gains – net. The Group has no derivatives designated for hedge accounting treatment, except at December 31, 2014 for forward derivatives contracted to hedge the foreign currency risk on the estimated U.S. Dollar purchase price of the Wise entities (see NOTE 24 – Financial Instruments).

(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 and takes it into account when estimating the fair value of its derivatives.

Credit Value Adjustments are calculated for asset derivatives based on Constellium counterparties credit risk. Debit Value Adjustments are calculated for credit derivatives based on Constellium own credit risk.

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, in Borrowings.

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 Cost of sales 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 derecognized from the

Consolidated 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 not transferred, 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.

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 expenses, 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 of 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) / benefit 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, United States 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 /(loss) 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 or with IFRS requirements (see NOTE 32 – Disposals, Disposals Group classified as held for sale).

2.7. 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.

Purchase Accounting

Business combinations are recorded in accordance with IFRS 3, 'Business Combination' 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 at 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.

Impairment tests for goodwill, intangible assets and property, plant and equipment

The determination of fair value and value in use of cash generating units or groups of cash generating units depends on a number of assumptions, in particular market data, estimated future cash flows and the discount rate.

These assumptions are subject to risk and uncertainty. Any material changes in these assumptions could result in a significant change in a cash generating-units' recoverable value or a goodwill impairment. Details of the key assumptions applied are set out in NOTE 13 – Intangible assets (including goodwill) and in NOTE 14 – Property, plant and equipment.

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 advices provided by external advisers, such as actuaries.

Any material changes in these assumptions could result in a significant change in employee benefits 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 – Pensions 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 are 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.

NOTE 3 – ACQUISITION OF WISE ENTITIES

On January 5, 2015, Constellium acquired 100% of Wise Metals Intermediate Holdings LLC ("Wise" or "Muscle Shoals"), a private aluminum sheet producer located in Muscle Shoals, Alabama, United States of America. The total consideration, paid in cash, was €370 million. With the acquisition, Constellium has now 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.

In accordance with IFRS 3, 'Business Combination', Constellium has recognized the assets acquired and liabilities assumed, measured, with the assistance of an independent expert, at fair value at the acquisition date:

(in millions of Euros)	Notes	January 5, 2015
Intangible assets	13	130
Property, plant and equipment	14	657
Trade receivables and other		165
Inventories		227
Other financial assets		4
Cash and cash equivalents		22
Total assets acquired		1,205
Borrowings	19	(997)
Trade payables and other		(155)
Deferred tax liabilities	26	(15)
Pension and other post-employment benefit obligations	21	(8)
Other financial liabilities		(2)
Provisions and contingent liabilities	22	(53)
Total liabilities assumed		(1,230)
Net liabilities assumed		(25)
Goodwill	13	395
Total cash consideration		370

The valuation resulted in the recognition of intangible assets such as Customer relationships and Technology. Property, plant and equipment, Inventories, Provisions and Borrowings have been remeasured at fair value. The resulting €395 million goodwill is mainly supported by the growing automotive markets (Body in White) in North America. The resulting goodwill will be deductible for tax purposes.

Considering the industries served, its major customers and product lines, Muscle Shoals and its related assets and liabilities are included in Packaging and Automotive Rolled Products (P&ARP) operating segment.

The combined revenue and net income for the year ended December 31, 2015 assuming the business combination occurred on January 1, 2015 would not be materially different from the actual consolidated revenue (as the acquisition was completed on January 5, 2015).

Acquisition costs were recognized as expenses in Other gains / (losses)-net of Group's Consolidated Income Statement (€34 million in 2014 and €5 million in 2015).

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. 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 six 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, Body in White, customized industrial sheet solutions and high-quality bright surface product markets. P&ARP operates three facilities in three 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 thirteen 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 segment information are the same as those used to prepare Group's consolidated financial statements.

4.1. Segment Revenue

	Year ended December 31, 2015			Year ended December 31, 2014			Year ended December 31, 2013		
(in millions of Euros)	Segment revenue	Inter-segment elimination	Revenue	Segment revenue	Inter-segment elimination	Revenue	Segment revenue	Inter-segment elimination	Revenue
A&T	1,355	(7)	1,348	1,197	(5)	1,192	1,204	(7)	1,197
P&ARP[(A)]	2,748	(6)	2,742	1,576	(8)	1,568	1,480	(8)	1,472
AS&I	1,047	(13)	1,034	921	(46)	875	859	(54)	805
Holdings & Corporate[(B)]	29	—	29	31	—	31	21	—	21
Total	5,179	(26)	5,153	3,725	(59)	3,666	3,564	(69)	3,495

(A) Includes Muscle Shoals revenue of €1,198 million for the year ended December 31, 2015.

(B) 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.

4.2. Segment adjusted EBITDA and reconciliation of Adjusted EBITDA to Net Income

(in millions of Euros)	Notes	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013
A&T		103	91	120
P&ARP[(A)]		183	118	105
AS&I		80	73	58
Holdings & Corporate		(23)	(7)	(3)
Adjusted EBITDA		343	275	280
Metal price lag[(B)]		(34)	27	(29)
Start-up and development costs [(C)]		(21)	(11)	(7)
Manufacturing system and process transformation costs [(D)]		(11)	(1)	—
Wise acquisition and integration costs	3	(14)	(34)	—
Wise one-time costs related to the acquisition [(E)]		(38)	—	—
Share Equity Plans	31	(7)	(4)	(2)
(Losses) / Gains on Ravenswood OPEB plan amendment	8	(5)	9	11
Swiss pension plan settlements	8	—	6	—
Income tax contractual reimbursements	8	—	8	—
Apollo Management fees		—	—	(2)
Depreciation and amortization [(F)]	6	(140)	(49)	(32)
Impairment[(G)]		(457)	—	—
Restructuring costs		(8)	(12)	(8)
Losses on disposals and assets classified as held for sale	8	(5)	(5)	(5)
Unrealized (losses) / gains on derivatives	8	(20)	(53)	12
Unrealized exchange (losses) / gains from the remeasurement of monetary assets and liabilities – net	8	(3)	1	2
Other		(6)	(7)	(11)
(Loss) / Income from operations		(426)	150	209
Other expenses		—	—	(27)
Finance costs - net	10	(155)	(58)	(50)
Share of loss of joint-ventures	25	(3)	(1)	3
(Loss) / Income before income tax		(584)	91	135
Income tax benefit / (expense)	11	32	(37)	(39)
Net (loss) / income from continuing operations		(552)	54	96
Net (loss) / income from discontinued operations		—	—	4
Net (Loss) / Income		(552)	54	100

(A) Includes €68 million of Adjusted EBITDA from Muscle Shoals for the year ended December 31, 2015.

(B) 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 and 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 and 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.

(C) For the year ended December 31, 2015, start-up costs relating to new sites and business development initiatives amounted to €21 million of which €16 million related to Body in White growth projects both in Europe and the U.S and €5 million related to the expansion of the site in Van Buren, U.S.

(D) For the year ended December 31, 2015, manufacturing system and process transformation costs related to supply chain reorganization mainly in our A&T operating segment.

(E) Wise one-time costs related to the acquisition include:

- Wise Mid-West premium losses: Constellium seeks to achieve a full pass-through model for LME and premiums, primarily through contractual arrangements with metal suppliers and customers. At the acquisition date (January 5, 2015), not all Wise contracts had this pass-through mechanism. Constellium has renegotiated these contracts to bring them in line with its usual practice. In addition, the Mid West Premium market conditions were abnormal in the year ended December 31, 2015 with premium falling from $524/metric ton as at January 5, 2015 to $198/metric ton as at December 31, 2015. This resulted in an un-recovered metal premium of €22 million.

- Unwinding of Wise previous hedging policies: Constellium's policies are to hedge all known exposures. Losses of €4 million were incurred on the unwinding of the predecessor's hedging policies for the year ended December 31, 2015.

- Effects of purchase accounting adjustment: Represents the non-cash step-up in inventory costs on the acquisition of Wise entities (€12 million).

(F) Includes €61 million depreciation and amortization expenses from Muscle Shoals assets for the year ended December 31, 2015.

(G) Includes mainly for the year ended December 31, 2015, an impairment charge of €400 million related to Muscle Shoals intangible assets and Property, plant and equipment and €49 million related to Constellium Valais Property, plant and equipment.

4.3. Entity-wide information about products and services

(in millions of Euros)	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013
Aerospace rolled products	861	667	655
Transportation, Industry and other rolled products	487	525	542
Packaging rolled products	2,205	1,160	1,138
Automotive rolled products	275	225	162
Specialty and other thin-rolled products	262	183	172
Automotive extruded products	544	413	334
Other extruded products	490	462	471
Others	29	31	21
Total revenue[(A)]	5,153	3,666	3,495

(A) Includes Muscle Shoals revenue of €1,198 for the year ended December 31, 2015.

4.4. Segment capital expenditure

(in millions of Euros)	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013
A&T	(112)	(71)	(53)
P&ARP (A)	(170)	(74)	(37)
AS&I	(60)	(48)	(49)
Holdings & Corporate	(8)	(6)	(5)
Capital expenditure	(350)	(199)	(144)

(A) Includes Muscle Shoals capital expenditure of €71 million for the year ended December 31, 2015.

4.5. Segment assets

Segment assets are comprised of total assets of Constellium by segment, less investments accounted for under equity method, deferred income tax assets, other financial assets (including cash and cash equivalent) and assets classified as held for sale.

(in millions of Euros)	At December 31, 2015	At December 31, 2014
A&T	706	707
P&ARP (A)	1,505	390
AS&I	315	333
Holdings & Corporate	210	288
Segment Assets	2,736	1,718
Unallocated:		
Investments accounted for under equity method	30	21
Deferred income tax assets	270	192
Other financial assets	579	1,081
Assets classified as held for sale	13	—
Total Assets	3,628	3,012

(A) Includes Muscle Shoals assets of €691 million at December 31, 2015.

4.6. Information about major customers

Included in revenue arising from the P&ARP segment for the year ended December 31, 2015, is revenue of €1,318 million which arose from sales to the Group's two largest customers. No other single customer contributed 10% or more to the Group's revenue for 2015.

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

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, 2015	Year ended December 31, 2014	Year ended December 31, 2013
Revenue from third and related parties			
France	564	533	535
Germany	1,112	1,035	961
United Kingdom	243	336	346
Switzerland	72	85	88
Other Europe	849	755	742
United States	1,677	524	448
Canada	91	51	53
Asia and Other Pacific	266	174	142
Others	279	173	180
Total	5,153	3,666	3,495

(in millions of Euros)	At December 31, 2015	At December 31, 2014
Property, plant and equipment		
France	433	291
Germany	118	99
Switzerland	1	34
Czech Republic	32	21
Other Europe	2	3
United States	660	179
Others	9	6
Total	1,255	633

NOTE 6 – EXPENSES BY NATURE

(in millions of Euros)	Notes	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013
Raw materials and consumables used [(A)]		(3,176)	(2,087)	(1,980)
Employee benefit expenses	7	(887)	(697)	(667)
Energy costs		(168)	(152)	(150)
Sub-contractors		(86)	(104)	(86)
Freight out costs		(130)	(79)	(75)
Professional fees		(75)	(64)	(74)
Operating leases expenses		(29)	(25)	(20)
Depreciation and amortization		(140)	(49)	(32)
Impairment		(457)	—	—
Other Operating expenses		(300)	(176)	(194)
Other gains/(losses) - net	8	(131)	(83)	(8)
Total Operating expenses [(B)]		(5,579)	(3,516)	(3,286)

(A) The Company manages fluctuations in raw materials prices in order to protect manufacturing margins through the purchase of derivative instruments (see NOTE 23 – Financial Risk Management and NOTE 24 – Financial Instruments).

(B) Includes Muscle Shoals operating expenses of €1,648 million for the year ended December 31, 2015.

NOTE 7 – EMPLOYEE BENEFIT EXPENSES

(in millions of Euros)	Notes	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013
Wages and salaries		(836)	(650)	(625)
Pension costs - defined benefit plans	21	(31)	(26)	(28)
Other post-employment benefits	21	(15)	(17)	(12)
Share equity plan expenses	31	(5)	(4)	(2)
Total employee benefit expenses [(A)]		(887)	(697)	(667)

(A) Includes Muscle Shoals employee benefit expenses of €118 million for the year ended December 31, 2015.

NOTE 8 – OTHER GAINS / (LOSSES) – NET

(in millions of Euros)	Notes	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013
Realized losses on derivatives		(93)	(13)	(31)
Unrealized (losses) / gains on derivatives at fair value through Profit and Loss – net [(A)]	23	(20)	(53)	12
Unrealized exchange (losses) /gain from the remeasurement of monetary assets and liabilities – net		(3)	1	2
Swiss pension plan settlements	21	—	6	—
(Losses) / Gains on Ravenswood OPEB plan amendments	21	(5)	9	11
Wise acquisition costs	3	(5)	(34)	—
Income tax contractual reimbursements	11	—	8	—
(Losses) on disposals and assets classified as held for sale [(B)]		(5)	(5)	(5)
Other – net		—	(2)	3
Total Other gains / (losses) – net		(131)	(83)	(8)

(A) The gains or losses are related to unrealized gains or losses on derivatives entered into with the purpose of mitigating exposure to volatility in foreign currency and LME price (refer to NOTE 23 – Financial Risk Management for a description of Group's risk management).

(B) Following the Group's decision to sell its plant in Carquefou – France, included in the Aerospace and Transportation (A&T) operating segment, a €8 million charge was recorded in 2015.

On October 27, 2014, the Group sold its plant in Tarascon sur Ariège, France and incurred a €7 million loss.

In 2013, the sale of Group's plants in Ham and Saint Florentin, France, was completed.

NOTE 9 – CURRENCY GAINS / (LOSSES)

Consolidated Income Statement

Currency gains and losses are included in the Consolidated Financial Statements as follows:

(in millions of Euros)	Notes	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013
Included in Cost of sales		13	11	(2)
Included in Other gains/(losses) - net		(50)	(52)	23
Included in Finance costs - net	10	2	2	2
Total		(35)	(39)	23
Realized exchange losses on foreign currency derivatives – net		(5)	(12)	—
Unrealized exchange gains / (losses) on foreign currency derivatives – net		8	(12)	13
Exchanges (losses) / gains from the remeasurement of monetary assets and liabilities – net		(38)	(15)	10
Total		(35)	(39)	23

Foreign currency translation reserve

(in millions of Euros)	Year ended December 31, 2015	Year ended December 31, 2014
Foreign currency translation reserve at January 1	(28)	(14)
Effect of currency translation differences – net	34	(14)
Foreign currency translation reserve at December 31	6	(28)

See NOTE 23 – Financial Risk Management and NOTE 24 – 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, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
Finance income				
Realized and unrealized gains on debt derivatives at fair value(A)	9	50	29	4
Realized and unrealized exchange gains on financing activities – net(A)	9	20	—	11
Other finance income		1	1	2
Total Finance income		71	30	17
Finance costs				
Interest expense on borrowings (B)	19	(149)	(32)	(22)
Expenses on factoring arrangements (C)	16	(11)	(9)	(10)
Exit fees and unamortized arrangement fees(D)	19	—	(15)	(21)
Realized and unrealized losses on debt derivatives at fair value(A)	9	—	—	(13)
Realized and unrealized exchange losses on financing activities – net(A)	9	(68)	(27)	—
Other		(6)	(7)	(2)
		(234)	(90)	(68)
Capitalized borrowing costs(E)		8	2	1
Total Finance costs		(226)	(88)	(67)
Finance costs – net		(155)	(58)	(50)

(A) The Group hedges the dollar exposure relating to the principal of its Constellium N.V. U.S. Dollar Senior Notes. The principal is mainly 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 these hedging derivatives are recognized within Finance income / (costs) in the Consolidated Income Statement and offset the unrealized results related to Constellium N.V. U.S. Dollar Senior Notes revaluation.

