CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

CONSOLIDATION REPORTING GROUP DEPARTMENT

SAINT-GOBAIN

COMPAGNIE DE SAINT-GOBAIN

STATUTORY AUDITORS' REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2015

The Statutory Auditors

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STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS Year ended December 31, 2015

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the Group's management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Compagnie de Saint-Gobain S.A.
Les Miroirs
18, avenue d'Alsace
92400 Courbevoie

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2015, on:

- the audit of the accompanying consolidated financial statements of Compagnie de Saint-Gobain;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2015 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II - Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- Measurement of property, plant and equipment and intangible assets

The Group regularly carries out impairment tests on its property, plant and equipment, goodwill and other intangible assets, and also assesses whether there is any indication of impairment of property, plant and equipment and amortizable intangible assets, based on the methods described in Note 5.5 to the consolidated financial statements ("Impairment review"). We examined the methods applied in implementing these tests and the estimates and assumptions used, and we verified that the information disclosed in Note 5.5 to the consolidated financial statements is appropriate.

- Employee benefits

The methods applied for assessing employee benefits are set out in Note 4.3 to the consolidated financial statements ("Provisions for pensions and other employee benefits"). These benefit obligations were reviewed by independent actuaries. Our work consisted of assessing the data and assumptions used, examining, on a test basis, the calculations performed and verifying that the information disclosed in Note 4.3 to the consolidated financial statements is appropriate.

- Provisions

As specified in Note 7 to the consolidated financial statements ("Other current and non-current liabilities and provisions, contingent liabilities and litigation"), the Group books provisions to cover risks. The nature of these provisions recorded is described in Note 7.1 to the consolidated financial statements. Based on the information available at the time of our audit, we ensured that the methods and data used to determine provisions as well as the disclosures regarding said provisions provided in the Note 7 to the consolidated financial statements are appropriate.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris La Défense, February 25, 2016

The Statutory Auditors

PricewaterhouseCoopers Audit	KPMG Audit *Department of KPMG S.A.*
Pierre Coll Cécile Saint-Martin	Jean-Paul Thill Philippe Grandclerc

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2015 CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet

(in EUR million)	Notes	**Dec. 31, 2015**	**Dec. 31, 2014**
ASSETS			
Goodwill	(5)	10,683	10,462
Other intangible assets	(5)	2,748	3,085
Property, plant and equipment	(5)	11,587	12,657
Investments in associates	(6)	319	386
Deferred tax assets	(10)	1,337	1,348
Other non-current assets	(6)	635	646
Non-current assets		**27,309**	**28,584**
Inventories	(3)	5,715	6,292
Trade accounts receivable	(3)	4,751	4,923
Current tax receivable	(10)	296	156
Other receivables	(3)	1,405	1,356
Cash and cash equivalents	(8)	5,380	3,493
Current assets		**17,547**	**16,220**
Total assets		**44,856**	**44,804**
LIABILITIES			
Capital stock	(9)	2,244	2,248
Additional paid-in capital and legal reserve		6,341	6,437
Retained earnings and consolidated net income		10,805	10,411
Cumulative translation adjustments		(528)	(953)
Fair value reserves		181	(63)
Treasury stock	(9)	(87)	(67)
Shareholders' equity		**18,956**	**18,013**
Minority interests		364	405
Consolidated total equity		**19,320**	**18,418**
Long-term debt	(8)	7,330	8,713
Provisions for pensions and other employee benefits	(4)	3,849	3,785
Deferred tax liabilities	(10)	466	634
Other non-current liabilities and provisions	(7)	1,276	1,225
Non-current liabilities		**12,921**	**14,357**
Current portion of long-term debt	(8)	2,231	1,389
Current portion of other provisions and liabilities	(7)	454	409
Trade accounts payable	(3)	5,716	6,062
Current tax liabilities	(10)	150	97
Other payables	(3)	3,448	3,460
Short-term debt and bank overdrafts	(8)	616	612
Current liabilities		**12,615**	**12,029**
Total liabilities		**44,856**	**44,804**

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

Consolidated Income Statement

(in EUR million)	Notes	**2015**	**2014 restated***
Net sales	(3)	39,623	38,349
Cost of sales	(3)	(29,694)	(28,794)
General expenses including research	(3)	(7,336)	(7,077)
Share in net income of core business associates	(6)	43	44
Operating income		**2,636**	**2,522**
Other business income	(3)	49	106
Other business expense	(3)	(1,391)	(1,048)
Business income		**1,294**	**1,580**
Borrowing costs, gross		(444)	(497)
Income from cash and cash equivalents		25	31
Borrowing costs, net		(419)	(466)
Other financial income and expense		(210)	(197)
Net financial expense	(8)	**(629)**	**(663)**
Share in net income of non-core business associates	(6)	0	0
Income taxes	(10)	(248)	(398)
Net income from continuing operations		417	519
Net income from discontinued operations	(2)	929	481
Net income		**1,346**	**1,000**
Group share of net income from continuing operations		374	476
Group share of net income from discontinued operations	(2)	921	477
Group share of net income		**1,295**	**953**
Minority interests of net income from continuing operations		43	43
Minority interests of net income from discontinued operations	(2)	8	4
Minority interests		51	47

Income per share (in EUR)			
Weighted average number of shares in issue		562,001,188	557,672,194
Net earnings per share, Group share	(9)	2.30	1.71
Net earnings per share from continuing operations, Group share	(9)	0.66	0.85
Net earnings per share from discontinued operations, Group share	(9)	1.64	0.86
Weighted average number of shares assuming full dilution		564,780,983	560,186,531
Diluted earnings per share, Group share	(9)	2.29	1.70
Diluted earnings per share from continuing operations, Group share	(9)	0.66	0.85
Diluted earnings per share from discontinued operations, Group share	(9)	1.63	0.85

*The restatements are explained in note 2 "Scope of Consolidation".

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

Consolidated Statement of Recognized Income and Expense

(in EUR million)	**2015**	**2014**
Net income	**1,346**	**1,000**
Items that may be subsequently reclassified to profit or loss		
Translation adjustments	397	541
Changes in fair value	241	(70)
Tax on items that may be subsequently reclassified to profit or loss	(114)	19
Items that will not be reclassified to profit or loss		
Changes in actuarial gains and losses	(30)	(835)
Tax on items that will not be reclassified to profit or loss	(18)	287
Income and expense recognized directly in equity	**476**	**(58)**
Total recognized income and expense for the year	1,822	942
Group share	1,800	883
Minority interests	22	59

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

Consolidated Statement of Cash Flows

(in EUR million)	Notes	2015	2014 restated*
Group share of net income from continuing operations		**374**	**476**
Minority interests in net income	(a)	43	43
Share in net income of associates, net of dividends received	(6)	(29)	(28)
Depreciation, amortization and impairment of assets	(3)	2,085	1,965
Gains and losses on disposals of assets	(3)	70	(46)
Unrealized gains and losses arising from changes in fair value and share-based payments		(15)	2
Changes in inventory	(3)	26	(260)
Changes in trade accounts receivable and payable, and other accounts receivable and payable	(3)	192	81
Changes in tax receivable and payable	(10)	(134)	30
Changes in deferred taxes and provisions for other liabilities and charges	(4)(7)(10)	(143)	(1,191)
Net cash from operating activities of continuing operations		**2,469**	**1,072**
Net cash from operating activities of discontinued operations	(2)	140	291
Net cash from operating activities		**2,609**	**1,363**
Acquisitions of property, plant and equipment [in 2015: (1,346) in 2014: (1,223)] and intangible assets	(5)	(1,475)	(1,351)
Increase (decrease) in amounts due to suppliers of fixed assets	(3)	8	19
Acquisitions of shares in consolidated companies [in 2015: (201) in 2014: (69)], net of cash acquired		(189)	(60)
Acquisitions of other investments	(6)	(26)	(7)
Increase in investment-related liabilities	(7)	14	17
Decrease in investment-related liabilities	(7)	(28)	(6)
Investments		**(1,696)**	**(1,388)**
Disposals of property, plant and equipment and intangible assets	(5)	122	96
Disposals of shares in consolidated companies, net of cash divested		1,667	880
Disposals of other investments	(6)	2	0
Divestments		**1,791**	**976**
Increase in loans, deposits and short-term loans	(6)	(136)	(154)
Decrease in loans, deposits and short-term loans	(6)	72	63
Change in loans, deposits and short-term loans		**(64)**	**(91)**
Net cash from (used in) investment and divestment activities of continuing operations		**31**	**(503)**
Net cash from (used in) investment and divestment activities of discontinued operations	(2)	(175)	(228)
Net cash from (used in) investment and divestment activities		**(144)**	**(731)**
Issues of capital stock	(a)	412	412
(Increase) decrease in treasury stock	(a)	(545)	(137)
Dividends paid	(a)	(695)	(685)
Transactions with shareholders of parent company		**(828)**	**(410)**
Minority interests' share in capital increases of subsidiaries	(6)	23	12
Acquisitions of minority interests without gain of control	(7)	0	(19)
Changes in investment-related liabilities following the exercise of put options of minority shareholders		(8)	4
Dividends paid to minority shareholders by consolidated companies and increase (decrease) in dividends payable		(37)	(35)
Transactions with minority interests		**(22)**	**(38)**
Increase (decrease) in bank overdrafts and other short-term debt		(8)	(66)
Increase in long-term debt	(b)	1,212	226
Decrease in long-term debt	(b)	(1,164)	(1,303)
Changes in gross debt		**40**	**(1,143)**
Net cash from (used in) financing activities of continuing operations		**(810)**	**(1,591)**
Net cash from (used in) financing activities of discontinued operations	(2)	273	74
Net cash from (used in) financing activities		**(537)**	**(1,517)**
Increase (decrease) in cash and cash equivalents		**1,928**	**(885)**
Net effect of exchange rate changes on cash and cash equivalents		(25)	22
Net effect from changes in fair value on cash and cash equivalents		(10)	8
Net effect of exchange rate changes on discontinued operations	(2)	(6)	(2)
Cash and cash equivalents at beginning of year		**3,493**	**4,350**
Cash and cash equivalents at end of year		**5,380**	**3,493**

*The restatements are explained in note 2 "Scope of Consolidation".

(a) Refer to the consolidated statement of changes in equity.

(b) Including bond premiums, prepaid interest and issue costs.

Income tax paid amounted to €591 million in 2015 (€476 million in 2014) and interest paid net of interest received amounted to €438 million in 2015 (€502 million in 2014).

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

Consolidated Statement of Changes in Equity

Number of shares			(in EUR million)								
Issued	Outstanding		Capital stock	Additional paid-in capital and legal reserve	Retained earnings and consolidated net income	Translation adjustments	Fair value reserves	Shareholders' equity	**Group share of shareholders' equity**	Minority interests	**Total equity**
555,176,790	**551,417,617**	**At January 1, 2014**	**2,221**	**6,265**	**10,677**	**(1,481)**	**7**	**(147)**	**17,542**	**345**	**17,887**
		Income and expenses recognized directly in equity	0	0	(528)	528	(70)	0	**(70)**	12	**(58)**
		Net income for the year			953				**953**	47	**1,000**
		Total income and expense for the year	**0**	**0**	**425**	**528**	**(70)**	**0**	**883**	**59**	**942**
		Issues of capital stock									
4,303,388	4,303,388	Group Savings Plan	17	128					**145**		**145**
1,914,199	1,914,199	Stock option plans	8	16					**24**		**24**
6,601,189	6,601,189	Dividends paid in shares	26	217					**243**		**243**
		Other							**0**	12	**12**
		Dividends paid (EUR 1.24 per share)			(685)				**(685)**	(39)	**(724)**
	(5,086,047)	Shares purchased						(187)	**(187)**		**(187)**
	1,235,620	Shares sold			(4)			54	**50**		**50**
(6,100,000)		Shares cancelled	(24)	(189)				213	**0**		**0**
		Share-based payments			10				**10**		**10**
		Changes in Group structure			(12)				**(12)**	28	**16**
561,895,566	**560,385,966**	**At December 31, 2014**	**2,248**	**6,437**	**10,411**	**(953)**	**(63)**	**(67)**	**18,013**	**405**	**18,418**
		Income and expenses recognized directly in equity	0	0	(161)	425	241	0	**505**	(29)	**476**
		Net income for the period			1,295				**1,295**	51	**1,346**
		Total income and expense for the year	**0**	**0**	**1,134**	**425**	**241**	**0**	**1,800**	**22**	**1,822**
		Issues of capital stock									
4,449,939	4,449,939	Group Savings Plan	18	126					**144**		**144**
1,038,730	1,038,730	Stock option plans	4	24					**28**		**28**
6,559,204	6,559,204	Dividends paid in shares	26	214					**240**		**240**
		Other							**0**	23	**23**
		Dividends paid (EUR 1.24 per share)			(695)				**(695)**	(37)	**(732)**
	(15,050,261)	Shares purchased						(594)	**(594)**		**(594)**
	1,223,943	Shares sold			(13)			62	**49**		**49**
(13,000,000)		Shares cancelled	(52)	(460)				512	**0**		**0**
		Share-based payments			9				**9**		**9**
		Changes in Group structure			(41)		3		**(38)**	(49)	**(87)**
560,943,439	**558,607,521**	**At December 31, 2015**	**2,244**	**6,341**	**10,805**	**(528)**	**181**	**(87)**	**18,956**	**364**	**19,320**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The presentation of the Notes to the Consolidated Financial Statements for the period ended December 31, 2015 has been amended compared to the previous year in accordance with the recommendations of the *Autorité des Marchés Financiers*. The changes primarily affected the organization of the notes by reference theme. They are intended to increase the understanding and relevancy of the financial statements. Most of the accounting principles previously grouped together in Note 1 now appear within each reference note.

The consolidated financial statements reflect the accounting position of Compagnie de Saint-Gobain and its subsidiaries (which together constitute the "Group"), as well as the Group's interest in associate companies and joint ventures. They are expressed in euros rounded to the nearest million.

These consolidated financial statements were adopted on February 25, 2016 by the Board of Directors and will be submitted to the Shareholders' Meeting for approval.

NOTE 1 – Accounting principles

The accounting policies applied are consistent with those used to prepare the financial statements for the year ended December 31, 2014, except for the application of the new standards and interpretations described below. The consolidated financial statements have been prepared using the historical cost convention, except for certain assets and liabilities that have been measured using the fair value model as explained in these notes.

1.1. Estimates and assumptions

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts of assets and liabilities reported in the balance sheet and the disclosure of contingent assets and liabilities in the notes to the financial statements, as well as the reported amounts of income and expenses during the period. These estimates and assumptions are based on past experience and on various other factors seen in the prevailing deteriorated economic and financial environment, which makes it difficult to predict future business performance. Actual amounts may differ from those obtained through the use of these estimates and assumptions.

The main estimates and assumptions described in these notes concern asset impairment tests (note 5 "Intangible assets and Property, plant and equipment"), the measurement of employee benefit obligations (note 4 "Employees, personnel expenses and benefits"), deferred taxes (note 10 "Income taxes"), provisions for other liabilities and charges (note 7 "Other current and non-current liabilities and provisions, contingent liabilities and litigation"), the valuation of financial instruments (note 8 "Financing and financial instruments") and share-based payments (Note 4 "Employees, personnel expenses and benefits").

1.2. Standards applied

The Group's consolidated financial statements are established in compliance with international accounting standards ("IFRS") as adopted by the European Union as of December 31, 2015. Moreover, these financial statements have been prepared according to the IFRS issued by the International Accounting Standards Board (IASB). The standards adopted by the European Union can be consulted on the website of the European Commission: http://ec.europa.eu/finance/accounting/ias/index_en.htm

1.2.1. Standards, interpretations and amendments to existing standards that must be applied in 2015

Standards, interpretations and amendments to existing standards applicable in 2015, have no significant impact on the Group's financial statements.

IFRIC 21	Levies
Amendment to IFRS 1	First-time adoption of International Financial Reporting Standards sets the requirements for entities that apply IFRSs for the first time
Amendment to IFRS 3	Business Combinations – Clarifies that IFRS 3 excludes the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself*
Amendment to IFRS 13	Fair value measurement – Clarifies the scope of portfolio exception defined in paragraph 52 of IFRS 13
Amendment to IAS 40	Investment Property – Clarifies the interrelation of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property

*For business combinations created on or after July 1, 2014 – prospective application.