(B) Includes for the year ended December 31, 2015: (i) €81 million of interests related to Constellium N.V. Senior Notes; (ii) €64 million of interests related to the Muscle Shoals' Senior Notes and (iii) €4 million of interest expenses and fees related to Muscle Shoals and Ravenswood Revolving Credit Facilities (ABL).

Includes for the year ended December 31, 2014: (i) €23 million of interests related to the Constellium N.V. 2014 Senior Notes; (ii) €7 million of interests related to the Constellium N.V. 2013 term loan and (iii) €2 million of interest expenses related to the Ravenswood Revolving Credit Facility.

Includes for the year ended December 31, 2013: (i) €17 million of interests related to the Constellium N.V. 2013 term loan; (ii) €3 million of interests related to the Constellium N.V. 2012 term loan and (iii) €2 million of interest expenses related to the Ravenswood Revolving Credit Facility.

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

(D) During the second quarter of 2014, Constellium N.V. 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. For the year ended December 31, 2014, arrangement and exit fees amounted respectively to €9 million and €6 million.

During the first quarter of 2013, Constellium N.V. 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. For the year ended December 31, 2013, arrangement and exit fees amounted respectively to €13 million and €8 million.

(E) Represents capitalized borrowing costs directly attributable to the construction of assets.

NOTE 11 – INCOME TAX

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

(in millions of Euros)	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
Current tax expense	(21)	(34)	(29)
Deferred tax benefit / (expense)	53	(3)	(10)
Total Income tax benefit / (expense)	32	(37)	(39)

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

(in millions of Euros)	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
(Loss) / Income before income tax	(584)	91	135
Composite statutory income tax rate applicable by tax jurisdiction	38.2%	31.0%	36.0%
Income tax benefit / (expense) calculated at composite statutory tax rate applicable by tax jurisdictions	223	(28)	(48)
Tax effect of:			
Changes in recognized and unrecognized deferred tax assets(A)	(177)	(3)	1
Other (B)	(14)	(6)	8
Income tax benefit / (expense)	32	(37)	(39)
Effective income tax rate	5%	41%	29%

(A) Including unrecognized deferred tax asset on impairment of long term assets of one of our main entities

(B) Including non-deductible items and certain contractual reimbursements in 2014 and 2013.

Our composite statutory income tax rate of 38,2% in the year ended December 31, 2015, 31.0% in the year ended December 31, 2014 and of 36.0% in the year ended December 31, 2013 resulted from the statutory tax rates (i) in the United States of 40% in 2015, 43% in 2014 and 40% in 2013, (ii) in France of 38.0% in 2015, in 2014 and in 2013, (iii) in Germany of 29% in 2015, 2014 and 2013, (iv) in the Netherlands of 25% in 2015, 2014 and 2013 and (v) in Czech Republic of 19% in 2015, 2014 and 2013. The 7.2% increase in our composite tax rate from 2014 to 2015 and the 5.0% decrease in our composite tax rate from 2013 to 2014 resulted from the change in the weight of profits or losses in higher tax rate jurisdictions most notably France and in the United States combined with the change in the weight of profits in lower tax rate jurisdictions most notably in Czech Republic in 2014.

NOTE 12 – EARNINGS PER SHARE

12.1. Earnings

(in millions of Euros)	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
Earnings attributable to equity holders of the parent used to calculate basic and diluted earnings per share from continuing operations	(554)	51	94
Earnings attributable to equity holders of the parent used to calculate basic and diluted earnings per share from discontinued operation	—	—	4
Earnings attributable to equity holders of the parent used to calculate basic and diluted earnings per share	(554)	51	98

12.2. Number of shares (see NOTE 18 – Share capital)

(number of shares)	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013
Weighted average number of ordinary shares used to calculate basic earnings per share (A)	105,097,442	104,639,342	98,219,458
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	105,097,442	105,326,872	98,890,945

(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.

All ordinary Class B shares were cancelled in August 2015.

(B) For the years ended December 31, 2014 and 2013, 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 Plan (See NOTE 31 – 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.

For the year ended December 31, 2015, there were 510,721 potential ordinary shares that could have a dilutive impact but were considered antidilutive due to negative earnings.

Earnings per share attributable to the equity holders of the Company

(in Euros per share)	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013
From continuing operations and discontinued operations			
Basic	(5.27)	0.48	1.00
Diluted	(5.27)	0.48	0.99
From continuing operations			
Basic	(5.27)	0.48	0.96
Diluted	(5.27)	0.48	0.95
From discontinued operations			
Basic	—	—	0.04
Diluted	—	—	0.04

NOTE 13 – INTANGIBLE ASSETS (INCLUDING GOODWILL)

(in millions of Euros)	Notes	Goodwill	Technology	Computer Software	Customer relationships	Work in Progress	Other	Total intangibles assets (excluding goodwill)
Net balance at January 1, 2015		11	—	11	—	4	2	17
Intangible assets acquired through business combination and resulting goodwill	3	395	84	9	37	—	—	130
Additions		—	—	1	—	6	—	7
Amortization expense		—	(5)	(6)	(2)	—	—	(13)
Impairment		—	(60)	—	(21)	—	—	(81)
Transfer during the period		—	—	3	—	(3)	—	—
Effects of changes in foreign exchange rates		37	9	5	4	—	—	18
Net balance at December 31, 2015		443	28	23	18	7	2	78
At December 31, 2015								
Cost		443	92	41	41	7	2	183
Less accumulated amortization and impairment		—	(64)	(18)	(23)	—	—	(105)
Net balance at December 31, 2015		443	28	23	18	7	2	78

Impairment tests for goodwill

Goodwill in the amount of €443 million has been allocated to the Group's operating segment Aerospace and Transportation ("A&T") €5 million, Automotive Structures and Industry ("AS&I") €2 million and Packaging and Automotive Rolled Products ("P&ARP") €436 million.

At December 31, 2015, the recoverable amount of the A&T and AS&I operating segments has been determined based on value-in-use calculations and significantly exceeded their carrying value. No reasonable change in the assumptions retained could lead to a potential impairment charge.

For the P&ARP operating segment, the recoverable value was estimated by applying a discounted cash flow model and market participant's assumptions. The expected future cash flows are based on the 2016-2025 medium and long term business plan approved by the management and reviewed by the

Board of Directors. They include the significant capital expenditures for the Body-in-White (up to 2020/2021) and the related returns. Considering the significant level of future capital expenditure needed to address the Body in White market with the related Body in White cash inflows ramping-up from 2018/2019 and reaching a normative level in 2023/2024, cash flows were projected over a 10 year period. The terminal value assumes a normative cash flow and a long term growth rate ranging from 0% to 2%. The discount rates applied to cash flows projections range between 11% and 12%. It was concluded that the carrying value did not exceed the recoverable value as at December 31, 2015. Accordingly, the impairment test carried out at the P&ARP operating segment level did not lead to a goodwill impairment.

Sensitivity analysis: the calculation of the recoverable value of the P&ARP operating segment is most sensitive to the following assumptions:

- Discount rate: an increase in the discount rate by 2% would result in the recoverable value equaling the carrying value;

- Perpetual growth rate: a decrease in the perpetual growth rate by 5% would result in the recoverable value equaling the carrying value; or

- BiW shipments: 40% lower shipments in the BiW US business would result in the recoverable value equaling the carrying value. Considering the overall size and length of the Body in White project, management determined forecasted shipments and related revenues to be a key assumption.

NOTE 14 – PROPERTY, PLANT AND EQUIPMENT

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

(in millions of Euros)	Notes	Land and Property Rights	Buildings	Machinery and Equipment	Construction Work in Progress	Other	Total
Net balance at January 1, 2015		1	61	383	183	5	633
Property, plant and equipment acquired through business combination	3	22	129	438	65	3	657
Additions		—	6	36	340	3	385
Disposals		—	—	(1)	—	—	(1)
Depreciation expense		(4)	(15)	(103)	—	(5)	(127)
Impairment	4	—	(79)	(276)	(15)	(1)	(371)
Transfer during the period		—	43	244	(289)	2	—
Reclassified as assets held for sale	32	—	(1)	(3)	—	—	(4)
Effects of changes in foreign exchange rates		2	14	55	12		83
Net balance at December 31, 2015		21	158	773	296	7	1,255
At December 31, 2015							
Cost		25	258	1,207	310	24	1,824
Less accumulated depreciation and impairment		(4)	(100)	(434)	(14)	(17)	(569)
Net balance at December 31, 2015		21	158	773	296	7	1,255

(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	—	—	—	(1)	—	(1)
Transfer during the year	—	18	128	(147)	(1)	(2)
Effects of changes in foreign exchange rates	—	2	14	4	—	20
Net balance at December 31, 2014	1	61	383	183	5	633
At December 31, 2014						
Cost	1	67	459	183	13	723
Less accumulated depreciation and impairment	—	(6)	(76)	—	(8)	(90)
Net balance at December 31, 2014	1	61	383	183	5	633

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

	At December 31, 2015			At December 31, 2014		
(in millions of Euros)	Gross value	Accumulated depreciation	Net	Gross value	Accumulated depreciation	Net
Buildings under finance lease	28	(2)	26	16	—	16
Machinery and equipment under finance lease	34	(13)	21	16	(1)	15
Total	62	(15)	47	32	(1)	31

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

(in millions of Euros)	At December 31, 2015	At December 31, 2014
Less than 1 year	10	6
1 to 5 years	36	19
More than 5 years	21	15
Total	67	40

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

(in millions of Euros)	At December 31, 2015	At December 31, 2014
Less than 1 year	7	5
1 to 5 years	31	18
More than 5 years	15	8
Total	53	31

Depreciation expense and impairment losses

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

(in millions of Euros)	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013
Cost of sales	(132)	(42)	(28)
Selling and administrative expenses	(8)	(7)	(4)
Impairment	(452)	—	—
Total	(592)	(49)	(32)

The amount of contractual commitments for the acquisition of property, plant and equipment is disclosed in NOTE 27 – Commitments.

Impairment tests for property, plant and equipment and intangibles assets

Muscle Shoals cash-generating unit: the following triggering events were identified as at December 31, 2015:

- Continuing under performance and actual 2015 Muscle Shoals results showing a much lower financial performance than the initial business plan prepared as part of the Wise acquisition, and

- Revised budget and strategic plan for Muscle Shoals downgraded, notably after taking into account new sale agreements commercial conditions for the can/packaging business.

In accordance with the accounting policies described in NOTE 2.6 of the Consolidated Financial Statements, the Muscle Shoals cash-generating unit was tested for impairment as at December 31, 2015.

Its value-in-use was determined based on projected cash flows expected to be generated by the can/packaging business at Muscle Shoals. These cash flow forecasts were prepared by the Group Management and reviewed by the Board of Directors. The discount rate applied to cash flows projections was 11% and cash flows beyond the projection period have been extrapolated using a 0% growth rate. The value in use calculation led to a recoverable value being €400 million lower than the carrying value.

Management determined that the fair value less cost of disposal of Muscle Shoals cash-generating unit does not exceed the value in use.

Accordingly, an impairment charge of €400 million was recorded as at December 31, 2015, reducing the Muscle shoals' cash- generating unit intangible assets and property, plant and equipment.

Sensitivity analysis: the calculation of the recoverable value of the Muscle Shoals cash-generating unit is most sensitive to the following assumptions:

- Discount rate: a increase / decrease of the discount rate by 1% would impact the recoverable value by €40 million and €48 million respectively

- Perpetual growth rate: a increase / decrease of the perpetual growth rate by 1% would impact the recoverable value by €19 million and €16 million respectively.

Constellium Valais cash-generating units: certain triggering events were identified in 2015 (cash-generating unit Valais - AS&I operating segment: operational reorganization and industrial restructuring and cash-generating unit Valais - A&T operating segment: expected adverse change in key sale agreements).

In accordance with the accounting policies described in NOTE 2.6 of the Consolidated Financial Statements, the Valais cash- generating units were tested for impairment as at December 31, 2015.

Based on the recoverable value approached from both a value in use and a fair value models, the carrying value of the Property, plant and equipment was fully impaired as at December 31, 2015. The related impairment charge totaled €49 million.

NOTE 15 – INVENTORIES

Inventories are comprised of the following:

(in millions of Euros)	At December 31, 2015	At December 31, 2014
Finished goods	148	126
Work in progress	265	205
Raw materials	91	80
Stores and supplies	59	41
Depreciation and impairment(A)	(21)	(16)
Total inventories	542	436

(A) Includes Net realizable value and slow moving adjustments.

Constellium records inventories at the lower of cost and net realizable value. Any increase / (decrease) in the net realizable value adjustment on inventories is 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, 2015		At December 31, 2014	
(in millions of Euros)	Non-current	Current	Non-current	Current
Trade receivables – gross	—	267	—	439
Impairment allowance	—	(3)	—	(3)
Total Trade receivables – net	—	264	—	436
Finance lease receivables	18	6	22	5
Deferred financing costs – net of amounts amortized	1	2	2	3
Deferred tooling related costs	7	—	1	10
Current income tax receivables	—	39	—	15
Other taxes	—	35	—	50
Restricted cash (A)	11	—	10	—
Other	16	19	13	54
Total Other receivables	53	101	48	137
Total Trade receivables and Other	53	365	48	573

(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.

16.1. Aging

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

(in millions of Euros)	At December 31, 2015	At December 31, 2014
Current	243	420
1 – 30 days past due	18	13
31 – 60 days past due	2	1
61 – 90 days past due	1	1
Greater than 91 days past due	—	1
Total trade receivables – net	264	436

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, 2015 (€0.5 million during the year ended December 31, 2014).

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.

16.2. 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, 2015	At December 31, 2014
Euro	83	212
U.S. Dollar	162	199
Swiss franc	6	11
Other currencies	13	14
Total trade receivables – net	264	436

16.3. Factoring arrangements

The Group factored specific accounts receivables in Germany, Switzerland, Czech Republic and France by entering into factoring agreements with third parties for a maximum capacity of €350 million, allocated as follows:

- €235 million for France
- €115 million for Germany, Switzerland and Czech Republic

During December 2015, the Group renegotiated the factoring arrangement for France, extending maturity to December 2018, reducing costs and changing the recourse nature of the arrangement.

In addition, new factoring agreements were signed in the United States during the year ended December 31, 2015:

- On March 23, 2015, Muscle Shoals entered into a Factoring Agreement which provides for the sale of specific accounts receivables. In October, the agreement was amended to provide a committed capacity of $100 million and an additional uncommitted capacity of $280 million. In December 2015, the Company's debt downgrade resulted in a termination of the commitment. As at December 31, 2015, the financial institution continued to purchase $100 million of accounts receivable on an uncommitted basis.
- On December 15, 2015, Constellium Automotive USA entered into a Factoring agreement which provides for the sale of specific accounts receivables and for a maximum capacity of $25 million.

Under the Group's factoring agreements, most of the accounts receivables are now sold without recourse. Where the Group has transferred substantially all the risks and rewards of ownership of the receivables, the receivables are de-recognized from the Consolidated Statement of Financial Position. Some remaining 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

Under the agreements, as at December 31, 2015, the total carrying amount of the original assets factored is €529 million (December 31, 2014: €323 million) of which:

- €429 million (December 31, 2014: €94 million) derecognized from the Consolidated Statement of Financial Position as the Group transferred substantially all of the associated risks and rewards to the factor
- €100 million (December 31, 2014: €229 million) recognized on the Consolidated Statement of Financial Position

At December 31, 2015 and December 31, 2014, there was no amount due to the factor relating to trade accounts receivables sold.

Interest costs and other fees

During the year ended December 31, 2015, Constellium incurred €11 million in interest, other fees and amortized deferred financing costs (€9 million during the year ended December 31, 2014 and €10 million during the year ended December 31, 2013) from these arrangements that are included in finance costs (see NOTE 10 – Finance Costs - Net).

Under certain of the factoring agreements entered into in 2011, 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, 2015, €3 million of such costs were amortized as finance costs (€2 million during the year ended December 31, 2014, and €3 million during the year December 31, 2013). At December 31, 2015, the Group had less than €1 million (€3 million at December 31, 2014) of unamortized up-front and legal fees related to the factoring arrangements (included in deferred financing costs).

Covenants

At December 31, 2015, 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.

The Group was in compliance with all applicable covenants at December 31, 2015 and 2014.

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.

The intercreditor agreement was terminated in December 2015 and all rights and obligations of the parties covered by the intercreditor agreement were terminated accordingly.

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:

	Year ended December 31, 2015				Year ended December 31, 2014			
(in millions of Euros)	Factoring Arrange ments	U.S. Revolving Credit Facility	Other	Total	Factoring Arrange ments	U.S. Revolving Credit Facility	Other	Total
Financing costs incurred and deferred								
Up-front facility arrangement fees	7	4	—	11	7	3	—	10
Other direct expenses	7	2	3	12	7	2	3	12
Total incurred and deferred	14	6	3	23	14	5	3	22
Less: Cumulated amortized amounts	(14)	(5)	(1)	(20)	(11)	(5)	(1)	(17)
Deferred financing costs at December 31	—	1	2	3	3	—	2	5

16.4. 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. The following table shows the reconciliation of the Group's gross investments in the leases to the net investment in the leases at December 31, 2015 and 2014.

	Year ended December 31, 2015			Year ended December 31, 2014		
(in millions of Euros)	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
Less than 1 year	7	(1)	6	6	(1)	5
Between 1 and 5 years	19	(1)	18	23	(1)	22
More than 5 years	—	—	—	—	—	—
Total Finance lease receivables	26	(2)	24	29	(2)	27

NOTE 17 – CASH AND CASH EQUIVALENTS

(in millions of Euros)	At December 31, 2015	At December 31, 2014
Cash in bank and on hand	472	170
Deposits	—	821
Total Cash and cash equivalents	472	991

At December 31, 2015, cash in bank and on hand includes a total of €12 million held by subsidiaries that operate in countries where capital control restrictions prevent the balances from being available for general use by the Group (€8 million at December 31, 2014).

At December 31, 2014, deposits included proceeds drawn under Constellium N.V. Senior Notes issued in December 2014, to be used for the acquisition of Wise entities and for the Body in White growth projects.

NOTE 18 – SHARE CAPITAL

At December 31, 2015, authorized share capital amounts to €8 million and is divided into 400,000,000 ordinary shares, each with a nominal value of €0.02. All shares attract one vote and none are subject to any vesting restrictions.

	Number of shares		In millions of Euros	
	"A" Shares	"B" Shares	Share capital	Share premium
At January 1, 2015	104,918,946	108,109	2	162
New shares issued[A]	557,953	—	—	—
Shares cancelled[B]	—	(108,109)	—	—
At December 31, 2015	105,476,899	—	2	162

(A) Constellium N.V. issued and granted to its employees and certain Boards members 557,953 Class A ordinary shares in 2015 (See NOTE 31 – Share Equity Plans).

(B) During the shareholders annual general meeting held on June 11, 2015, the cancellation of the remaining 108,109 Class B ordinary shares was approved. All Class B ordinary shares were effectively cancelled in August 2015.

At December 31, 2015	Class "A" shares	%
Free float	92,629,930	87.82%
Bpifrance	12,846,969	12.18%
Total	105,476,899	100.00%

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%

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

NOTE 19 – BORROWINGS

19.1. Analysis by nature

(in millions of Euros)	At December 31, 2015 Amount	Type of rate	Nominal rate	Effective rate	At December 31, 2014 Amount	Type of rate	Nominal rate	Effective rate
Senior Notes								
Constellium N.V.								
In U.S. Dollar (due 2024) (A)	365	Fixed	5.75%	6.26%	326	Fixed	5.75%	6.26%
In Euro (due 2021) (A)	297	Fixed	4.63%	5.16%	296	Fixed	4.63%	5.16%
In U.S. Dollar (due 2023) (B)	375	Fixed	8.00%	8.61%	324	Fixed	8.00%	8.61%
In Euro (due 2023) (B)	244	Fixed	7.00%	7.54%	236	Fixed	7.00%	7.54%
Muscle Shoals (Wise Metals Group LLC) (due 2018) (C)	622	Fixed	8.75%	7.45%	—	—	—	—
Senior PIK Toggle Notes (due 2019)								
Muscle Shoals (Wise Metals Intermediate Holdings LLC) (D)	145	Fixed	9.75%	8.40%	—	—	—	—
U.S. Revolving Credit Facility (ABL)								
Constellium Rolled Products Ravenswood, LLC (E)	23	Floating	—	4.00%	34	Floating	—	2.54%
Muscle Shoals (Wise Alloys LLC) (F)	99	Floating	—	2.60%	—	—	—	—
Unsecured Credit Facility (Constellium N.V.) (G)	—	—	—	—	—	—	—	—
Others (H)	63	—	—	—	36	—	—	—
Total Borrowings	2,233	—	—	—	1,252	—	—	—
Of which non-current	2,064				1,205			
Of which current	169				47			

(A) Represents amounts drawn under May 2014 “Senior Notes”. On May 7, 2014, Constellium N.V. issued a $400 million Senior Notes due 2024 (the “U.S. Dollar Notes” equivalent to €368 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.

At December 31, 2015, amounts under the Senior Notes are net of arrangement fees related to the issuance of the notes totaling €11 million (€6 million relating to the U.S. Dollar Notes and €5 million relating to the Euro Notes) and include accrued interests for €5 million (€3 million relating to the U.S. Dollar Notes and €2 million relating to the Euro Notes).

(B) Represents amounts drawn under December 2014 “Senior Notes”. On December 19, 2014, Constellium N.V. issued a $400 million Senior Notes due 2023 (the “U.S. Dollar Notes” equivalent to €368 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.

At December 31, 2015, amounts under the Senior Notes are net of arrangement fees related to the issuance of the Notes totaling €10 million (€6 million relating to the U.S. Dollar Notes and €4 million relating to the Euro Notes) and include accrued interests for € 21 million (€13 million relating to the U.S. Dollar Notes and €8 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.

(C) Wise Metals Group LLC and Wise Alloys Finance Corporation as co-issuers issued on December 11, 2013 a $650 million Senior Secured Notes due 2018 (The “Senior Secured Notes” equivalent to €597 million at the year-end exchange rate excluding fair value adjustment). The Senior Secured Notes are fully and unconditionally guaranteed, jointly and severally, by certain Muscle Shoals’ subsidiaries.

At December 31, 2015, amounts under the Senior Secured Notes include the amortized fair value adjustment (recognized at the acquisition date) for €23 million and accrued interests amount for €2 million.

(D) Wise Intermediate Holdings LLC and Wise Alloys Finance Corporation as co-issuers issued a $150 million Senior PIK Toggle Notes on April 16, 2014 due 2019 (the “Senior PIK Toggle Notes” equivalent to €138 million at the year-end exchange rate excluding fair value adjustment). The Senior PIK Toggle Notes are senior unsecured obligations of the issuers and are not guaranteed by Constellium N.V. or any of its subsidiaries. At December 31, 2015, amounts under the Senior PIK Toggles Notes include the amortized fair value adjustment (recognized at the acquisition date) for €6 million and accrued interests for €1 million.

(E) 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 five-year secured asset-based variable rate revolving credit facility and letter of credit facility (“the ABL Facility”).

At December 31, 2015 the net maximum Ravenswood ABL Facility balance amounts to $62 million (equivalent to €57 million at the year-end exchange rate).

At December 31, 2015, the Group had $37 million (equivalent to €34 million at the year-end exchange rate) of unused borrowing availability.

(F) On March 2015, Muscle Shoals amended its five-year secured asset-based variable rate revolving credit facility and letter of credit facility to a borrowing capacity of $200 million with maturity September, 2018.

At December 31, 2015 the net maximum Muscle Shoals ABL Facility Balance amounts to $136 million (equivalent to €125 million at the year-end exchange rate).

At December 31, 2015, considering the $3 million letters of credit outstanding, the Group had $25 million (equivalent to €23 million at the year-end exchange rate) of unused borrowing availability.

(G) In 2014, Constellium N.V. entered into a €120 million unsecured revolving credit facility with maturity May 2017 which was increased to €145 million and maturity to January, 2018.

(H) Includes finance lease liabilities and other miscellaneous borrowings.

19.2. Movements in borrowings

(in millions of Euros)	Note	At December 31, 2015	At December 31, 2014
At January 1		1,252	348
Borrowings assumed through business combination (A)	3	997	—
Proceeds received from term loan and senior notes (B)		—	1,153
Repayment of term loan (C)		—	(331)
Proceeds / (Repayments) from U.S. Revolving Credit Facility and other loans (D)		(211)	13
Deferred arrangement fees		—	(24)
Unamortized arrangement fees (E)		—	9
Movement in interests accrued		20	6
Movement in other financial debts (F)		3	34
Effects of changes in foreign exchange rates		172	44
At December 31		2,233	1,252

(A) Represents the fair value of Muscle Shoals borrowings at January 5, 2015.

(B) Represents the value of the Constellium N.V. Senior Notes at transaction date exchange rate (U.S. Dollar Notes for $800 million equivalent to €613 million and Euro Notes for €540 million).

(C) Represents the repayment of the 2013 term loan ($356 million of the net U.S dollar principal, equivalent to €257 million at transaction date exchange rate and €74 million of the net Euro principal) at December 31, 2014.

(D) Mainly includes repayments on Muscle Shoals ABL Facility.

(E) Due to the early repayment of the 2013 term loan, €9 million of arrangement fees which were not amortized were fully recognized as financial expenses in 2014 (see NOTE 10 – Finance costs – net).

(F) Mainly includes the impact of new financial leases contracted less rent payments of the year.

19.3. Currency concentration

The composition of the carrying amounts of total borrowings in Euro equivalents is denominated in the currencies shown below:

(in millions of Euros)	At December 31, 2015	At December 31, 2014
U.S. Dollar	1,661	709
Euro	568	539
Swiss Franc	4	4
Total borrowings	2,233	1,252

19.4. Main features of the Group's borrowings

Interest

Constellium N.V. Senior Notes

Interest under Senior Notes issued in May 2014 accrue at a rate of 5.75% per annum on the U.S. Dollar Notes and 4.625% per annum on the Euro Notes and are 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 and 7.00% per annum on the Euro Notes and are paid semi-annually on January 15 and July 15 of each year, starting on July 15, 2015.

Muscle Shoals Secured Senior Notes

The Secured Senior Notes bear interest at 8.75% payable semiannually on June 15 and December 15 of each year.

Muscles Shoals Senior PIK Toggle Notes

Interest is payable semi-annually on June 15 and December 15 of each year. For each interest period, Wise Intermediate Holdings is required to pay interest of 9.75% in cash, or may elect if certain conditions are satisfied to pay PIK interest either by increasing the principal amount or issuing new notes. The PIK interest rate is equal to the cash interest rate plus 75 basis points, or 10.5%.

In December 2015, Muscle Shoals elected to pay the June 2016 coupon interests in kind.

U.S. Revolving Credit Facility

Constellium Rolled Products Ravenswood, LLC

The Constellium Rolled Products Ravenswood facility bears interest at rates ranging either 0.5% to 1% over the US prime interest rate (Base rate) or 1,5% to 2% over LIBOR rate. The margin is based on the prior quarter's average excess availability divided by the borrowing base.

At December 31, 2015, the outstanding $25 million (equivalent to €23 million at the year-end exchange rate) amount drawn is at Base rate.

Muscle Shoals

The Muscle Shoals ABL Facility bears interest at rates ranging either from 0.75% to 1.25% over the U.S. prime interest rate or 1.75% to 2.25% over the LIBOR rate, in each case based on the quarterly average adjusted excess availability for the immediately preceding fiscal quarter. At December 2015, the rate on the ABL Facility based upon the prime interest rate and on LIBOR were 4.75% and 2.60%. The Company also incurs a fee of 0.375% of the average unused commitment amount under the ABL Facility.

At December 31, 2015, the outstanding $108 million (equivalent to €99 million at the year-end exchange rate) amount drawn is at LIBOR rate.

Unsecured Credit Facility

Borrowings under the Unsecured Credit Facility would 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

The notional of the Constellium N.V. U.S. Dollar Notes are hedged through cross currency swaps and rolling foreign exchange forwards. The notional of the cross currency basis swaps amounted to $720 million (equivalent to €661 million) at December 31, 2015. The remaining balance of the U.S. Dollar Notes is hedged by simple rolling foreign exchange forwards. Changes in the fair value of these hedging derivatives are recognized within Finance costs in the Consolidated Income Statement. The positive fair value of these hedging derivatives is €47 million at December 31, 2015.

The cross currency swaps associated with the 2013 term loan was settled in 2014 and paid for €26 million. In 2015, cross currency swaps and liquidity swaps were settled and received for €32 million. The impact are presented in Other financing activities in the Consolidated Statement of Cash Flow.

The other U.S. Dollar Notes or facilities are not hedged as they are held by U.S Dollar functional currency entities.

Covenants

The Group was in compliance with all applicable debt covenants at and for the period ended December 31, 2015.

Constellium N.V. 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.

Constellium N.V. Unsecured Credit Facility

The Unsecured Credit Facility is available to the extent certain ratios are met.

Ravenswood ABL 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.