1.2.2. Standards, interpretations and amendments to existing standards applicable in advance to 2015 financial statements.

The new standards, interpretation and amendments to existing standards, applicable to accounting periods beginning on or after January 1, 2016, have not been adopted by advance by the Group.

Amendment to IAS 1	Disclosure requirements for assessment of going concerns
Amendment to IAS 16 and IAS 38	Plant, equipment and intangible assets – Revaluation method – proportionate restatement of accumulated depreciation/amortization
Amendment to IAS 19	Employee benefits
Amendment to IFRS 11	Recognition of acquisitions of interests in joint ventures
Amendment to IAS 27	Use of the equity method in corporate financial statements
Amendment to IFRS 2	Share-based payment - Definitions of vesting conditions**
Amendment to IFRS 3	Business combinations - Accounting for contingent consideration in a business combination*
Amendment to IFRS 5	Non-current assets held for sale – change in methods of disposals
Amendment to IFRS 7	IFRS 7 – Financial instruments: Reporting on management mandates and applicability of the changes in IFRS 7 to condensed interim financial statements
Amendment to IFRS 8	Operating segments – Reconciliation of the total of the reportable segments' assets to the entity's assets
Amendment to basis for conclusion IFRS 13	Short-term receivables and payables
Amendment to IAS 24	Related party disclosures - Key management personnel
Amendment to IAS 34	Interim financial information – Information provided "elsewhere in the interim financial report"

*For business combinations created on or after July 1, 2014 – prospective application.
**For share-based compensation allocated on or after July 1, 2014 – prospective application.

NOTE 2 – Scope of consolidation

2.1. Accounting principles for scope of consolidation

The Group's consolidated financial statements include the accounts of Compagnie de Saint-Gobain and of all companies controlled by the Group, as well as those of jointly controlled companies and companies over which the Group exercises significant influence.

2.1.1. Consolidation methods

a) Full consolidation

Companies over which the Group exercises exclusive control, either directly or indirectly, are fully consolidated.

b) Partnerships

IFRS 11 eliminated the proportional consolidation method applicable to jointly controlled entities. Partnerships classified as co-enterprise partnerships are henceforth consolidated using the equity method, and items on the balance sheets and income statements of partnerships classified as joint activities are consolidated line by line, for the amount actually contributed the Group.

c) Equity Associates

Companies over which the Group directly or indirectly exercises significant influence are accounted for by the equity method.

The Group's share of the profit of companies accounted for by the equity method is recognized in the income statement under two different lines. Income of companies accounted for by the equity method whose principal activity is expanding the Group's operational activities is presented in operating income under "share in net income of core business associates," and income of other associates is combined under "share in net income of non-core business associates" in pre-tax income.

2.1.2. Business combinations

The Group applied IFRS 3 as revised and IAS 27 as amended (IFRS 3R and IAS 27A) on a prospective basis starting from January 1, 2010. As a result, business combinations completed prior to that date are recognized in accordance with the previous versions of IFRS 3 and IAS 27.

a) Step acquisitions and partial disposals

When the Group acquires control of an entity in which it already holds an equity interest, the transaction is treated as a step acquisition, as follows: as a disposal of the entire previously held interest, with recognition of any gain or loss in the consolidated financial statements, and as an acquisition of the entire equity, with recognition of the corresponding goodwill on the entire interest (on both the old and new acquisitions).

When the Group disposes of part of an equity interest, leading to the loss of control (with a minority interest retained), the transaction is also treated as both a disposal and an acquisition, as follows: as a disposal of the entire interest, with recognition of any gain or loss in the consolidated financial statements, and as an acquisition of a non-controlling interests, which is then measured at fair value.

b) Potential voting rights and share purchase commitments

Potential voting rights conferred by call options on minority interests are taken into account in determining whether the Group exclusively controls an entity only when the Group has the control.

When calculating its percentage interest in controlled companies, the Group considers the impact of cross put and call options on minority interests in the companies concerned. This approach gives rise to the recognition in the financial statements of an investment-related liability, included within "Other liabilities", corresponding to the present value of the estimated exercise price of the put option, with a corresponding reduction in minority interests and equity attributable to equity holders of the parent. Any subsequent changes in the fair value of the liability are recognized by adjusting equity.

c) Minority interests

In accordance with IAS 27A, minority interests (referred to as "non-controlling interests" in the terminology of IFRS 3R) are considered as a category of shareholders (called the "single economic entity" approach). As a result, changes in minority interests without loss of control are recorded in the statement of changes in equity and have no impact on the income statement or balance sheet, except for changes in cash and cash equivalents.

2.1.3. Assets and liabilities held for sale and discontinued operations

Assets and liabilities that are immediately available for sale and for which a sale is highly probable are classified as non-current assets and liabilities held for sale. When several assets are held for sale in a single transaction, they are accounted for as a disposal group, which also includes any liabilities directly associated with those assets. The assets or disposal groups held for sale are measured at the lower of carrying amount and fair value less costs to sell. Depreciation ceases when non-current assets are classified as held for sale. Non-current assets and liabilities held for sale are presented separately on two lines of the consolidated balance sheet, and income and expenses continue to be recognized in the consolidated income statement on a line-by-line basis. At each balance sheet date, the value of the assets and liabilities held for sale is reviewed to determine whether any provision adjustments should be recorded due to a change in their fair value less costs to sell.

An operation is qualified as discontinued when it represents a separate major line of business for the Group, and when the criteria for classification as an asset held for sale have been met, or when the Group has sold the asset. Discontinued operations are reported on a single line in the Group's income statement. This line contains the after-tax net income from discontinued operations until the date of disposal and the gains or losses net of taxes realized on the disposals of these operations. In addition, cash flows generated by the discontinued operations are reported, by type of operation, on a separate line in the statement of consolidated cash flows for the relevant periods.

2.1.4. Intragroup transactions

All intragroup balances and transactions are eliminated in consolidation.

2.1.5. Translation of the financial statements of foreign companies

The consolidated financial statements are presented in euros, which is Compagnie de Saint-Gobain's functional and presentation currency.

Assets and liabilities of subsidiaries outside the Eurozone are translated into euros at the closing exchange rate, and income and expense items are translated using the average exchange rate for the period, except in the case of significant exchange rate volatility.

The Group's share of any translation gains or losses is included in equity under "Cumulative translation adjustments" until the assets or liabilities and all foreign operations to which they relate are sold or liquidated. In this case, these translation differences are either taken to the income statement, if the transaction results in a loss of control, or recognized directly in the statement of changes in equity, if the change in minority ownership interest does not result in a loss of control.

2.1.6. Foreign currency transactions

Expenses and income from operations in currencies other than the Company's functional currency are recorded using the exchange rates prevailing at the transaction date. Assets and liabilities denominated in foreign currencies are translated at the closing rate and any exchange differences are recorded in the income statement. As an exception to this principle, exchange differences relating to loans and borrowings between Group companies are recorded, net of tax, in equity under "Cumulative translation adjustments", as in substance they are an integral part of the net investment in a foreign subsidiary.

2.2. Changes in consolidation

Significant changes in the Group's scope of consolidation during 2015 and 2014 are presented below, and a list of the principal consolidated subsidiaries at December 31, 2015 is presented in note 12 "Principal consolidated companies".

2.2.1. Transactions carried out in 2015

a) Sale of the Packaging Sector

Following the announcement made on June 8, 2015, Saint-Gobain Group sold the Packaging Sector on October 29, 2015 to funds managed by affiliates of Apollo Global Management, LLC and BPI France, which currently hold 90% and 10% of the share capital respectively. The sale was made on the basis of an enterprise value of €2,945 million.

On April 11, 2014, Compagnie de Saint-Gobain executed the sale of Verallia North America (Saint-Gobain Containers, Inc. and subsidiaries). Until the date of sale, this company was consolidated in the Packaging Sector.

As a result, and in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", the net income from discontinued operations include net income of Packaging Sector until the date of sale and capital gains on disposals realized in respect of the Packaging Sector in 2015 and Verallia North America in 2014.