Muscle Shoals ABL Facility

This facility contains a fixed charge coverage ratio covenant. Evaluation of compliance is only required if Muscle Shoals 's excess availability falls below the greater of (a) $20 million and (b) 10% of the aggregate revolving loan commitment. It also contains customary affirmative and negative covenants, but no maintenance covenants. Substantially all the assets of Muscle Shoals are pledged as collateral for Muscle Shoals financials arrangements including factoring facility.

NOTE 20 – TRADE PAYABLES AND OTHER

	At December 31, 2015		At December 31, 2014	
(in millions of Euros)	Non-current	Current	Non-current	Current
Trade payables	—	657	—	662
Employees' entitlements	—	130	16	113
Deferred revenue	38	13	10	32
Taxes payable other than income tax	—	16	—	19
Other payables	16	51	5	51
Total other	54	210	31	215
Total Trade payables and other	54	867	31	877

NOTE 21 – PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

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.

Actuarial valuation are carried out with the support of an independent expert and are reflected in the Consolidated Financial Statements as described in NOTE 2.6 – Principles governing the preparation of the Consolidated Financial Statements.

21.1. Description of the plans

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, Germany and Switzerland and other long-term disability benefits in the U.S.

21.2. Description of risks

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 obligations expose the Group to a number of risks, including longevity, inflation, interest rate, medical cost inflation, investment performance, and change in law governing the employee benefit obligations. These risks are mitigated when possible by applying an investment strategy for the funded schemes which aims to minimize the long-term costs. This is achieved by investing in a diversified selection of asset classes, which aims to reduce the volatility of returns and also achieves a level of matching with the underlying liabilities.

Investment performance risk

Our pension plan assets consist primarily of funds invested in listed stocks and bonds (see NOTE 21.12 – Fair value hierarchy). The present value of funded defined benefit obligations is calculated 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 rate risk

A decrease in the discount rate will increase the defined benefit obligation. At December 31, 2015, 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	(8)	9
Germany	(8)	9
Switzerland	(21)	24
United States	(30)	34
Total sensitivity on Defined Benefit Obligations	(67)	76

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.

21.3. Main events

In 2015, the acquisition of Wise resulted in an increase of €8 million in the Group's net pension liability.

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 2013, 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 and €11 million in 2013.

Effects of changes in foreign exchange rates

The appreciation of the U.S. Dollar and Swiss Francs against the Euro resulted in an increase of respectively €37 million and €6 million of the Group net defined benefit obligation for the year ended December 31, 2015.

21.4. Actuarial assumptions

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 principal actuarial assumptions used as at the balance sheet closing date were as follows:

	At December 31, 2015				At December 31, 2014			
	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%	—	0.80%	1.25%	1.75%	—	1.15%	1.25%
U.S.	3.80%	—	—	—	3.80%	—	—	—
Hourly pension	—	—	4.55%	—	—	—	4.15%	—
Salaried pension	—	—	4.70%	—	—	—	4.25%	—
OPEB[(A)]	—	—	4.35%-4.85%	—	—	—	4.05%	—
Other benefits	—	—	4.25%-4.45%	—	—	—	3.90%-4.05%	—
France	1.75%-2.25%	2.00%	—	2.00%	1.75%	2.00%	—	2.00%
Retirements	—	—	2.35%	—	—	—	1.90%	—
Other benefits	—	—	1.95%	—	—	—	1.55%	—
Germany	2.75%	1.80%	2.40%	1.80%	2.75%	1.80%	1.90%	1.80%

(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 2016 reducing to 4.50% by the year 2024 and post 65: 6.00% starting in 2016 grading down to 4.50% by 2024, 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.

21.5. Amounts recognized in the Consolidated Statement of Financial Position

(in millions of Euros)	At December 31, 2015 Pension Benefits	Other Benefits	Total	At December 31, 2014 Pension Benefits	Other Benefits	Total
Present value of funded obligation	(681)	—	(681)	(612)	—	(612)
Fair value of plan assets	362	—	362	330	—	330
Deficit of funded plans	(319)	—	(319)	(282)	—	(282)
Present value of unfunded obligation	(121)	(261)	(382)	(130)	(245)	(375)
Net liability arising from defined benefit obligation	(440)	(261)	(701)	(412)	(245)	(657)

21.6. Movements in the present value of the Defined Benefits Obligations

(in millions of Euros)	At December 31, 2015 Pension Benefits	Other Benefits	Total	At December 31, 2014 Pension Benefits	Other Benefits	Total
Defined Benefit Obligations at January 1	(742)	(245)	(987)	(592)	(195)	(787)
Defined Benefit Obligation assumed through business combination	(27)	(2)	(29)	—	—	—
Current service cost	(19)	(6)	(25)	(14)	(4)	(18)
Interest cost	(20)	(10)	(30)	(21)	(9)	(30)
Contributions by the employees	(5)	—	(5)	(5)	—	(5)
Past service costs	—	(2)	(2)	6	7	13
Immediate recognition of gains / (losses) arising over the year	—	1	1	—	(4)	(4)
Benefits paid	34	18	52	29	15	44
Remeasurement due to changes in demographic assumptions	7	4	11	(14)	(12)	(26)
Remeasurement due to changes in financial assumptions	21	10	31	(101)	(16)	(117)
Experience gains / (losses)	2	(2)	—	3	(1)	2
Effects of changes in foreign exchange rates	(55)	(27)	(82)	(33)	(26)	(59)
Defined Benefit Obligation reclassified as liability held for sale	2	—	2	—	—	—
Defined Benefit Obligations at December 31	(802)	(261)	(1,063)	(742)	(245)	(987)
Of which Funded	(681)	—	(681)	(612)	—	(612)
Of which Unfunded	(121)	(261)	(382)	(130)	(245)	(375)

21.7. Movements in the fair value of plan assets

(in millions of Euros)	At December 31, 2015 Pension Benefits	Other Benefits	Total	At December 31, 2014 Pension Benefits	Other Benefits	Total
Plan assets at January 1	330	—	330	277	—	277
Plan asset acquired through business combination	21	—	21	—	—	—
Remeasurement return on plan assets	(39)	—	(39)	11	—	11
Interest income	10	—	10	10	—	10
Contributions by the Group	32	18	50	34	15	49
Contributions by the employees	5	—	5	5	—	5
Benefits paid	(34)	(18)	(52)	(29)	(15)	(44)
Administration expenses	(2)	—	(2)	(1)	—	(1)
Effects of changes in foreign exchange rates	39	—	39	23	—	23
Fair value of plan assets at December 31	362	—	362	330	—	330

21.8. Variation of the net defined benefit obligation

(in millions of Euros)	Note	At December 31, 2015 Pension Benefits	Other Benefits	Total	At December 31, 2014 Pension Benefits	Other Benefits	Total
Net liability recognized at January 1		(412)	(245)	(657)	(315)	(195)	(510)
Net liability assumed through business combination	3	(6)	(2)	(8)	—	—	—
Total amounts recognized in the Consolidated Income Statement		(31)	(17)	(48)	(20)	(10)	(30)
Actuarial (losses) / gains recognized in the SoCI		(9)	12	3	(101)	(29)	(130)
Contributions by the Group		32	18	50	34	15	49
Effects of changes in foreign exchange rates		(16)	(27)	(43)	(10)	(26)	(36)
Net liability reclassified as held for sale		2	—	2	—	—	—
Net liability recognized at December 31		(440)	(261)	(701)	(412)	(245)	(657)

21.9. Amounts recognized in the Consolidated Income Statement

(in millions of Euros)	Year ended December 31, 2015 Pension Benefits	Other Benefits	Total	Year ended December 31, 2014 Pension Benefits	Other Benefits	Total
Current service cost	(19)	(6)	(25)	(14)	(4)	(18)
Past service cost	—	(2)	(2)	6	7	13
Net interest	(10)	(10)	(20)	(11)	(9)	(20)
Immediate recognition of gains / (losses) arising over the period	—	1	1	—	(4)	(4)
Administration expenses	(2)	—	(2)	(1)	—	(1)
Total costs recognized in the Consolidated Income Statement	(31)	(17)	(48)	(20)	(10)	(30)

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).

21.10. Analysis of amounts recognized in the Consolidated Statement of Comprehensive Income / Loss (SoCI)

	At December 31, 2015			At December 31, 2014		
(in millions of Euros)	Pension Benefits	Other Benefits	Total	Pension Benefits	Other Benefits	Total
Cumulative amount of losses recognized in the SoCI at January 1	132	36	168	27	4	31
Liability (gains) / losses due to changes in demographic assumptions	(7)	(4)	(11)	14	11	25
Liability (gains) / losses due to changes in financial assumptions	(21)	(10)	(31)	102	17	119
Liability experience (gains) / losses arising during the period	(2)	2	—	(4)	1	(3)
Asset losses / (gains) arising during the period	39	—	39	(11)	—	(11)
Effects of changes in foreign exchange rates	6	4	10	4	3	7
Total losses / (gains) recognized in SoCI	15	(8)	7	105	32	137
Cumulative amount of losses recognized in the SoCI at December 31	147	28	175	132	36	168

21.11. Defined benefit obligations by country

(in millions of Euros)	At December 31, 2015	At December 31, 2014
France	(132)	(142)
Germany	(137)	(148)
Switzerland	(265)	(224)
United States (A)	(529)	(473)
Defined benefit obligations	(1,063)	(987)

(A) Includes Muscle Shoals defined benefits obligations of €30 million at December 31, 2015.

21.12. Fair value hierarchy

The major categories of plan assets are as follows:

	At December 31, 2015			At December 31, 2014		
(in millions of Euros)	U.S.	Switzerland	Total	U.S.	Switzerland	Total
Equities	94	50	144	83	40	123
Bonds	89	81	170	70	75	145
Property	6	33	39	5	19	24
Other	3	6	9	3	35	38
Total fair value of plan assets	192	170	362	161	169	330

The following table shows the fair value of plans' assets classified under the appropriate level of the fair value hierarchy as defined in NOTE 24.4 – Valuation hierarchy:

	At December 31, 2015				At December 31, 2014			
(in millions of Euros)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	2	1	—	3	2	1	—	3
Equity	86	58	—	144	84	39	—	123
Bonds								
Government bonds	—	9	—	9	—	1	—	1
Corporate bonds	—	161	—	161	3	141	—	144
Other investments								
Real estate	5	34	—	39	2	22	—	24
Commodities	4	—	—	4	—	—	—	—
Hedge fund	—	—	—	—	6	—	—	6
Insurance contracts	—	2	—	2	—	4	—	4
Other	—	—	—	—	6	—	19	25
Total	97	265	—	362	103	208	19	330

21.13. Cash flows

Contributions to plans

Contributions to pension plans totaled €32 million for the year ended December 31, 2015 (€34 million for the year ended December 31, 2014).

Contributions to other benefits totaled €18 million for the year ended December 31, 2015 (€15 million for the year ended December 31, 2014).

Expected contributions to pension amount to €26 million and other post-employment benefits (healthcare obligation) amount to €19 million for the year ending December 31, 2016.

Benefit payments

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

(in millions of Euros)	Estimated benefits payments
Year ended December 31,	
2016	53
2017	54
2018	55
2019	59
2020	60
2021 to 2025	311

21.14. 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)	Note	Close down and environmental restoration costs	Restructuring costs	Legal claims and other costs	Total
At January 1, 2015		47	10	53	110
Provisions assumed through business combination	3	40	—	13	53
Additional provisions		—	7	15	22
Amounts used		(4)	(8)	(8)	(20)
Unused amounts reversed		(2)	(1)	(8)	(11)
Unwinding of discounts		2	—	—	2
Effects of changes in foreign exchange rates		5	—	2	7
At December 31, 2015		88	8	67	163
Current		3	3	38	44
Non-Current		85	5	29	119
Total provisions		88	8	67	163

(in millions of Euros)	Close down and environmental restoration costs	Restructuring costs	Legal claims 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

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 1.1%. A change in the discount rate of 0.5% would impact the provision by €3 million.

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 and other costs

(in millions of Euros)	At December 31, 2015	At December 31, 2014
Maintenance of customer related provisions(A)	10	14
Litigation(B)	41	28
Disease claims(C)	5	6
Other	11	5
Total provisions for legal claims and other costs	67	53

(A) These provisions include €4 million in 2015 (€7 million in 2014) related to general equipment maintenance, mainly linked to the Group leases. These provisions also include €1 million in 2015 (€1 million in 2014) related to product warranties and guarantees and €5 million in 2015 (€6 million in 2014) related to late delivery penalties. These provisions are expected to be utilized over 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. At December 31, 2015, 15 cases in which gross negligence is alleged ("*faute inexcusable*") remain outstanding (9 at December 31, 2014), the average amount per claim being less than €0.1 million. The average settlement amount per claim in 2014 and 2013 was separately €0.3 and €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 – FINANCIAL RISK MANAGEMENT

The Group's financial risk management strategy focuses on minimizing the 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: (i) market risk (including foreign exchange risk, commodity price risk and interest rate risk); (ii) credit risk and (iii) liquidity and capital management risk.

23.1. 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 five-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.

At December 31, 2015, our largest commercial foreign exchange derivative transactions related to this contract.

The notional principal amounts of the outstanding commercial foreign exchange contracts at December 31, 2015 - with maturities ranging between 2016 and 2020 - were as follows:

currency	Forward Exchange contracts in currency millions	Foreign Exchange Swap contracts in currency millions
CHF	29	87
CZK	575	—
EUR	223	30
GBP	(6)	—
JPY	(984)	(478)
SGD	1	7
USD	(327)	(134)

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 or Finance costs – net.

For the year ended December 31, 2015, the impact of these derivatives was an unrealized loss of €10 million as the U.S. dollar appreciated against the Euro in 2015. For the year ended December 31, 2014, the impact of these derivatives was an unrealized loss of €41 million. 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 call 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, 2015 and 2014, the margin requirement related to foreign exchange hedges was nil.

During 2012, the Group 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). In 2015, the Company decided to realize the option portfolio for a €3 million gain. At December 2015, there were no foreign exchange zero cost collars outstanding.

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. At December 31, 2015, the notional outstanding on the cross currency basis swaps was $720 million (€661 million). The unrealized gain related to these cross currency basis swaps amounted to €18 million during the year ended December 31, 2015.

Foreign exchange sensitivity: Risks associated with exposure to financial instruments

A 10% weakening in the December 31, 2015, closing Euro exchange rate against all applicable currencies on the value of financial instruments held by the Group at December 31, 2015, would have decreased earnings (before tax effect) as shown in the table below:

(in millions of Euros)	At December 31, 2015 Sensitivity impact
Cash and cash equivalents and restricted cash	11
Trade receivables	18
Trade payables	(25)
Borrowings(B)	(185)
Metal derivatives (net)	(3)
Foreign exchange derivatives (net) (A)	(47)
Cross currency swaps	74
Total	(157)

(A) The foreign exchange derivatives largely hedge items that are not already on the balance sheet (forecast U.S. Dollar sales in Euro functional currency entities).

(B) The US dollar indebtness located within US dollar functional currency entities and representing a total amount of equivalent €922 million at closing rate is not hedged. Consequently, the related increase in borrowings that would result from a 10% weakening of Euro exchange rate against Dollar is not offset by cross currency swaps changes in fair value.