The income statement, balance sheet and consolidated cash flows statement for the Packaging Sector are as follows:

- Net income from discontinued operations

(in EUR million)	2015**	2014
Net sales	1,998	2,705
Cost of sales	(1,605)	(2,281)
General expenses including research	(116)	(151)
Share in net income of core-business associates	0	2
Operating income	**277**	**275**
Other business income*	812	375
Other business expense	(16)	(21)
Business income	**1,073**	**629**
Borrowing costs, gross	(17)	(20)
Income from cash and cash equivalents	2	1
Borrowing costs, net	(15)	(19)
Other financial income and expense	(8)	(14)
Net financial expense	**(23)**	**(33)**
Share in net income of non-core business associates	0	0
Income taxes	(121)	(115)
Net income from discontinued operations	**929**	**481**
Group share of net income from discontinued operations	**921**	**477**
Minority interests of net income from discontinued operations	8	4

*Including the gain on the sale before tax of the Packaging Sector for €811 million in 2015 and of Verallia North America for €375 million in 2014.

**The 2015 year was ended as of the date of sale of the Packaging Sector, October 29, 2015.

The Group stopped amortizing the tangible and intangible assets of the Packaging Sector in June 2015, the date on which it accepted the firm sale offer. Likewise, amortization and depreciation of Verallia North America were stopped in 2014.

- Statement of cash flows from discontinued operations

(en millions d'euros)	2015*	2014
Group share of net income from discontinued operations	**921**	**477**
Depreciation, amortization and impairment of assets	69	167
Gains and losses on disposal of assets	(804)	(362)
Other profit or loss items	8	3
Changes in working capital requirement	(71)	(5)
Changes in provisions for other liabilities and charges and deferred taxes	17	11
Net cash from operating activities	**140**	**291**
Purchases of property, plant and equipment [in 2015: (115),in 2014: (213)] and intangible assets	(117)	(217)
Increase (decrease) in amounts due to suppliers of fixed assets	(30)	(7)
Investments	**(147)**	**(224)**
Divestments	**(6)**	**(5)**
Changes in loans, deposits and short-term borrowing	**(22)**	**1**
Net cash from (used in) investment and divestment activities	**(175)**	**(228)**
Dividends distributed to Compagnie de Saint-Gobain	(127)	(135)
Internal transactions and transactions with minority interests	(10)	(2)
Changes in gross debt	274	76
Net cash from (used in) financing activities	**137**	**(61)**
Increase (decrease) in cash and cash equivalents	**102**	**2**
Net effect of exchange rate changes on cash and cash equivalents	(6)	(2)
Cash and cash equivalents at beginning of year	**41**	**41**
Cash and cash equivalents at end of year	**137**	**41**

*The 2015 year was ended as of the date of sale of the Packaging Sector, October 29, 2015.

- Balance sheet for discontinued operations on the exit date

(in EUR million)	**Oct 29, 2015**
Net goodwill and other intangible assets	60
Net property, plant and equipment	1,099
Other non-current assets	110
Inventories, trade accounts receivable and other receivable	976
Cash and cash equivalents	137
Assets from discontinued operations	**2,382**
Shareholders' equity	742
Provisions for pensions and other employee benefits	113
Deferred tax and other non-current liabilities	126
Trade accounts payable, other payable and accrued expenses	611
Short-term debt and bank overdrafts	790
Liabilities from discontinued operations	**2,382**

In the table of balance sheet items below, the line ‘Changes in the Packaging Sector’ corresponds to changes for this sector over the period.

b) Other changes in the scope of consolidation

In addition to the sale of the Packaging Sector, Saint-Gobain Group continued in 2015 to actively manage its portfolio of businesses, fully in line with the Group’s strategy. In particular, Saint-Gobain Group signed an agreement to sell its Norandex distribution business in the United States to ABC Supply Co Inc, the leading distributor of roofing and siding products.

Various acquisitions have been executed in order to strengthen the Group’s profile in high added-value businesses and growing markets.

c) Plan to acquire control of Sika

Saint-Gobain continues to implement its strategy after announcement on December 8, 2014 of its plan to acquire control of Sika, the global leader in construction chemicals.

The plan consists of the acquisition by Saint-Gobain, for 2.83 billion Swiss francs (an amount fully hedged in euros – see section 8.4.6) of Schenker Winkler Holding AG (SWH), which holds as at December 31, 2015 16.97% of the Sika’s share capital and 52.92% of its voting rights. Post completion of the transaction, Saint-Gobain Group will be able to incorporate Sika into its financial statements by global consolidation, with a positive impact on net income from year one.

The transaction is subject to clearances from the competent anti-trust authorities, which were all obtained on December 2, 2015.

In addition, the Swiss Takeover Board, the FINMA (Swiss financial markets authority) and the Swiss Federal Administrative Court definitely confirmed on April 1, 2015, May 4, 2015 and August 27, 2015 on last instance respectively the validity of the opt-out clause in the Sika bylaws, releasing Saint-Gobain from launching a mandatory public tender offer because of the acquisition of SWH shares. No reservation was expressed as regards the application of this clause to the acquisition by Saint-Gobain of all the SWH shares.

Finally, Saint-Gobain has noted the decisions of Sika shareholders' meetings of April 14, 2015 and July 24, 2015, after the Board has decided, for some resolutions, to limit the voting rights of SWH at 2.6%. Saint-Gobain had anticipated these decisions by extending together with SWH in April 2015, the term of the agreement to acquire SWH until June 2016. On this date, Saint-Gobain will have the possibility of extending it for an additional period.

In line with its strategy, Saint-Gobain is resolved to complete its plan to acquire control of Sika and, pending the first instance decision of the Cantonal Court of Zug, planned for summer 2016, has full confidence in the Swiss justice system in order to enable SWH to regain its rights in full compliance with the law.

2.2.2. Operations completed in 2014

a) Plan to acquire control of Sika

On December 8, 2014, Saint-Gobain Group announced its plan to acquire control of Sika, the global leader in construction chemicals.

b) Project for sale of the Packaging Sector

Following authorization given by the Board of Directors, on 8 December 2014 the Group also announced a plan to launch a competitive process for the sale of the Packaging Sector. As at December 31, 2014, however, no active plan for the sale had commenced, as a result of which the sale of the Packaging Sector did not meet the criteria for classification as a "disposal group held for sale" according to the IFRS 5 definition. Saint-Gobain Group had structured itself over the first quarter of 2015 in order to have the elements required for launching the active sale of this business. The formal competitive process was commenced at the beginning of March 2015 and, after consultation with staff representative bodies, it is intended that an agreement with a purchaser will be reached before summer 2015.

c) Sale of Verallia North America

On January 17, 2013, Compagnie de Saint-Gobain signed an agreement with Ardagh for the sale of Verallia North America, effective April 11, 2014, through the effective sale of all shares of Verallia North America to the Ardagh group based on an enterprise value of US$1,694 million (€1,275 million). Saint-Gobain, Ardagh, and the Pension Benefit Guaranty Corporation (PCBG) have also reached a settlement agreement regarding financing of the defined benefit plans for employees of Saint-Gobain Containers, Inc.

2.3. Changes in the number of consolidated companies

	France	Outside France	Total
Fully consolidated companies			
At January 1, 2015	**160**	**643**	**803**
Newly consolidated companies	3	19	22
Merged companies	(8)	(45)	(53)
Deconsolidated companies	(6)	(23)	(29)
Change in consolidation method		12	12
At December 31, 2015	**149**	**606**	**755**
Companies accounted for by the equity method			
At January 1, 2015	**5**	**84**	**89**
Newly consolidated companies		28	28
Merged companies			0
Deconsolidated companies	(2)	(7)	(9)
Change in consolidation method		(12)	(12)
At December 31, 2015	**3**	**93**	**96**
Total at January 1, 2015	**165**	**727**	**892**
Total at December 31, 2015	**152**	**699**	**851**

2.4. Off-balance sheet commitments related to the Group's scope of consolidation

As of December 31, 2015, commitments for irrevocable purchases included the commitment on the equity interests of the Sika Group for the amount of €2,383 million.

NOTE 3 –Information concerning the Group's operating activities

3.1. Income statement components

3.1.1. Revenue recognition

Revenue generated by the sale of goods or services is recognized net of rebates, discounts and sales taxes (i) when the risks and rewards of ownership have been transferred to the customer, or (ii) when the service has been rendered, or (iii) by reference to the stage of completion of the services to be provided.

Construction contracts are accounted for by the Group's companies using the percentage of completion method, as explained below. When the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognized as revenue and expenses, respectively, by reference to the stage of completion of the contract activity at the balance sheet date. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that it is probable will be recovered. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Construction contract revenues are not material in relation to total consolidated net sales.