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

The material portion of the impact are driven by the Euro exchange rate weakening against the U.S. Dollar.

(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 but in a less significant way.

The Group strategy is to protect the Group’s margin on future conversion and fabrication activities by aligning the price and quantity of physical aluminum purchases with that of physical aluminum sales. When the Group is unable to do so, 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 purchases 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.

At December 31, 2015, the notional principal amount of aluminum derivatives outstanding was 167,925 tons (approximately $282 million) - 133,875 tons at December 31, 2014, (approximately

$269 million) - with maturities ranging from 2016 to 2019, copper derivatives outstanding was 1,750 tons (approximately $14 million) - 3,000 tons at December 31, 2014 (approximately $24 million) - with maturities in 2016, silver derivatives 619,981 ounces (approximately $9 million) - 270,027 ounces at December 31, 2014 (approximately $6 million) - with maturities in 2016 and 7,200,000 MMBtu of natural gas futures (approximately $23 million) – 3,465,000 MMBtu at December 31, 2014 (approximately $13 million) with maturities in 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, 2015, these contracts are directly with external counterparties.

For the year ending December 31, 2015, €7 million of unrealized losses were recorded in relation to LME Aluminum 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. Unrealized losses for other commodities amount to €2 million. For the year ending December 31, 2014, €7 million of unrealized losses were recorded in relation to LME futures.

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.

At December 31, 2015 and 2014, the margin requirement related to aluminum or any other commodity hedges was nil.

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, 2015 (before tax effect), with all other variables held constant was estimated to €23 million gains or losses (€20 million at December 31, 2014). 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 on Loss/Income before income tax 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, 2015, with all other variables held constant, was estimated to be less than €1 million for the periods ended December 31, 2015 and December 31, 2014. However, the balances of such financial instruments may not remain constant in future periods, and therefore the amounts shown may not be indicative of future results. At December 2015, 92% of Group's borrowings were at fixed rate.

23.2. 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, mark-to-market on derivative transactions and 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 24 – Financial Instruments. The Group does not generally hold any collateral as security.

Credit risk related to transactions 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, 2015		At December 31, 2014	
	Number of financial counterparties (A)	Exposure (in millions of Euros)	Number of financial counterparties (A)	Exposure (in millions of Euros)
Rated Aa or better	2	12	3	233
Rated A	8	465	7	764
Rated Baa	4	9	2	5
Total	14	486	12	1,002

(A) Financial Counterparties for which the Group's exposure is below €250 k 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 receivables 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[4] 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.

See NOTE 16 – Trade Receivables and other for the aging of trade receivables.

23.3. Liquidity and capital risk management

Group's capital structure includes shareholder's equity, borrowings 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 NOTE 23.1 (i)) and monitors margin requirements on a daily basis for adverse movements in the U.S. dollar versus the Euro and in aluminum prices.

In excess of the cash in bank (See NOTE 17 – Cash and Cash equivalents), the Group has access to €261 million undrawn facilities (including the €145m Constellium N.V. unsecured credit facility) at December 31, 2015.

The table below shows undiscounted contractual values by relevant maturity groupings based on the remaining period from December 31, 2015, and December 31, 2014, to the contractual maturity date.

	At December 31, 2015			At December 31, 2014		
(in millions of Euros)	Less than 1 year	Between 1 and 5 years	Over 5 years	Less than 1 year	Between 1 and 5years	Over 5 years
Financial assets:						
Cross currency basis swaps	15	35	—	7	23	—

	At December 31, 2015			At December 31, 2014		
(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)]	262	1,205	1,471	92	304	1,456
Cross currency basis swaps	2	—	—	—	—	—
Net cash flows from derivatives liabilities related to currencies and commodities	109	15	—	73	43	—
Trade payables and other (excludes deferred revenue)	854	16	—	845	21	—
Total	1,234	1,229	1,471	1,010	368	1,456

(A) Borrowings include the U.S. Revolving Credit Facilities which are considered short-term in nature and are included in the category "Less than 1 year" and undiscounted forecasted interests.

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

See NOTE 16 – Trade receivables and other, 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, and premium. The tables below show the undiscounted contractual values and terms of derivative instruments.

	At December 31, 2015			At December 31, 2014		
(in millions of Euros)	Less than 1 year	Between 1 and 5 years	Total	Less than 1 year	Between 1 and 5 years	Total
Assets - Derivative Contracts(A)						
Aluminum future contracts	2	—	2	2	—	2
Other future contracts	—	1	1	—		
Currency derivative contracts	29	3	32	41	11	52
Cross currency basis swaps(B)	15	35	50	7	23	30
Total	46	39	85	50	34	84
Liabilities - Derivative Contracts(A)						
Aluminum future contracts	20	5	25	16	2	18
Copper future contracts	6	—	6	2	3	5
Other future contracts	5	—	5	3	—	3
Currency derivative contracts	78	10	88	52	39	91
Cross currency basis swaps(B)	2	—	2	—	—	—
Total	111	15	126	73	44	117

(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 2014 is hedged by using floating-floating cross currency basis swaps indexed on floating Euro and U.S. Dollar interest rates.

NOTE 24 – FINANCIAL INSTRUMENTS

The tables below show the classification of financial assets and liabilities.

24.1. Financial assets and liabilities by categories

		At December 31, 2015			At December 31, 2014		
(in millions of Euros)	Notes	Loans and receivables	At Fair Value through Profit and loss	Total	Loans and receivables	At Fair Value through Profit and loss (A)	Total
Cash and cash equivalents	17	472	—	472	991	—	991
Trade receivables and finance lease receivables	16	288	—	288	463	—	463
Other financial assets		25	82	107	7	83	90
Total financial assets		785	82	867	1,461	83	1,544

(in millions of Euros)	Notes	At December 31, 2015 At amortized costs	At Fair Value through Profit and loss	Total	At December 31, 2014 At amortized costs	At Fair Value through Profit and loss (A)	Total
Trade payables	20	657	—	657	662	—	662
Borrowings	19	2,233	—	2,233	1,252	—	1,252
Other financial liabilities		—	121	121	—	111	111
Total financial liabilities		2,890	121	3,011	1,914	111	2,025

(A) In November 2014, Constellium contracted forward derivatives to hedge the foreign currency risk on the estimated U.S. Dollar Wise acquisition price. These derivatives had been designated within a cash-flow hedge relationship that qualified for hedge accounting. As a result, the fair value of these instruments had been classified in Other Comprehensive Income/(loss) for €9 million at December 31, 2014. At acquisition date, the fair value of these instruments amounted to €14 million.

(in millions of Euros)	At December 31, 2015 Non-current	Current	Total	At December 31, 2014 Non-current	Current	Total
Derivatives	37	45	82	33	50	83
Other[B]	—	25	25	—	7	7
Other financial assets	37	70	107	33	57	90
Derivatives	14	107	121	40	71	111
Other financial liabilities	14	107	121	40	71	111

(A) Corresponds to loans to Quiver Ventures LLC at December 31, 2015 and advance payments related to finances leases contracted for the expansion of the site in Van Buren, U.S at December 31, 2014.

24.2. 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 Constellium N.V. December 2014 and May 2014 Senior Notes account for respectively 80% and 72% of the nominal value and amount respectively to €487 million and €482 million at December 31, 2015.

The fair value of Muscle Shoals Senior Secured Notes and Senior PIK Toggle Notes account for 67% of the nominal value and amount to €490 million at December 31, 2015.

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

24.3. Margin calls

Constellium Finance S.A.S and Constellium Switzerland A.G. 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 at December 31, 2015 and 2014.

24.4. 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 price (unadjusted) in active markets for identical financial instruments, it includes aluminum futures that are traded 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.
- 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, 2015			
(in millions of Euros)	Level 1	Level 2	Level 3	Total
Other financial assets	2	80	—	82
Other financial liabilities	30	91	—	121

	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

NOTE 25 – INVESTMENT ACCOUNTED FOR UNDER EQUITY METHOD

(in millions of Euros)	At December 31, 2015	At December 31, 2014
At January 1	21	1
Group share in loss	(3)	(1)
Additions	9	19
Effects of changes in foreign exchange rates	3	2
At December 31	30	21

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. At December 31, 2015, the revenue of Rhenaroll amounted to €3 million (€3 million at December 31, 2014). The entity's net income was immaterial both in 2015 and 2014.

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 and 2015, production being scheduled to start in the first half of 2016.

The tables below provide summarized financial information for those entities that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant entities and not the Company's share of those amounts.

(in millions of U.S. Dollars)	Quiver Ventures, LLC At December 31, 2015	At December 31, 2014
Property, plant and equipment	147	35
Current assets	4	20
Total Assets	**151**	**55**
Equity	62	48
Borrowings - Non-Current portion(A)	15	—
Borrowings Current portion(B)	54	—
Other Current liabilities	20	7
Total Equity and Liabilities	**151**	**55**

(A) Finance lease liabilities.

(B) Borrowing from partners (of which $27 million from Constellium US Holdings, LLC), equivalent to €25 million at 2015 year-end exchange rate.

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

		Group share of joint venture's net assets		Group share of joint venture's profit / (loss)	
(In millions of Euro)	% interest	At December 31, 2015	At December 31, 2014	At December 31, 2015	At December 31, 2014
Rhenaroll S.A.	49.85%	1	1	—	—
Quiver Ventures LLC	51.00%	29	20	(3)	(1)
Investments in joint ventures		30	21	(3)	(1)

NOTE 26 – DEFERRED INCOME TAXES

(in millions of Euros)	At December 31, 2015	At December 31, 2014
Deferred income tax assets	270	192
Deferred income tax liabilities	(10)	—
Net deferred income tax assets	260	192

The following table shows the changes in net deferred income tax assets (liabilities) for the years ended December 31, 2015 and 2014.

(in millions of Euros)	Notes	Year ended December 31, 2015	Year ended December 31, 2014

Balance at January 1		192	178
Net deferred income tax assets acquired through business combination	3	(15)	—
Deferred income taxes recognized in the Consolidated Income Statement		53	(3)
Effects of changes in foreign currency exchange rates		8	3
Deferred income taxes recognized directly in other comprehensive income		23	11
Other		(1)	3
Balance at December 31		260	192

(in millions of Euros)	At January 1, 2015	Acquisitions/ Disposals	Recognized in		FX	Other	At December 31, 2015
			Profit or loss	OCI			
Deferred tax (liabilities)/assets in relation to:							
Long-term assets	3	—	(25)	—	(4)	(1)	(27)
Inventories	5	(18)	18	—	(1)	—	4
Pensions	96	—	70	20	6	1	193
Derivative valuation	21	(1)	4	3	—	—	27
Tax losses carried forward	12	—	27	—	1	—	40
Other[(A)]	55	4	(41)	—	6	(1)	23
Total	192	(15)	53	23	8	(1)	260

(A) Mainly non-deductible provisions.

(in millions of Euros)	At January 1, 2014	Acquisitions/ Disposals	Recognized in		FX	Other	At December 31, 2014
			Profit or loss	OCI			
Deferred tax (liabilities)/assets in relation to:							
Long-term assets	29	—	(19)	—	(3)	(4)	3
Inventories	11	—	(7)	—	1	—	5
Pensions	75	—	3	14	4	—	96
Derivative valuation	3	—	21	(3)	—	—	21
Tax losses carried forward	8	—	2	—	2	—	12
Other[(A)]	52	—	(3)	—	(1)	7	55
Total	178	—	(3)	11	3	3	192

(A) Mainly non-deductible provisions.

(in millions of Euros)	At January 1, 2013	Acquisitions/ Disposals	Recognized in Profit or loss	Recognized in OCI	FX	Other	At December 31, 2013
Deferred tax (liabilities)/assets in relation to:							
Long-term assets	75	—	(9)	—	—	(37)	29
Inventories	16	—	—	—	—	(5)	11
Pensions	62	—	22	(9)	(1)	1	75
Derivative valuation	9	—	(6)	—	—	—	3
Tax losses carried forward	6	—	5	—	—	(3)	8
Other[(A)]	26	—	(22)	—	—	48	52
Total	194	—	(10)	(9)	(1)	4	178

(A) Mainly non-deductible provisions.

Based on the expected taxable income of the entities, the Group believes that it is more likely than not that a total of €1,160 million (€599 million at December 31, 2014) of unused tax losses and deductible temporary differences will not be used. Consequently, net deferred tax assets have not been recognized. The related tax impact of €369 million (€193 million at December 31, 2014) is attributable to the following:

(in millions of Euros)		At December 31, 2015	At December 31, 2014
Tax losses		(120)	(72)
	In 2015 to 2019	(6)	(6)
	In 2020 and after limited	(96)	(51)
	Unlimited	(18)	(15)
Deductible temporary differences		(249)	(121)
	Long-term assets[(A)]	(178)	(8)
	Pensions	(23)	(112)
	Other	(48)	(1)
Total		(369)	(193)

(A) Of which €160 million relating to the 2015 impairment charge. See NOTE 14 – Property, plan and equipment.

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

The holding companies in the Netherlands have been generating tax losses over the past four years, and these holding companies are not expected to generate sufficient qualifying taxable profits in the foreseeable future to utilize these tax losses before they expire in the years from 2020 to 2023.

The tax losses not expected to be utilized in the United States relate to one of our main operating entities. Although this entity is expected to be profitable in the medium or long term, considering notably the anticipated development of the Body-in-White business, it bears significant non-cash depreciation and financial interests that will continue generating tax losses in the coming years. Accordingly, it is uncertain whether the entity will be able to use, at its level given the absence of an overall U.S. tax group, these tax losses before they expire. 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 2022. In the context of the 2015 restructuring and impairment of assets, this Swiss entity is not expected to generate sufficient taxable profits over the next coming years to utilize these losses before they expire.

As at December 31, 2015, most of the unrecognized deferred tax assets on deductible temporary differences on long-term assets and other differences relate to the U.S. and Swiss entities discussed above. A joint assessment has been performed on the recoverability of the deferred tax assets on deductible temporary differences and tax losses for these two entities. In line with the assessments, the related deferred tax assets on long term assets and on other differences have not been recognized.

As at December 31, 2014, most of the unrecognized deferred tax assets on deductible temporary differences on pension related to another of our U.S. main operating entities. As at December 31, 2015 and to assess the recoverability of these deferred tax assets, we again carefully considered the available positive and negative evidence, and determined that positive evidences (such as recent, actual and future expected profits or stabilized industrial performance improving our long term visibility on future operating profits) over-weighted negative evidences (such as previous history of operating losses). Accordingly, the related long term deferred tax assets have been fully recognized.

NOTE 27 – COMMITMENTS

Non-cancellable operating leases commitments

The Group leases various buildings, machinery, and equipment under operating lease agreements. Total rent expense was €29 million for the year ended December 31, 2015 (€25 million for the year ended December 31, 2014 and €20 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, 2015	At December 31, 2014
Less than 1 year	14	14
1 to 5 years	25	31
More than 5 years	21	5
Total non-cancellable operating leases minimum payments	60	50

Capital expenditures commitments

(in millions of Euros)	At December 31, 2015	At December 31, 2014
Computer Software	1	—
Property, plant and equipment	102	132
Total capital expenditure commitments	103	132

NOTE 28 – RELATED PARTY TRANSACTIONS

Transactions with owners

Transactions with Rio Tinto and Apollo Omega are unrelated since December 12, 2013 and March 4, 2014 respectively.