3.1.2. Operating income

Operating income is a measure of the performance of the different sectors and has been used by the Group as its key external and internal management indicator for many years. Foreign exchange gains and losses are included in operating income, as are changes in the fair value of financial instruments that do not qualify for hedge accounting when they relate to operating items. The share of income of associates whose activity is to expand that of the Group is also posted under operating income.

3.1.3. Other business income and expense

Other business income and expense mainly include movements in provisions for litigation and environmental provisions, gains and losses on disposals of assets, impairment losses, restructuring costs incurred upon the disposal or discontinuation of operations and the costs of workforce reduction measures.

3.1.4. Business income

Business income includes all income and expenses other than borrowing costs and other financial income and expense, the Group's share in net income of non-core business associates, and income taxes.

Business income is detailed by type below:

(in EUR million)	**2015**	**2014 restated**
Net sales	**39,623**	**38,349**
Personnel costs :		
Salaries and payroll taxes	(7,746)	(7,385)
Share-based payments [(a)]	(21)	(18)
Pensions [(a)]	(180)	(164)
Depreciation and amortization	(1,208)	(1,187)
Share of net income of business associates	43	44
Other[(b)]	(27,875)	(27,117)
Operating income	**2,636**	**2,522**
Other business income [(c)]	49	106
Other business income	**49**	**106**
Restructuring costs [(d)]	(179)	(246)
Provisions and expenses relating to claims and litigation [(e)]	(125)	103
Impairment of assets and other business expenses [(f)]	(1,046)	(865)
Other	(41)	(40)
Other business expense	**(1,391)**	**(1,048)**
Business income	**1,294**	**1,580**

(a) Share-based payments (IFRS 2 expense) and the details of changes in pension are detailed in Note 4 "Employees, personnel expenses and benefits".

(b) This item corresponds to Building Distribution Sector cost of sales, supplier discounts and selling expenses, and to transport costs, raw materials costs, and other production costs in the other Sectors. It also includes research and development costs recognized in operating expenses, amounting to €435 million in 2015 (€391 million in 2014).

(c) In 2015 and 2014, this item primarily represented the capital gains on disposals of property, plant and equipment and intangible assets.

(d) In 2015, restructuring costs mainly consisted of employee termination benefits totaling €106 million (€146 million in 2014).

(e) In both 2015 and 2014, provisions and reversals and expenses related to litigation, corresponded to the most part for asbestos related litigation explained in Note 7 "Other current and non-current liabilities and provisions, contingent liabilities and litigation". Reversal of provision for competition litigation amounted €187 million in 2014.

(f) Impairment losses on assets in 2015 included €157 million on goodwill (€360 million in 2014), €720 million on intangible assets and property, plant and equipment (€418 million in 2014), and €55 million in provisions on financial assets or current assets (€22 million in 2014). Other operating expense includes losses on disposal of asset and scrapping for €118 million (€61 million in 2014).

3.2. Segment information

In compliance with IFRS 8, segment information reflects the Group’s internal presentation of operating result to senior management. The Group has chosen to present segment information by Sector and Activity, without any further aggregation compared with the internal presentation. There were no changes in the presentation of segment information compared with previous years.

Segment assets and liabilities include net property, plant and equipment, working capital, goodwill and net other intangible assets, after deduction of deferred taxes on brands and land.

Capital expenditure does not include the cost of acquiring non-current assets under finance leases.

Segment information is presented as follows:

- Innovative Materials (IM) Sector
  - Flat glass
  - High-Performance Materials (HPM)
- Construction Products (CP) Sector
  - Interior Solutions: Insulation and Gypsum
  - Exterior Solutions: Industrial Mortars, Pipe and Exterior Fittings
- Building Distribution Sector

Management uses several different internal indicators to measure operational performance and to make resources allocation decisions. These indicators are based on the data used to prepare the consolidated financial statements and meet financial reporting requirements. Intragroup (“internal”) sales are generally carried out on the same terms as sales to external customers and are eliminated in consolidation. The column “Other” includes the holding companies and certain corporate support functions (tax, cash management, purchasing, etc.).

Segment information for 2015 by Sector and Activity are as follows:

2015 (in EUR million)	INNOVATIVE MATERIALS Flat glass	High Performance Materials	Intra-segment Eliminations	Total	CONSTRUCTION PRODUCTS Interior Solutions	Exterior Solutions	Intra-segment Eliminations	Total	BUILDING DISTRIBUTION	Other*	Total
External sales	5,185	4,388		9,573	5,905	5,289		11,194	18,845	11	39,623
Internal sales	32	114	(16)	130	580	310	(72)	818	4	(952)	0
Net sales	5,217	4,502	(16)	9,703	6,485	5,599	(72)	12,012	18,849	(941)	39,623
Operating income /(loss)	413	602		1,015	576	446		1,022	603	(4)	2,636
Business income/(loss)	217	479		696	448	314		762	(46)	(118)	1,294
Share in net income/(loss) of associates	30	2		32	7	4		11	0	0	43
Depreciation and amortization	288	154		442	320	151		471	265	30	1,208
Impairment of assets	149	51		200	97	88		185	492	0	877
Capital expenditure	311	218		529	312	216		528	231	58	1,346
Cash flow from operations				931				790	629	212	2,562
EBITDA	701	756		1,457	896	597		1,493	868	26	3,844
Goodwill, net	209	1,597		1,806	3,741	2,216		5,957	2,920	0	10,683
Non-amortizable brands	0	0		0	814	90		904	1,381	0	2,285
Total segment assets and liabilities				7,301				12,292	7,595	315	27,503

* “Other” corresponds to the elimination of intragroup transactions for internal sales, and holding company transactions for the other captions.

Segment information for 2014 by Sector and Activity are as follows:

2014 restated (in EUR million)	INNOVATIVE MATERIALS Flat glass	High Performance Materials	Intra-segment Eliminations	Total	CONSTRUCTION PRODUCTS Interior Solutions	Exterior Solutions	Intra-segment Eliminations	Total	BUILDING DISTRIBUTION	Other*	Total
External sales	4,862	4,119		8,981	5,487	5,053		10,540	18,803	25	38,349
Internal sales	31	113	(10)	134	569	317	(65)	821	3	(958)	0
Net sales	4,893	4,232	(10)	9,115	6,056	5,370	(65)	11,361	18,806	(933)	38,349
Operating income/(loss)	289	565		854	533	487		1,020	661	(13)	2,522
Business income/(loss)	245	472		717	483	286		769	186	(92)	1,580
Share in net income/(loss) of associates	22	3		25	7	10		17	1	1	44
Depreciation and amortization	297	151		448	306	146		452	259	28	1,187
Impairment of assets	105	59		164	49	168		217	397	0	778
Capital expenditure	235	183		418	282	239		521	264	20	1,223
Cash flow from operations				717				780	486	242	2,225
EBITDA	586	716		1,302	839	633		1,472	920	15	3,709
Goodwill, net	261	1,434		1,695	3,551	2,219		5,770	2,942	55	10,462
Non-amortizable brands	0	0		0	788	88		876	1,799	0	2,675
Total segment assets and liabilities				7,368				12,111	7,919	1,438	28,836

* “Other” corresponds to the elimination of intragroup transactions for internal sales, holding company transactions for the other captions, and holding transactions and Packaging Sector for the items of goodwill and segment assets and liabilities.

3.3. Information by geographic area

Segment information for 2015 by geographic area are as follows:

2015 *(in EUR million)*	**France**	**Other Western European countries**	**North America**	**Emerging countries and Asia**	**Other***	**TOTAL**
Net sales	10,326	17,414	5,366	8,375	(1,858)	**39,623**
Capital expenditure	269	335	282	460		**1,346**
Total segment assets and liabilities	6,025	11,141	4,628	5,709		**27,503**

* “Other” corresponds to the elimination of intragroup transactions for internal sales.

Segment information for 2014 by geographic area are as follows:

2014 restated *(in EUR million)*	**France**	**Other Western European countries**	**North America**	**Emerging countries and Asia**	**Other***	**TOTAL**
Net sales	10,776	16,668	4,723	8,065	(1,883)	**38,349**
Capital expenditure	253	347	200	423		**1,223**
Total segment assets and liabilities	6,231	10,975	4,323	5,893	1,414	**28,836**

* "Other" corresponds to the elimination of intragroup transactions for internal sales and the Packaging Sector for segment assets and liabilities.