(in millions of Euros)	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013
Revenues[(A)]	—	—	2
Metal supply[(B)]	—	—	(473)
Direct expenses related to acquisition, separation and IPO[(C)]	—	—	(15)

(A) Sale of products to certain subsidiaries and affiliates of Rio Tinto.

(B) Purchases of metal from certain subsidiaries and affiliates of Rio Tinto.

(C) Transaction costs, equity fees and other termination fees of the management agreement paid to the Owners.

NOTE 29 – KEY MANAGEMENT REMUNERATION

The Group's key management comprises the Board members and the Executive committee members effectively present during 2015.

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 include departure costs paid during 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, 2015	Year ended December 31, 2014	Year ended December 31, 2013
Short term employee benefits	8	7	8
Directors fees	1	1	—
Share based payments	2	3	2
Post employments benefits	1	1	1
Termination benefits	1	1	1
Employer social contribution	1	1	1
Total	14	14	13

NOTE 30 – 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 at December 31, 2015.

Entity	Country	Ownership
Cross Operating Segment		
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.	Slovakia	100%
Astrex Inc	Canada	50%
A&T		
Constellium Issoire	France	100%
Constellium Aviatube	France	100%
Constellium Montreuil Juigné	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	France	100%
Wise Metals Intermediate Holdings LLC	U.S.	100%
Wise Holdings Finance Corporation	U.S.	100%
Wise Metals Group	U.S.	100%
Wise Alloys, LLC	U.S.	100%
Wise Alloys Finance Corporation	U.S.	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%

Entity	Country	Ownership
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%

NOTE 31 – SHARE EQUITY PLANS

Share based payment

Management equity plan ("MEP")

In 2011, 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. In 2014, the accelerated vesting of the remaining non-vested portion of the Class B ordinary shares was approved and the fully vested Class B ordinary shares were converted into Class A ordinary shares.

Restricted stock unit ("RSU") plans

Free share plan

In 2013, a free share plan was granted to all employees in the U.S., France, Germany, Switzerland and the Czech Republic. Under this plan, each eligible employee was granted an award of 25 RSU 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.

The plan vested in May 2015 and accordingly 185,285 shares were issued and granted to our employees.

Shareholding Retention Plan

In 2013, a shareholding retention plan was implemented in order to encourage critical members of our senior management 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 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 be settled for our Class A ordinary shares on the second anniversary of the date of grant, subject to the recipient remaining continuously employed within the Group through that date and, for MEP participants, subject to the retention of at least 75% of interest in Class A ordinary shares for MEP participants.

The October 2013 plan vested in October 2015 and accordingly 363,842 shares were issued and granted to our employees.

Eleven employees were granted 84,000 and 50,000 RSU in 2014 and 2015 respectively. 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 April 2015, 33 employees were granted 195,500 RSU. These RSU will vest 100% after a 3-year period if the employees are continuously employed from the grant date through the end of the 3-year period.

Equity Awards Plan

In May 2013, two non-employee directors were granted an award of 8,816 RSU. The service vesting tranche vests 50% on each anniversary date of the equity award grant date.

In June 2014, four board members were granted an award of 8,820 RSU. The service vesting tranche vests 50% on each anniversary date of the equity award grant date.

In June 2015, nine board members were granted an award of 29,202 RSU. The service vesting tranche vests 50% on each anniversary date of the equity award grant date.

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 2-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 plan until the end of the 2-year vesting period.

In July 2015, the Company informed the participants that they are offered the opportunity to extend by one year (to May 2017) the reference period.

Performance share plan

In June 2015, ten employees were granted 194,000 performance based RSU and in November 2015, 385 employees were granted 829,000 performance-based RSU.

These performance based RSU will vest after a 3-year period from grant date if the two 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 3 depending on the TSR evolution over the 3-year vesting period;
- The selected managers must be continuously employed by the Company through the end of the 3-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 potential ordinary share at the grant date.

The total expense related to the potential ordinary shares for the year ended December 31, 2015, 2014 and 2013 amounted to €5 million, €4 million and €2 million respectively.

Movements in the number of potential shares

(number of potential shares)	2015	2014	2013
At January 1	775,338	659,942	—
Granted [(A)]	1,297,702	164,310	683,206
Forfeited	(153,594)	(48,914)	(23,264)
Exercised[(B)]	(557,953)	—	—
Expired	—	—	—
At December 31	1,361,493	775,338	659,942

(A) In the year ended December 31, 2015, the Company awarded:

(i) 274,702 additional RSU, vesting after 2 or 3 years, to some employees and to Board members,

(ii) 1,023,000 rights to obtain RSU under a Performance-Based RSU agreement, vesting after 3 years.

(B) In the year ended December 31, 2015, 557,953 RSU were vested and issued to employees and Board members.

Potential shares are summarized as follows

Grant date	Plan	Vesting date	Initial number of shares	Outstanding number of shares December 31, 2013	Outstanding number of shares December 31, 2014	Outstanding number of shares December 31, 2015	Fair value per share at grant date[(A)]
2013-05	Free Share Plan	2015-05	192,800	192,800	192,800		€10.6
2013-05	Equity Awards Plan	2015-05	8,816	8,816	8,816		€11.3
2013-10	Shareholding Retention Plan	2015-10	481,590	458,336	409,412		€9-€13
2013			**683,206**				
2014-03	Shareholding Retention Plan	2016-03	16,000		16,000	16,000	€21.1
2014-03	Co-investment Plan[(B)]	2017-03	71,490		71,490	50,128	€56.5
2014-05	Shareholding Retention Plan	2016-05	35,000		35,000		€22
2014-06	Equity Awards Plan	2016-06	8,820		8,820	8,820	€22.7
2014-09	Shareholding Retention Plan	2016-09	33,000		33,000	33,000	€21.1
2014			**164,310**				
2015-04	Shareholding Retention Plan	2018-04	195,500			170,500	€16.4
2015-06	Equity Awards Plan	2017-06	29,202			26,045	€11.2
2015-06	Performance Share Plan[(C)]	2018-06	194,000			194,000	€10.6
2015-08	Shareholding Retention Plan	2017-08	50,000			50,000	€10.2
2015-11	Performance Share Plan[(C)]	2018-11	829,000			813,000	€7.1
2015			**1,297,702**				
TOTAL[(C)]				**659,942**	**775,338**	**1,361,493**	

(A) Fair Value is the quoted market price at grant date for plan with no market conditions.

(B) The Co-investment plan number of potential shares is presented using a vesting multiplier of 1. The related fair value has been valued using the Monte Carlo method.

(C) The performance share plan number of potential shares is presented using a vesting multiplier of 1. The related fair value has been valued using the Monte Carlo method.

NOTE 32 – DISPOSALS, DISPOSALS GROUP CLASSIFIED AS HELD FOR SALE

In the third quarter of 2015, the Group decided to withdraw its disposal plan for a company from the A&T operating segment classified as held for sale at the end of 2014. Accordingly, related assets and liabilities are not presented as held for sale at December 31, 2014 and 2015.

In the first quarter of 2015, the Group decided to dispose of its plant in Carquefou (France) which is part of its A&T operating segment. The sale was completed on February 1, 2016, the disposal gain is nil in 2016. The plant generated revenues of €11 million in 2015.

(in millions of Euros)	Notes	At December 31, 2015
Property, plant and equipment	14	4
Inventories		1
Trade receivables and other		4
Cash and cash equivalents		4
Assets classified as held for sale		13
Pensions and other post-employment benefits obligations		2
Trade payables and other		3
Provisions		8
Liabilities classified as held for sale		13

NOTE 33 – SUBSEQUENT EVENTS

On March 10, 2016, Constellium N.V. announced the signing of a Memorandum of Understanding (MoU) with its Japanese partner UACJ Corporation (UACJ) to expand their existing joint venture to produce automotive Body-in-White (BiW) sheet in the U.S. The final contract is subject to the board approval of each party.

FINANCIAL STATEMENTS 2015
Constellium N.V.
Registration number: 34393663

STATEMENT OF FINANCIAL POSITION

(before proposed appropriation of results)

(In thousands of Euros)	*Notes*	*December 31, 2015*	*December 31, 2014*
Non-current assets			
Property, plant and equipment	*3.1*	53	208
Financial assets	*3.2*	1 274 824	1 198 928
Investments in subsidiaries	*3.3*	105 596	100 065
		1 380 473	1 299 202
Current assets			
Other financial assets	*3.2*	28 573	7 173
Trade receivables and other	*4.1*	48 019	92 397
Cash and cash equivalents	*4.2*	7	28
		76 599	99 598
Total Assets		**1 457 072**	**1 398 800**
Equity			
Share capital	*5.1*	2 110	2 101
Share premium	*5.1*	170 589	170 589
Accumulated retained earnings		(11 034)	11 781
Other reserves		12 306	6 215
Net (loss) for the year	*5.2*	(195)	(22 246)
Total Equity		**173 776**	**168 440**
Non-current liabilities			
Borrowings	*6*	1 253 599	1 175 044
		1 253 599	1 175 044
Current liabilities			
Other financial liabilities	*6*	25 772	6 964
Trade payables and other	*7*	3 925	48 352
		29 697	55 316
Total Liabilities		**1 283 296**	**1 230 360**
Total Equity and Liabilities		**1 457 072**	**1 398 800**

STATEMENT OF COMPREHENSIVE INCOME / (LOSS)

(in thousands of Euros)	*Notes*	*December 31, 2015*	*December 31, 2014*
Revenue	*8.1*	153	1 130
Gross Profit		**153**	**1 130**
Selling and administrative expense	*8.2*	(7 153)	(6 789)
(Loss) from recurring operations		**(7 000)**	**(5 659)**
Other income		528	0
Other expense	*8.4*	(3 106)	(18 333)
(Loss) from operations		**(9 578)**	**(23 992)**
Finance income	*8.5*	171 990	82 298
Finance expense	*8.5*	(162 607)	(80 552)
Finance result - net		**9 383**	**1 746**
(Loss) before income tax		(195)	(22 246)
Income tax		0	0
Net (loss)		**(195)**	**(22 246)**
Other comprehensive income		0	0
Total comprehensive (loss)		**(195)**	**(22 246)**

STATEMENT OF CHANGES IN EQUITY

(In thousands of Euros)

	Share Capital	Share Premium	Other reserves	Accumulated Retained Earnings	Net Income / (loss)	Total Equity
As at January 1, 2014	**2 101**	**170 591**	**2 366**	**(139 230)**	**150 449**	**186 277**
Appropriation of last year net income				150 449	(150 449)	–
Loss for the year					(22 246)	(22 246)
Transaction with the owners						
Share Equity Plan			4 544			4 544
Other		(2)		2		–
Treasury Shares			(135)			(135)
As at January 1, 2015	**2 101**	**170 589**	**6 775**	**11 221**	**(22 246)**	**168 440**
Appropriation of last year net loss				(22 246)	22 246	-
Loss for the year					(195)	(195)
Transaction with the owners						
Share Equity Plan			5 531			5 531
Capital increase	11			(11)		–
Cancellation of B shares	(2)			2		–
As at December 31, 2015	**2 110**	**170 589**	**12 306**	**(11 034)**	**(195)**	**173 776**

STATEMENT OF CASH FLOWS

(In thousands of Euros)	*Notes*	*December 31 2015*	*December 31, 2014*
Cash flows (used in) / from operating activities			
Net loss		(195)	(22 246)
Adjustments to determine cash flow used in operating activities:			
Finance Result	*8.5*	(9 383)	(7 511)
Depreciation and amortization	*8.2*	155	168
Dividend Received		0	19 300
Change in working capital:			
Trade receivables and other	*4.1*	26 347	(23 283)
Increase / decrease in other financial liabilities	*6*	(1 291)	(2 024)
Trade payables and other	*7*	(44 427)	39 554
Net cash flows (used in) / from operating activities		**(28 794)**	**3 958**
Cash flows (used in) / from investing activities			
Current account with subsidiary (for cash pooling)	*4.1*	17 000	108 308
Loans granted to subsidiary and related parties	*3.2*	0	(1 152 962)
Repayment loans granted to subsidiary and related parties	*3.2*	0	96 894
Interests received	*3.2*	74 530	26 982
Net cash flows (used in) / from investing activities		**91 530**	**(920 778)**
Cash Flows (used in) / from financing activities			
Interests paid	*6*	(60 998)	(21 667)
Proceeds received from Term-loan	*6*	0	1 141 063
Repayment of Term-Loan	*6*	0	(205 118)
Payment of deferred financing costs and debt fees	*8.5*	(1 749)	0
Treasury Stock Purchase		0	(135)
Other		3	501
Net cash flows (used in) / from financing activities		**(62 744)**	**914 643**
Net decrease in cash and cash equivalents		**(8)**	**(2 178)**
Cash and cash equivalent - beginning of period	*4.2*	28	2 174
Effect of exchange rate changes on cash and cash equivalents		(13)	32
Cash and cash equivalent - end of period	***4.2***	**7**	**28**

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 financial statements of Constellium N.V. (hereafter ‘the Company’) 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 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 13, 2016.

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 consolidated financial statements: IFRS 9 – Financial instruments; IFRS 15 – Revenue from contracts with customers.

The impact of these standards on the Group’s results and financial situation will be evaluated in 2016.

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 se 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 monetary 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.

Revenue from consulting services is recognized in the accounting period in which the services are rendered. Amounts disclosed as revenue are net of returns or rebates.

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.

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 each related 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 or (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. As of December 2015 and 2014, the company had no financial assets held for trading.

(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 recognized initially at fair value and are then 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 financial instruments. Credit or debit value adjustments are calculated for derivatives on the basis of the historical probability of default, provided by leading rating agencies.

Further details are provided 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

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 and 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.