3.4. Performance indicators

3.4.1. EBITDA

EBTDA corresponds to operating income before depreciations and amortizations of property, plant and equipment and intangible assets.

EBITDA amounted to €3,844 million in 2015 (€3,709 million in 2014). It is calculated as follows:

(in EUR million)	**2015**	**2014 restated**
Operating income	2,636	2,522
Depreciation of property, plant and equipment and intangible assets	1,208	1,187
EBITDA	**3,844**	**3,709**

3.4.2. Return on capital employed

Return on capital employed (ROCE) corresponds to annualized operating income adjusted for changes in the scope of consolidation, expressed as a percentage of total assets at period-end. Total assets include net property, plant and equipment, working capital, net goodwill and other intangible assets, but exclude deferred tax assets arising from non-amortizable brands and land.

3.4.3. Recurring net income

Recurring net income corresponds to income after tax and minority interests but before capital gains or losses, asset impairment losses, material non-recurring provisions and the related tax and minority interests.

Recurring net income from continuing operations totaled €1,165 million in 2015 (€973 million in 2014). Based on the weighted average number of shares outstanding at December 31 (562,001,188 shares in 2015, 557,672,194 shares in 2014), it represents current net earnings per share of €2.07 in 2015 versus €1.74 in 2014.

The difference between net income and recurring net income can be analysed as follows:

(in EUR million)	2015	2014 restated
Group share of net income from continuing operations	**374**	**476**
Less:		
Gains and losses on disposals of assets	(70)	46
Impairment of assets and acquisition costs incurred in connection with business combinations	(928)	(804)
Provision for anti-trust litigation and other non-recurring provisions	(34)	187
Impact of minority interest	0	(12)
Tax on capital gains and losses and non-recurring charges to provisions	241	86
Group share of recurring net income from continuing operations	**1,165**	**973**

3.4.4. Cash flow from operations

Cash flow from operations corresponds to net cash generated from operating activities before the impact of changes in working capital requirements, changes in current taxes, and movements in provisions for pension and employee benefits and other liabilities and charges and deferred taxes. Significant non-recurring provisions have been restated to determine cash flow from operations.

Cash flow from operations before tax on capital gains and losses and non-recurring provisions corresponds to cash flow from operations less the tax effect of asset disposals, of asset impairment and of non-recurring provisions.

Cash flow from continuing operations totaled €2,562 million in 2015 (€2,225 million in 2014) and cash flow from operations excluding income tax on capital gains and losses and non-recurring provisions from continuing operations amounted to €2,321 million in 2015 (€2,139 million in 2014). It is calculated as follows:

(in EUR million)	2015	2014 restated
Group share of net income from continuing operations	**374**	**476**
Minority interests in net income	43	43
Share in net income of associates, net of dividends received	(29)	(28)
Depreciation, amortization and impairment of assets	2,085	1,965
Gains and losses on disposals of assets	70	(46)
Provision for anti-trust litigation and other non-recurring provision	34	(187)
Unrealized gains and losses arising from changes in fair value and share-based payments	(15)	2
Cash flow from operations from continuing operations	**2,562**	**2,225**
Tax on capital gains and losses and non-recurring charges to provisions	(241)	(86)
Cash flow from operations before tax on capital gains and losses and non-recurring provisions from continuing operations	**2,321**	**2,139**

3.5. Working capital

3.5.1. Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories includes purchase costs, processing costs and other costs incurred in bringing the inventories to their present location and condition. It is generally determined using the weighted-average cost method, and in some cases the First-In-First-Out (FIFO) method. Inventory costs may also include the transfer from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of raw materials. Net realizable value is the selling price in the ordinary course of business, less estimated completion and selling costs. No account is taken in the inventory valuation process of the impact of below-normal capacity utilization rates.

As of December 31, 2015 and 2014, inventories were as follows:

(in EUR million)	December 31, 2015	December 31, 2014
Gross value		
Raw materials	1,282	1,483
Work in progress	284	261
Finished goods	4,610	4,983
Gross inventories	**6,176**	**6,727**
Provision for impairment		
Raw materials	(149)	(153)
Work in progress	(13)	(10)
Finished goods	(299)	(272)
Total provision for impairment	**(461)**	**(435)**
Net	**5,715**	**6,292**

The net value of inventories was €5,715 million at December 31, 2015 compared with €5,755 million at December 31, 2014 (restated for the Packaging Sector).

Impairment losses on inventories recorded in the 2015 income statement totaled €208 million (€161 million in 2014 restated for the Packaging Sector). Impairment reversals of inventories amounted to €125 million in 2015 (€128 million in 2014 restated for the Packaging Sector).

3.5.2. Operating receivables and payables

Operating receivables and payables, other receivables and other payables are stated at nominal value as they generally have maturities of less than three months. Provisions for impairment are recognized to cover the risks of total or partial non-recovery of the receivables.

The Group deems that its exposure to concentrations of credit risk is limited due to its diversified business line-up, broad customer base and global presence. Past-due trade receivables are regularly monitored and analysed, and provisions are set aside when appropriate.

For trade receivables transferred under securitization programs, the contracts concerned are analysed and if substantially all the risks associated with the receivables are not transferred to financing institutions, they remain on the balance sheet and a corresponding liability is recognized in short-term debt (information detailed in section 8.3.8).

a) Operating receivables

Trade accounts receivable and other receivables can be analysed as follows:

(in EUR million)	December 31, 2015	December 31, 2014
Gross value	5,201	5,393
Provision for impairment	(450)	(470)
Trade accounts receivable	**4,751**	**4,923**
Advances to suppliers	504	537
Prepaid payroll taxes	16	26
Other prepaid and recoverable taxes (other than income tax)	323	367
Other of which:	578	431
France	291	95
Other Western European countries	158	148
North America	18	13
Emerging countries and Asia	111	175
Provision for impairment	(16)	(5)
Other receivables	**1,405**	**1,356**

Change in impairment provisions for trade accounts receivable in 2015, primarily reflects €99 million in additions (€101 million in 2014 restated for Packaging Sector) and €103 million (€134 million in 2014 restated for Packaging Sector) in reversals (whether or not the receivables were collected). Bad debt write-offs are also reported for €69 million (€81 million in 2014 restated for Packaging Sector).

Change in other receivables in France includes the currency hedge transaction for acquiring control of Sika. This information is detailed in Note 8.4 Financial Instruments.

Net past-due trade receivables amounted to €902 million at December 31, 2015, after deducting provisions of €360 million (December 31, 2014: €937 million, after deducting provisions of €382 million) at the end of 2014 restated for Packaging Sector. The portion of these receivables due for more than three months represents €177 million (December 31, 2014: €228 million restated for Packaging Sector).

b) Operating payables

Trade accounts payable and other payables and accrued expenses can be analysed as follows:

(in EUR million)	December 31, 2015	December 31, 2014
Trade accounts payable	**5,716**	**6,062**
Customer deposits	927	861
Payables to suppliers of non-current assets	250	307
Grants received	97	90
Accrued personnel expenses	1,107	1,163
Accrued taxes other than on income	394	396
Other of which:	673	643
France	79	91
Germany	47	53
United Kingdom	154	131
Other Western European countries	105	97
North America	48	49
Emerging countries and Asia	240	222
Total other payables and accrued expenses	**3,448**	**3,460**

3.6. Off-balance sheet commitments related to operating activities

3.6.1. Finance lease obligations

Non-currents assets acquired under finance leases are recognized in the Group's accounts as an asset and a liability on the balance sheet (the information is detailed in section 5.4).

Commitments for future rents under finance lease contracts are as follows:

(in EUR million)	2015	2014
Future minimum lease payments		
Due within 1 year	17	18
Due in 1 to 5 years	44	44
Due beyond 5 years	8	9
Total future minimum lease payments	**69**	**71**
Less finance charge	(7)	(9)
Present value of future minimum lease payments	**62**	**62**

As of December 31, 2015, commitments for future rents under finance lease contracts represented €51 million in equipment and machinery and €18 million for land and buildings.