However when granted to employees of indirectly held subsidiaries, which is the case of all existing share-based payment arrangements contracted by the company, the related expense 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)	**Leasehold improvements**	**Furniture and Office equipment**	**Total**
Cost at January 1, 2015	776	100	876
Additions	—	—	—
Disposals	—	—	—
Cost at December 31, 2015	776	100	876
Accumulated depreciation and impairment at January 1, 2015	(568)	(100)	(668)
Depreciation	(155)	0	(155)
Impairment	0	0	0
Accumulated depreciation and impairment at December 31, 2015	(723)	(100)	(823)
Net balance at December 31, 2015	53	0	53

3.2. Financial assets and other financial assets

Financial assets and other financial assets are comprised of the following:

Financial assets – non-current loans

(in thousands of Euros)	At December 31, 2015				
		refer to (1) Shareholder loan $400M to Constellium Holdco II B.V. May 07, 2014	*refer to (2)* Shareholder loan €300M to Constellium Holdco II B.V. May 07, 2014	*refer to (3)* Shareholder loan $400M to Constellium Holdco II B.V. December 19, 2014	*refer to (4)* Shareholder loan $400M to Constellium Holdco II B.V. December 19, 2014
Balance at 1st January 2015	**1 198 928**	329 464	300 000	329 464	240 000
Reevaluation (foreign exchange)	75 896	37 948	–	37 948	–
Balance at 31st December 2015	**1 274 824**	367 412	300 000	367 412	240 000

Financial assets – current accrued interest income

(in thousands of Euros)	At December 31, 2015				
		refer to (1)	*refer to (2)*	*refer to (3)*	*refer to (4)*
Balance at 1st January 2015	**7 173**	**3 157**	**2 492**	**928**	**596**
Interest income received	(74 530)	(27 230)	(19 500)	(17 568)	(10 231)
Interest income accounted for	95 930	27 594	19 500	30 956	17 880
Balance at 31st December 2015	**28 573**	**3 521**	**2 492**	**14 316**	**8 245**

On May, 7 2014, Constellium NV simultaneously entered into the following shareholder loans:

(1) $400,000 thousands maturing on May 15, 2024 bearing a fixed interest rate of 7.50% per annum. The interests are accrued and paid each semester commencing on November 15, 2014. On this basis the interest income amounted to €27,594 thousands in 2015 (2014: €15,695 thousands).

(2) €300,000 thousands maturing on May 15, 2021 bearing a fixed interest rate of 6.50% per annum. The interests are accrued and paid each semester commencing on November 15, 2014. On this basis, the interest income amounted to €19,500 thousands in 2015 (2014: €12,675 thousands).

The purpose of these 2 loans was to enable Constellium Holdco II B.V. to reorganize its indebtedness and the indebtedness of its subsidiaries. In the meantime, the two previous shareholder loans with an initial principal amount of respectively $75,000 thousands and €45,000 were terminated.

On December, 19 2014, Constellium NV simultaneously entered into the following shareholder loans:

(3) $400,000 thousands maturing on January 15, 2023 bearing a fixed interest rate of 8.45% per annum. The interests are accrued and paid each semester commencing on July 15, 2015. On this basis the interest income amounted to €30,956 thousands in 2015 (2014: €928 thousands).

(4) €240,000 thousands maturing on January 15, 2023 bearing a fixed interest rate of 7,45% per annum. The interests are accrued and paid each semester commencing on July 15, 2015. On this basis the interest income amounted to €17,880 thousands (2014: €596 thousands).

The purpose of these 2 loans was to finance investments made by the Company subsidiaries (mainly, acquisition of Wise entities and investments related to Body In White growth project).

Fair value:

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).

3.3. Investments in subsidiaries

As of December 31, 2015, investments consist of:

- Investment in Constellium Holdco II B.V. for €93,155 thousands (2014: €93,155 thousands).

Name	Registered office	Share in issued capital	2015 Equity, excluding net income (1)	2015 Net income (1)	Total
Constellium Holdco II B.V.	Schiphol-Rijk	100%	100 345	(86 148)	14 197
Total			100 345	(86 148)	14 197

(1) The amounts, unaudited, are based on Dutch Generally Accepted Accounting Principles as applied by Constellium Holdco II B.V.

Based on Constellium share market value, the estimated fair value of the investment in Constellium Holdco II B.V significantly exceeds its accounting carrying value as of December 31, 2015 and 2014.

- Investments in indirectly held subsidiaries related to share-based payment arrangements for €12,441 thousands (versus €6,910 thousands as of December 31, 2014). The €5,531 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 31 to the Consolidated Financial Statements.

NOTE 4 – CURRENT ASSETS

4.1. Trade receivables and other

(In thousands of Euros)		At December 31, 2015	At December 31, 2014
		—	—
Prepaid and deferred expenses		28	40
Inter-company receivables	*1*	66	26 451
Cash-pool-current account	*2*	46 280	63 280
Other current account		102	—
Capitalized arrangement fees	*3*	1 528	2 559
Other		15	66
Total Trade receivables and other		**48 019**	**92 397**

(1) In 2014, intercompany receivables mainly correspond to Wise acquisition costs incurred by the Company and recharged to Constellium W, an indirectly owned subsidiary.

(2) Constellium Finance SAS, an indirectly owned subsidiary, serves as a central treasury for Constellium Group and optimizes the internal management of liquidity by means of cash pooling agreements with other Constellium entities.

(3) Relate to arrangement fees incurred as part of the undrawn Unsecured Credit Facility which are amortized over the facility duration.

4.2. Cash and cash equivalents

Cash and cash equivalents represent positive bank balances of €7 thousands (2014: €28 thousands).

NOTE 5 – SHAREHOLDERS' EQUITY

5.1. Share capital and Share premium

As at December 31, 2015 authorized share capital consists of 400,000,000 Class "A" ordinary shares.

	Number of shares		*In thousands of Euros*	
	"A" Shares	**"B" Shares**	**Share capital**	**Share premium**
As of January 1, 2015	**104 918 946**	**108 109**	**2 101**	**170 589**
Shares cancelled (1)	0	(108 109)	(2)	0
Shares issued (2)	557 953	0	11	0
As of December 31, 2015	**105 476 899**	**0**	**2 110**	**170 589**

(1) During the shareholders annual general meeting held on June 11, 2015, the cancellation of the remaining 108,109 Class B ordinary shares owned by the Company was approved. All Class B ordinary shares were effectively cancelled in August 2015.

(2) Constellium N.V. issued and, according to vested share equity plan, granted to employees 557,953 Class A ordinary free shares for the year ended December 31, 2015.

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

- Ordinary shares can be held by anyone approved by the general meeting of shareholders; and

- 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.

	At December 31, 2015		**At December 31, 2014**	
	Number of shares	**%**	**Number of shares**	**%**
Free Float	92 629 930	87,82%	89 396 158	85,12%
Bpifrance	12 846 969	12,18%	12 846 969	12,23%
Other	0	0,00%	2 783 928	2,65%
Total	**105 476 899**	**100,0%**	**105 027 055**	**100,0%**

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, 2015	At December 31, 2014
Equity according to consolidated statements	(540 174)	(37 565)
Deduct: Non-controlling interest	(10 670)	(5 780)
Add : Retained deficit and other reserves of subsidiary accounted for at cost	716 086	203 642
Difference in treatment of share premium agreement with previous shareholders	8 534	8 143
Equity according to company financial statements	173 776	168 440

in thousands Euros	At December 31, 2015	At December 31, 2014
Net profit / (loss) according to consolidated statements	(552 013)	53 917
Deduct: Profit / (loss) of subsidiaries consolidated at cost (1)	551 818	(76 163)
Add : Dividend received from subsidiaries	0	0
Net loss according to company financial statements	(195)	(22 246)

(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 – BORROWINGS AND OTHER FINANCIAL LIABILITIES

Financial liabilities – non-current borrowings

(in thousands of Euros)	At December 31, 2015				
		refer to (1) Senior Notes $400M from May, 2014 to May, 2024	*refer to (2)* Senior Notes $400M from May, 2014 to May, 2024	*refer to (3)* Senior Notes $400M from December, 2014 to January, 2023	*refer to (4)* Senior Notes $400M from December, 2014 to January, 2023
Nominal value at 1st January 2015	**1 198 928**	329 464	300 000	329 464	240 000
Reevaluation (foreign exchange)	75 896	37 948	—	37 948	—
Nominal value at 31st December 2015	**1 274 824**	367 412	300 000	367 412	240 000
Financing costs	(21 224)	(5 464)	(5 193)	(6 096)	(4 471)
Total borrowings at amortized cost	**1 253 599**	361 947	294 807	361 316	235 529

Financial liabilities – Current accrued interest expense

(in thousands of Euros)	At December 31, 2015				
		refer to (1)	*refer to (2)*	*refer to (3)*	*refer to (4)*
Balance at 1st January 2015*	**5 671**	2 421	1 811	879	560
Interest expense paid	(60 998)	(20 876)	(13 875)	(16 633)	(9 613)
Interest expense accounted for	81 099	21 155	13 836	29 308	16 800
Balance at 31st December 2015	**25 772**	2 699	1 773	13 553	7 747

* *As of 1st January 2015, other financial liabilities also included a €1, 291 thousands of current account (versus nil amount in 2015)*

- Refinancing May 7, 2014

On May 7, 2014, the Company successfully completed bond offerings for an aggregate amount of approximately €587 million. These private offerings were comprised of:

(1) $400,000 thousands maturing on May 15, 2024 bearing a fixed interest rate of 5,75% per annum. The interests are accrued and paid each semester commencing November 15, 2014. On this basis the interest expense amounted to €21,155 thousands in 2015 (2014: €12,089 thousands).

(2) €300,000 thousands maturing on May 15, 2021 bearing a fixed interest rate of 4,625% per annum. The interests are accrued and paid each semester commencing November 15, 2014. On this basis the interest expense amounted to €13,836 thousands in 2015 (2014: €9,056 thousands).

The company used a portion of the proceeds from these offerings to repay the outstanding amount due under its existing Term Loan, with the balance being used for general corporate purposes.

Financing cost

In 2014, the Company incurred financing costs linked to the above operations.

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 amounted to €12,225 thousands are amortized over the duration of the senior notes. As of December 31, 2015, net capitalized fees recorded in the balance sheet amount to €10,657 thousands.

- Refinancing December 19, 2014

On December 19, 2014, the Company successfully completed bond offerings for an aggregate amount of approximately €566 million. These private offerings were comprised of:

(1) $400,000 thousands maturing on January 15, 2023 bearing a fixed interest rate of 8% per annum. The interests are accrued and paid each semester commencing July 15, 2015. On this basis the interest expense amounted to €29,308 thousands in 2015 (2014: €879 thousands).

(2) €240,000 thousands maturing on January 15, 2023 bearing a fixed interest rate of 7% per annum. The interests are accrued and paid each semester commencing July 15, 2015. On this basis the interest expense amounted to €16,800 thousands in 2015 (2014: €560 thousands).

Senior notes are guaranteed on a senior unsecured basis by all of the current direct and indirect restricted subsidiaries that also guarantee indebtedness under our Unsecured Credit Facility.

The Company used 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.

Capitalized fees amounted to €11,659 thousands are amortized over the duration of the senior notes. As at December 31, 2015, net capitalized fees recorded in the balance sheet amount to €10,567 thousands.

- Unsecured Credit Facility

Concurrently with senior notes, the Company entered into a €120 million unsecured revolving credit facility with maturity May 2017 which was increased to €145 million and maturity extended to January, 2018. The company did not draw this facility neither in 2015 nor in 2014.

- Covenants

The Company was in compliance with all applicable debt covenants at and for the period ended December 31, 2015.

a. Senior Notes:

The private offerings contain customary terms and conditions, including amongst other things, limitation on incurring or guaranteeing additional indebtedness, 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.

As of December 2015, the Group has no maintenance covenants on any debt instruments or facilities.

b. Unsecured Credit Facility:

The Unsecured Credit Facility is available to the extent certain ratios are met and maintained.

- Fair Values

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

The fair value of Constellium NV December 2014 and May 2014 Senior Notes account for respectively 80% and 72% of the nominal value and amount respectively to € 487 million and € 482 million as of December 2015.

NOTE 7 – TRADE PAYABLES AND OTHER

The trade payables include vendor balances of €1,011 thousands and accrued expenses for an amount of €2,914 thousands.

As of December 31, 2014 most of trade payable and other corresponded to fees and accrued expenses related to Wise acquisition and December 2014 refinancing.

NOTE 8 – COMPREHENSIVE INCOME

8.1. Revenue

Revenue of €153 thousands (2014: €1,130 thousands) represents Management Fees invoiced to subsidiaries.

8.2. Selling and administrative expense

Selling and administrative expense can be detailed as follows:

In thousands of Euros

	2015	2014
Directors' fees and related expense	966	858
Office costs	115	116
Professional fees	3 227	3 229
Audit fees	2 302	2 088
Other	388	331
Depreciation and amortization	155	168
Selling and administrative expense	**7 153**	**6 789**

8.3. Auditors Fees

The following audit fees were expensed by the Company and its subsidiaries in the reporting period:

2015	*PricewaterhouseCoopers Accountants N.V.*	*Other PwC network*	*Total PwC network*
Audit Fees	77	5 917	5 994
Audit Related Fees	—	304	304
Tax services	—	809	809
Other non-audit services	—	3	3
	77	7 032	7 109

2014	*PricewaterhouseCoopers 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	—	—	—
	77	9 919	9 996

The fees listed above relate to the procedures applied to the Company and its consolidated Group entities by accounting firms and external independent 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 expense

The decrease in the “other expense” is mainly explained by the high level of legal and professional fees in 2014, linked to the Wise acquisition.

8.5. Finance Result

(In thousands of Euros)		2015	2014
Realized foreign exchange (FX) gains		170	12 139
Unrealized FX gains		75 896	36 130
Interest income accrued		95 930	34 003
Other finance (expense) / income		(6)	27
Total Finance Income		**171 990**	**82 298**
Realized FX losses		(176)	(6 222)
Unrealized FX losses		(75 896)	(41 896)
Interest expense accrued		(81 104)	(27 304)
Amortization of financing costs	(1)	(3 689)	(968)
Early redemption costs		0	(3 309)
Other finance costs	(2)	(1 743)	(855)
Total Finance Expense		**(162 608)**	**(80 552)**
Finance Result		**9 383**	**1 746**

In 2015, the finance result excluding unrealized gains and losses, which have no impact on the cash flow generated, amounts to a gain of €9,383 thousands vs €7,513 thousands in 2014.

(1) As of December 31, 2015, it includes amortization of financing costs related to:

- Unsecured Credit Facility:
  - the May 2014 refinancing for €767 thousands (2014: €504 thousands);
  - the December 2014 refinancing for €263 thousands (nil amount in 2014);
- Senior notes:
  - the May 2014 refinancing for €1,568 thousands (2014: €462 thousands);
  - the December 2014 refinancing for €1,090 thousands (nil amount in 2014);

(2) As of December 31, 2015, it includes:

- Fees incurred in respect to the undrawn Unsecured Credit Facility for €1,467 thousands (2014: €793 thousands);
- Banking fees for €276 thousands (2014: €62 thousands);

8.6. Income tax expense

The Company forms a fiscal unity for the corporation tax with its subsidiary, Constellium Holdco II B.V., and Constellium Holdco III B.V, and is therefore separately liable for all tax liabilities.

The net taxable loss recorded by the fiscal unity amounts to €1,863 thousands in 2015 against a loss of €33,338 thousands in 2014.

Accumulated tax losses as of December 31, 2015 amount to €179,032 thousands.

As there is not sufficient likelihood that future taxable profits will be realized in coming years, no deferred tax asset was recognized at December 31, 2015.

Under current Dutch tax law, losses incurred by the fiscal unity carry-forward 9 years after the loss is recognized.

The following is a reconciliation of income tax for Constellium N.V., for 2015 and 2014:

In thousands of Euros

		December 31, 2015	December 31, 2014
Loss before income taxes		(195)	(22 246)
Statutory income tax rate applicable		25%	25%
Computed theoritical tax at statutory rate		49	5 562
Permanent differences			
	Other	(40)	(276)
	Net taxable loss from tax unity	457	1 902
Income tax, before impairment		**466**	**7 188**
Impairment of deferred tax assets		(466)	(7 188)
Income tax, net		**0**	**0**
Effective rate of tax		0%	0%

NOTE 9 – CONTINGENCIES AND LONG-TERM FINANCIAL COMMITMENTS

Long-term unconditional commitments have been entered into in respect of the operating real estate and equipment leases.

These 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:

(in thousands of Euros)	December 31, 2015	December 31, 2014
Under 1 year	115	97
Between 1 and 5 years	115	195
Over 5 Years	—	—
Total	**230**	**292**

NOTE 10 – DIRECTORS' REMUNERATION

The tables below show the remuneration of the directors (executive and non-executive), paid or payable by the Company and one of its subsidiaries with respect to years ended December 31, 2015 and 2014.

10.1. Executive Director

In Euros

	Year	Base Salary Paid	Non-equity Incentive Plan Compensation (EPA Bonus)	Equity awards (1)	Change in Pension value (2)	Other compensation	Total
Pierre Vareille, CEO	**2015**	884 810	525 575	191 265	156 840	1 875	1 760 365
Pierre Vareille, CEO	**2014**	772 891	550 997	0	159 842	1 976	1 485 706

Pierre Vareille base salary was frozen in 2015 versus 2014. The change in valuation is only due to exchange rate difference between Swiss Franc and Euro.

(1) Pierre Vareille was granted:

a) A total number of 25.000 potential shares in April 2015, under the Shareholding retention plan, with a vesting subject to presence conditions over a 3 year period. The estimated fair value at grant date amounted to 16, 4 € per potential share;

b) a total number of 50.000 potential shares in June 2015, under the Performance share plan, with a vesting subject to performance and presence conditions over a 3 year period. The estimated fair value at grant date amounted to 10,6 € per potential share.

The amount of € 191.265 represents the 2015 expense recognized over the vesting period in accordance with IFRS 2 with respect of 2015 awards.

(2) Amount contributed by the Company to the Swiss State.

10.2. Non-Executive Directors

In Euros

2015

	Board Fees	Attendance Fees	Equity Awards (1)	Total 2015
Richard B. Evans	128 000	32 000	14 363	174 363
Guy Maugis	68 000	29 000	11 491	108 491
Philippe Guillemot	60 000	20 000	11 491	91 491
Werner Paschke	75 000	27 000	11 491	113 491
Michiel Brandjes	60 000	14 000	11 491	85 491
Lori A. Walker	60 000	31 000	11 491	102 491
Peter F. Hartman	60 000	22 000	11 491	93 491
John Ormerod	60 000	26 000	11 491	97 491
Matthew H. Nord (2)	68 000	25 000	11 491	104 491
TOTAL	**639 000**	**226 000**	**106 291**	**971 291**

(1) In June 2015, nine board members were granted an award of 29,202 RSU with an aggregate grant date value of €0.3 million. The service vesting tranche vests 50% on each anniversary date of the equity award grant date. The amount reported as Equity Awards represents the 2015 expense recognized over the vesting period in accordance with IFRS 2 with respect of 2015 awards.

(2) Matthew H. Nord left the Board end of 2015. His shares were cancelled.

In Euros

2014

	Board Fees	Attendance Fees	Equity Awards (3)	Total 2014
Richard B. Evans	128 000	30 000	0	158 000
Guy Maugis	60 000	27 000	0	87 000
Philippe Guillemot	60 000	25 000	0	85 000
Werner Paschke	75 000	25 000	0	100 000
Michiel Brandjes *	35 000	13 000	50 000	98 000
Lori A. Walker *	35 000	14 000	50 000	99 000
Peter F. Hartman *	60 000	13 000	50 000	98 000
John Ormerod *	35 000	8 000	50 000	93 000
Matthew H. Nord	68 000	20 000	0	88 000
TOTAL	**531 000**	**175 000**	**200 000**	**906 000**

* appointed June 2014

(3) 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.

NOTE 11 – RELATED PARTIES

There is no transaction with related parties outside of the Constellium group as stated in the Consolidation Financial Statements (note 30).

The following is the statement of financial positions and the statement of comprehensive income / (loss) with related parties.

11.1. Statement of Financial positions with related parties:

(In thousands of Euros)	*December 31, 2015*	*December 31, 2014*
Non-current assets		
Property, plant and equipment	0	0
Financial assets	1 274 274 824	1 198 198 928
Investments in subsidiaries	105 596	100 065
	1 380 380 420	1 298 993
Current assets		
Other financial assets	28 573	7 173
Trade receivables and other	46 448	89 731
Cash and cash equivalents	0	0
	75 021	96 904
Total Assets with related parties	**1 455 441**	**1 395 897**
Current liabilities		
Other financial liabilities	0	1 088
Trade payables and other	0	44
	0	1 132
Total Liabilities with related parties	**0**	**1 132**

11.2. Statement of Comprehensive income / (loss) with related parties:

(in thousands of Euros)	*2015*	*2014*
Revenue	153	1 130
Gross Profit with related parties	**153**	**1 130**
Selling and administrative expense	(255)	0
(Loss) / Profit from recurring operations with related parties	**(102)**	**1 130**
Finance income	95 962	34 029
Finance expense	(4)	(892)
Finance result - net with related parties	**95 958**	**33 137**
Total comprehensive income with related parties	**95 856**	**34 267**

NOTE 12 – FINANCIAL RISK MANAGEMENT

- Credit Risk: see Note 23 within Consolidated Financial Statements.
- Liquidity Risk: see Note 6 “Non-current liabilities” which describes senior notes and facilities.
- 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 and foreign exchange variations is deemed limited. Thus, as of December 2015 and 2014 the company had no outstanding financial derivatives.

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.

Proposal for loss appropriation

The Board of Directors proposes the following appropriation of Net Loss allocation to Retained Earnings:

(In thousands of Euros)

	Net loss	Retained Earnings
Loss for the year	(195)	
Proposition for loss appropriation	195	(195)
Total	—	**(195)**

The net loss appropriation is not reflected in these Financial Statements.

Subsequent events

On March 10, 2016, Constellium N.V. announced the signing of a Memorandum of Understanding (MoU) with its Japanese partner UACJ Corporation (UACJ) to expand their existing joint venture to produce automotive Body-in-White (BiW) sheet in the U.S. The final contract is subject to the board approval of each party.

Constellium N.V.

Board

Approval of the 2015 financial statements as of

March 13, 2016

Members of the Board:

Richard B. Evans

Pierre Vareille

Guy Maugis

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 2015

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Constellium N.V. as at 31 December 2015, 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 accompanying financial statements 2015 of Constellium N.V., Amsterdam ('the Company'). The financial statements include the consolidated financial statements of Constellium N.V. and its subsidiaries (together: 'the Group') and the company financial statements.

The financial statements comprise:

- the consolidated and company statement of financial position as at 31 December 2015;
- the following statements for 2015: 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 assuranceopdrachten' (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 and context

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 and the acquisition of Wise Metals Intermediate Holdings LLC. This acquisition affected our determination of materiality, as described in the materiality section and our approach as described in the key audit matter section of this report. Besides the key audit matters, other 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 evaluating whether there was evidence of bias by the management that may represent a risk of material misstatement due to fraud.

We ensured that the audit teams, both at group and at component levels included the appropriate skills and competences which are needed for the audit of an international manufacturer of aluminium products. We included specialists in the areas of IT, valuation, tax and financial instruments.

Materiality

- Group Overall Materiality: €30 million.
- Components Performance Materiality: from €1 million to €18 million.
- Threshold for reporting misstatements: €1 million.

Audit scope

- We conducted audit work on 13 components.
- The five significant components have been subject to a full scope audit. For the remaining eight components, specific audit procedures have been performed in order to increase our audit coverage on some financial aggregates, to test specific transactions over the period or as part of unpredictability procedures.
- Site visits were conducted for all significant components, which are located in France, Germany, Switzerland and the United States.

Key audit matters

- Acquisition of Wise Metals Intermediate Holdings LLC.
- Impairment of assets.
- Recoverability of deferred tax assets.

Materiality

The scope of our audit is influenced by the application of materiality which is further explained below and in the section ‘Our responsibility for the audit 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 on the individual financial statement line items and disclosures 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:

Group Overall Materiality	€30 million (2014: €25 million). Overall materiality is the magnitude of an omission or misstatement of financial information that may change or influence the economic decisions of users of the financial statements.
How we determined it	0.58% (2014: 0.70%) of total revenues.
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 users of the financial statements. This benchmark was chosen after consideration of alternative metrics which are generally considered important to users of the financial statements, including the Group's pre-tax income results which have historically been volatile. The increase of the Group Overall Materiality from the prior year is driven by the acquisition of Wise Metals Intermediate Holdings LLC resulting in higher revenues. As the Company structure remained stable excluding the acquisition of Wise Metals Intermediate Holdings LLC, we have limited the increase in the Group Overall Materiality by reducing the percentage applied to total revenues, which was 0.7% for 2014, to 0.58% for 2015.
Component Performance Materiality	Performance materiality is an amount set at less than the overall materiality used for audit planning and execution purposes to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds the overall materiality. Based on our judgement and audit methodology, we allocate the Group Performance Materiality to each component in our audit scope. The range of performance materiality allocated across components was between €1 million and €18 million.

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 (2014: €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 the parent company of the Group. The financial information of the 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 (as defined below) to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole.

A component of the Group is an entity, a reporting unit or a group of reporting units for which group or component management prepares financial information that should be included in the Group financial statements.

Determining factors are the geographic structure of the Group, the significance and/or risk profile of Group components, entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected Group components 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 on thirteen components of which five qualify as significant components. The significant components have been subject to a full scope audit. For the remaining eight components, 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.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	93%
Total assets	93%
Profit before tax	86%

None of the remaining components represented more than 3% of total group revenue or total group assets.

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 all significant components, which are located in 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 impairment of assets, 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 have communicated the key audit matters to the management, but they are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. 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 or on specific elements of the financial statements. Any comments we make on the results of our procedures should be read in this context.

Key audit matter	How our audit addressed the matter
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. The purchase price allocation of the acquisition of Wise metals shows a fair value of total assets and liabilities amounting to €1,205 million and €1,230 million respectively. The cash consideration amounts to €370 million resulting in a goodwill amount of €395 million. The acquired assets include intangibles assets such as customer relationships (€37 million) and technologies (€84 million) which by nature are complex to value. The estimated fair value of customer relationships is derived from the expected gross cash flows generated through existing customer contracts taking into account assumptions with respect to contract returns and renewals. The technologies correspond to process based advantages which provide enhanced efficiencies to the most competing facilities using these technologies. The estimated fair value of the technologies is based on a 'relief from royalty' method considering the volumes that run through these facilities. Given the importance to the company and the major impact on the financial position and performance of the Group, we considered the appropriateness of the purchase accounting, including the valuation of net assets acquired and liabilities assumed, and related disclosures of this transaction as a key audit matter for our audit.	The fair values of the assets acquired and liabilities assumed, that form the basis of the purchase price allocation were calculated by a third party valuation experts engaged by management, 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, such as the discount rate, the internal investment rate of return and long term growth rate, used to conduct the valuation. The engagement team performed sensitivity tests to assess estimation uncertainty inherent in management's accounting estimate, in addition to auditing the data and mathematical accuracy of valuation models used to determine the fair value of the assets acquired and liabilities assumed. With respect to the valuation of the customer relationships, we have analysed the existing historical relationships and assessed the reasonableness of returns and renewals assumptions along with the expected gross cash flows. In order to assess the valuation of the technologies, we have challenged the royalty rate associated to each technology with the assistance of PwC valuation specialists. In addition, we have ensured that the estimated volumes used in the valuation were consistent with the investment case. Lastly, we have assessed the appropriateness and completeness of the disclosures with respect to the acquisition of Wise Metals in the financial statements in accordance with IFRS3 – Business Combinations.
Impairment of assets The goodwill originating from the recent acquisition of Wise Metals and acquisitions from previous years amounts to €443 million (refer to note 13). In accordance with IAS 36, 'Impairment of Assets', the Group performed the required annual goodwill impairment test at operating segment level indicating sufficient headroom. In addition, triggering events for impairment tests were identified at the level of Constellium Valais and Muscle Shoals production plants, both defined as Cash Generating Units ("CGU"), refer to note 14. These triggers are driven by the negative results of these CGUs for the current year, operational reorganisation and industrial	Our audit procedures included detailed assessment and challenging of the impairment tests performed by the Group. In addition, we tested the operating segment level and cash generating unit identification analysis. Our valuation specialists assisted us in evaluating and challenging the assumptions and methodologies applied by the Group in its impairment test, in particular those relating to the regular and perpetual growth rate and the discount rate. We also reviewed the consistency of capital expenditures and related returns in light of Group strategy and business plans approved by the Board. We assessed these assumptions through gaining a detailed understanding from management of the underlying

Key audit matter	*How our audit addressed the matter*
restructuring and the downgrade of management business plans. Accordingly, the Group performed impairment tests resulting in an impairment charge of €49 million for Constellium Valais and €400 million for Muscle Shoals. Note that the goodwill amount of €443 million is monitored at operating segment level and thus tested at this level. The goodwill amount of €395 million in relation to the acquisition of Wise Metals is tested as part of the goodwill amount of €436 million allocated to the operating segment level Packaging and Automotive Rolled Products. The assumptions in the impairment tests on both goodwill and CGU assets include the regular and perpetual growth rate as well as the discount rate. The impairment test on goodwill also includes assumptions in relation to the significant capital expenditures for the Body-in-White project and related returns. The assumptions are further disclosed in note 13 and 14 to the financial statements. The impairment test is significant to our audit because the assessment process is complex and requires management judgement, and is based on assumptions that are affected by expected future market conditions.	EBITDA forecast, comparing this forecast with historical performance of the Group and, for Muscle Shoals, comparing the EBITDA forecast with the investment case which was used by management to support the acquisition of Wise Metals. In addition, we have performed a peer group analysis to assess the discount rate and verified the regular and perpetual growth rate by using market data. We also focused on the adequacy of the Group's disclosures regarding those assumptions including the sensitivity analyses (refer to note 13 and 14).
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 26 to the consolidated financial statements. Significant tax losses were incurred in previous years by subsidiaries located in the Netherlands, United States 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 €260 million. Total unrecognised deferred tax assets amount to €369 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.

Responsibilities of the management

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 the 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 management either intends to liquidate the company or to cease operations, or has 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.

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 opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. 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.

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 this 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. following the passing of a resolution by the shareholders at the annual meeting held on 11 June 2015. Our appointment has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of five years.

Rotterdam, 22 March 2016
PricewaterhouseCoopers Accountants N.V.

P.J.R.M. Wijffels RA

Appendix to our auditor's report on the financial statements 2015 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.

Considering our ultimate responsibility for the opinion on the company's consolidated 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 components, entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected components within the Group for which an audit or review of financial information or specific balances was considered necessary.

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.