3.6.2. Obligations under operating leases

The Group leases equipment, vehicles and office, manufacturing and warehouse space under various non-cancellable operating leases. Lease terms generally range from one to nine years. The liabilities for the total future minimum payments over the lease terms are discounted. The leases contain rollover options for varying periods of time and some include clauses covering the payment of real estate taxes and insurance. In most cases, management expects that these leases will be rolled over or replaced by other leases in the normal course of business.

In 2015, rental expenses amounted to €818 million, including €545 million for land and buildings, and the revenue from subleases represented €17 million. Net rental expense was €801 million.

The Group's commitments for operating leases are as follows:

		Payments due by period			
(in EUR million)	**Total 2015**	**Within 1 year**	**In 1 to 5 years**	**Beyond 5 years**	**Total 2014**
Rental expense	**3,215**	691	1,521	1,003	**3,079**
Subletting revenue	**(77)**	(15)	(28)	(34)	**(62)**
Total	**3,138**	**676**	**1,493**	**969**	**3,017**

Rental expenses and revenue from sub-leases, restated for the Packaging Sector, were €2,980 million in 2014.

3.6.3. Non-cancellable purchase commitments

Non-cancellable purchase commitments include commitments to purchase raw materials and services as well as contractual tangible and intangible assets commitments.

(in EUR million)	Total 2015	Payments due by period			Total 2014
		Within 1 year	In 1 to 5 years	Beyond 5 years	
Tangible and intangible assets	**46**	36	10	0	**58**
Raw materials and energy	**1,321**	370	635	316	**1,404**
Services	**262**	119	118	25	**320**
Total	**1,629**	**525**	**763**	**341**	**1,782**

Non-cancellable purchase commitments amounted to €1,689 million in 2014, restated for the Packaging Sector.

3.6.4. Guarantee commitments

In some cases, the Group grants seller's warranties to the buyers of divested businesses. A provision is recognized whenever a risk is identified and the related cost can be estimated reliably.

In 2015, the Group also receives guarantee commitments amounted to €99 million (€137 million at the end of 2014 restated for the Packaging Sector).

3.6.5. Commercial commitments

(in EUR million)	Total 2015	Commitment amounts by period			Total 2014
		Within 1 year	In 1 to 5 years	Beyond 5 years	
Security for borrowings	**44**	15	16	13	**50**
Other commitments given	**158**	108	15	35	**179**
Total	**202**	**123**	**31**	**48**	**229**

In addition, pledged assets at the end of 2015 represented the amount of €674 million compared with €819 million at year-end 2014. This change is primarily due to a decrease in pledges of financial assets in the United Kingdom

Guaranty given to the Group in respect of receivables amounted to €106 million at December 31, 2015 (€116 million at December 31, 2014 restated for the Packaging Sector).

3.6.6. Other commitments

Greenhouse gas emissions allowances allocated to the Group's companies in 2015 represented approximately 3.6 million metric tons of CO^2. The new 2016 allowances will be added to the residual inventory of prior allocations and will cover the level of greenhouse gas emissions for the year. As a result, no provision has been recorded for this respect in the Group's accounts.

A provision on the greenhouse gas emissions allowances is recognized in the consolidated accounts in the event of a shortage between emissions and the rights allocated to the Group.

NOTE 4 –Employees, personnel expenses and benefits

4.1. Employees of fully consolidated companies

(average number of employees)	**2015**	**2014 restated**
Managers	26,697	25,857
Administrative employees	73,636	74,105
Other employees	69,067	69,941
Total	**169,400**	**169,903**

The average number of employees for 2015 and 2014 excludes the Packaging Sector. The total number of Group employees for fully consolidated companies was 168,114 at December 31, 2015. There were 169,089 employees at December 31, 2014 restated for the Packaging Sector.

4.2. Management compensation

Direct and indirect compensation and benefits paid in 2015 and 2014 to members of the Board of Directors and the Group's senior management were as follows:

(in EUR million)	**2015**	**2014**
Attendance fees	1.1	0.8
Direct and indirect compensation (gross)		
Fixed portion	9.7	9.0
Variable portion	4.5	4.2
Estimated compensation cost - pensions and other employee benefits (IAS 19)	2.6	2.1
IFRS 2 expense - Share-based payments	6.4	4.2
Compensations in termination, retirement or other benefits	1.5	1.5
Total	**25.8**	**21.8**

Direct and indirect compensation and benefits paid in 2015 to members of the Group's senior management by the French and foreign companies in the Group amounted to €15.7 million (2014: €14.7 million), including €4.5 million (2014: €4.2 million) in variable compensation and €1.5 million in termination, retirement or other benefits (2014: €1.5 million).

Provisions for pensions and other post-employment benefits (defined-benefit obligations (DBO) in respect of retirement bonuses and pensions) accruing to the Group's officers totaled €55.8 million at December 31, 2015 (December 31, 2014: €60.6 million).

4.3. Provisions for pensions and other employee benefits

4.3.1. Description of defined benefit plans

After retirement, the Group's former employees are eligible for pension benefits in accordance with the applicable laws and regulations in the respective countries in which the Group operates. There are also additional pension obligations in certain Group companies, both in France and in other countries.

The Group's obligation for the payment of pensions and length-of-service awards is determined at closing date by independent actuaries, using the projected units credits method taking into account changes in salaries until retirement and economic conditions in each country. These obligations may be financed by pension funds, with a provision recognized in the balance sheet for the unfunded portion.

When the assets of the plan exceed the commitment, an asset is recognized as “net pension assets” in other non-current assets. These assets are capped at the level of the future economic benefits they procure. Changes in the asset ceiling are recognized into equity.

Actuarial gains or losses reflect year-on-year changes in the actuarial assumptions used to measure the Group’s obligations and plan assets, experience adjustments (differences between the actuarial assumptions and what has actually occurred), and changes in legislation. They are recognized in equity as they occur.

In accordance with the amendment to IAS 19 applicable from January 1, 2013, the effect of any plan amendments (past service cost) is recognized immediately in the income statement.

The interest costs for these obligations and the return on the related plan assets are measured by the Group using the discount rate applied to estimate the obligation at the beginning of the period, and are recognized as financial expense or income.

The Group's principal defined benefit plans are as follows:

In France, employees receive length-of-service awards on retirement based on years of service and the calculation methods prescribed in the applicable collective bargaining agreements.

In addition to length-of-service awards, there are three defined benefit plans, all of which are final salary plans. These plans were closed to new entrants by the companies concerned between 1969 and 1997. Effective March 1, 2012, a new defined benefit plan complying with Article L.137-11 of France’s Social Security Code was set up by Compagnie de Saint-Gobain.

In Germany, retirement plans provide pensions and death and disability benefits for employees. These plans have been closed to new entrants since 1996.

In the Netherlands, ceilings have been introduced for defined benefit supplementary pension plans, above which they are converted into defined contribution plans.

In the United Kingdom, retirement plans provide pensions as well as death and permanent disability benefits. These defined benefit plans - which are based on employees’ average salaries over their final years of employment - have been closed to new entrants since 2001.

In the United States and Canada, the Group’s defined benefit plans are final salary plans. Since January 1, 2001, new employees have been offered a defined contribution plan.

In the United States and Spain, after retirement, former Group employees benefit from other advantages in addition to pensions, particularly with regard to insurance. The commitments calculated for this purpose using the actuarial method are covered by a provision recognized on the balance sheet.

Provisions for other long-term employee benefits cover all other employee benefits. These benefits primarily include long-service awards in France, jubilees in Germany, deferred compensation, provisions for social benefits in the United States, and severance indemnities in different countries. The related defined benefit obligation is generally calculated on an actuarial basis using the same rules as for pension obligations. Actuarial gains and losses during the year are recognized immediately.

4.3.2. Actuarial assumptions use to measure defined benefit obligations and plan assets

4.3.2.1. Rate assumptions

Assumptions related to mortality, employee turnover and future salary increases take into account the economic conditions specific to each country or Group company.

The discount rates are established by region or country based on observed bond rates at December 31, 2015.

The rates used in 2015 for the Group's main plans are the following:

(in %)	France	Other European countries		United States
		Eurozone	United Kingdom	
Discount rate	2.40%	2.40%	3.80%	4.25%
Salary increases	2.50%	1.50% to 2.60%	2.00%*	3.00%
Return on plan assets	2.40%	2.40%	3.80%	4.25%
Inflation rate	1.70%	1.50% to 1.90%	2.05%	2.50%

*Ceiling on reference salaries to calculate rights.

The rates used in 2014 for the Group's main plans are the following:

(in %)	France	Other European countries		United States
		Eurozone	United Kingdom	
Discount rate	1.90%	1.90%	3.55%	4.00%
Salary increases	2.40%	2.00% to 2.60%	2.00%*	3.00%
Return on plan assets	1.90%	1.90%	3.55%	4.00%
Inflation rate	1.80%	1.80% to 2.00%	1.95%	2.00%

*Ceiling on reference salaries for calculating rights.

4.3.2.2. Sensitivity to assumptions

A 0.5-point decrease (increase) in the discount rate would lead to an increase (decrease) in defined benefit obligations of around €220 million for the North American plans, €200 million for the Eurozone plans and €400 million for the United Kingdom plans. A 0.5-point increase in the inflation rate would lead to an overall increase in defined benefit obligations of €520 million.

The same assumptions concerning mortality, employee turnover and interest rates are used to determine the Group's defined benefit obligations for other long-term employee benefits. In the United States, retirees' healthcare costs are projected to rise by 7.67% or 8.24% per year depending on the beneficiary age (a one point change in this rate would lead to an increase in the obligation of around €50 million).

4.3.3. Change in pension and other post-employment benefit obligations

4.3.3.1. Net book value of the provisions

Provisions for pension and other social commitments consist of the following:

(in EUR million)	December 31, 2015	December 31, 2014
Pension commitments	2,919	2,818
Length-of-service awards	333	371
Post-employment healthcare benefits	451	453
Total provisions for pensions and other post-employment benefit obligations	**3,703**	**3,642**
Healthcare benefits	28	26
Long-term disability benefits	19	19
Other long-term benefits	99	98
Provisions for pensions and other employee benefits	**3,849**	**3,785**

Provisions for all other long-term benefits totaled €146 million as at December 31, 2015 (€143 million at December 31, 2014).

The following table shows defined benefit obligations under pensions and other post-employment benefit plans and the related plan assets:

(in EUR million)	December 31, 2015	December 31, 2014
Provisions for pensions and other post-employment benefit obligations - liabilities	3,703	3,642
Pension plan surpluses - assets	(63)	(137)
Net pension and other post-employment benefit obligations	**3,640**	**3,505**

4.3.3.2. Analysis of the commitments

The commitments and provisions for pensions and other post-employment for 2015 break down by major geographic region as follows:

31 December, 2015 (in EUR million)	France	Other Western European countries	United Kingdom	North America	Rest of the World	Net total
Average duration *(in years)*	16	15	19	14	9	16
Defined benefit obligations - funded plans	540	2,247	4,775	3,013	134	10,709
Defined benefit obligations - unfunded plans	361	239		436	25	1,061
Fair value of plan assets	(270)	(1,267)	(4,410)	(2,072)	(117)	(8,136)
Deficit/(surplus)	**631**	**1,219**	**365**	**1,377**	**42**	**3,634**
Asset ceiling						6
Net pension and other post-employment benefit obligations						**3,640**

The commitments and provisions for pensions and other post-employment for 2014 break down by major geographic region as follows:

December 31, 2014 (in EUR million)	**France**	**Other Western European countries**	**United Kingdom**	**North America**	**Rest of the World**	**Net total**
Average duration *(in years)*	14	16	19	13	10	16
Defined benefit obligations - funded plans	566	2,616	4,481	2,771	134	10,568
Defined benefit obligations - unfunded plans	425	348		430	25	1,228
Fair value of plan assets	(275)	(1,515)	(4,376)	(2,017)	(116)	(8,299)
Deficit/(surplus)	**716**	**1,449**	**105**	**1,184**	**43**	**3,497**
Asset ceiling						8
Net pension and other post-employment benefit obligations						**3,505**

4.3.3.3. Plan assets

For defined benefit plans, plan assets have been progressively built up by contributions, primarily in the United States, the United Kingdom and Germany. Contributions paid by the Group totaled €116 million (2014: €193 million). The actual return on plan assets is negative in 2015: €94 million (2014: €1,165 million – positive impact).

The fair value of plan assets, which totaled €8,136 million at December 31, 2015 (€8,299 million in 2014), is deducted from the Group's defined benefit obligations, as estimated using the projected units credits method, in order to calculate the unfunded obligation to be covered by a provision.

Plan assets are mainly composed of equities (33%) and bonds (46%), with the remaining 21% invested in other asset classes.

Projected contributions to pension plans for 2016 are estimated at around €165 million.

4.3.3.4. Changes in pension and other post-employment benefit obligations

Changes in pension and other post-employment benefit obligations are as follows:

(in EUR million)	Pension and other post-employment benefit obligations	Fair value of plan assets	Other	Net pension and other post-employment benefit obligations
At January 1, 2014	**9,357**	**(6,800)**	**19**	**2,576**
Movements during the year				
Service cost	171			171
Interest cost/return on plan assets	387	(294)		93
Contributions to pension		(193)		(193)
Employee contributions		(11)		(11)
Actuarial gains and losses and asset ceiling	1,716	(871)	(10)	835
Currency translation adjustments	613	(478)	(1)	134
Benefit payments	(425)	343		(82)
Past service cost	(2)			(2)
Changes in Packaging Sector	6	(2)		4
Changes in Group structure	(15)	7		(8)
Curtailments / settlements	(12)			(12)
Total movements	**2,439**	**(1,499)**	**(11)**	**929**
At December 31, 2014	**11,796**	**(8,299)**	**8**	**3,505**
Movements during the year				
Service cost	222			222
Interest cost/return on plan assets	390	(296)		94
Contributions to pension		(116)		(116)
Employee contributions		(12)		(12)
Actuarial gains and losses and asset ceiling	(359)	390	(1)	30
Currency translation adjustments	622	(486)	(1)	135
Benefit payments	(693)	606		(87)
Past service cost	(2)			(2)
Changes in Packaging Sector	(1)	21		20
Changes in Group structure	(163)	56		(107)
Curtailments / settlements	(42)			(42)
Total movements	**(26)**	**163**	**(2)**	**135**
At December 31, 2015	**11,770**	**(8,136)**	**6**	**3,640**

4.3.3.5. Actuarial gains and losses

Actuarial differences result from changes in actuarial assumptions and the variances between the funds' actual rates of return and the discount rates applied. Actuarial losses on the provisions represents €359 million, including a loss of €252 million in experience adjustment on the commitment (difference between previous actuarial assumptions and what has actually occurred); a loss of €1 million due to the decrease of the asset ceiling, and €390 million decrease in plan assets. The negative impact of the actuarial differences on equity totaled €30 million in 2015.

Returns on equity and bond markets generated a decrease of €94 million in the plan assets, compared with an estimated increase of €296 million at the discount rate applied. A change of 0.5-point in the actual rate of return would have an impact of around €40 million on equity.

4.3.3.6. Employee benefits expenses

The cost of the Group's pension and other post-employment benefit plans (excluding other employee benefits) is as follows:

(in EUR million)	**2015**	**2014 restated**
Service cost	222	171
Interest cost	390	387
Return on plan assets	(296)	(294)
Past service cost, curtailments and settlements	(44)	(14)
Pensions, length-of-service awards and other post-employment benefits	**272**	**250**
Employee contributions	(12)	(11)
Total	**260**	**239**

4.3.4. Defined contribution plans

Contributions to defined contribution plans are recognized as expenses in the year in which they are incurred.

The amount for defined contribution plans for 2015 is estimated at €600 million (€579 million in 2014), including €399 million for government-sponsored basic pension schemes (€382 million in 2014), €129 million in contributions to legal supplemental systems, mainly in France (€129 million in 2014) and €72 million for corporate-sponsored supplementary pension plans (€68 million in 2014).

4.4. Share-based payments

4.4.1. Group Savings Plans

The Group Savings Plan ("PEG") is an employee stock purchase plan open to all Group employees in France and most other countries where the Group does business. Eligible employees must have completed a minimum of three months' service with the Group. Eligible employees are able to invest in Saint-Gobain shares at a preferential subscription price. These shares are held either directly or through the employee saving plan's mutual funds, depending on local legislation; they are subject to a mandatory five or ten years lock-up, except following the occurrence of certain events. The subscription price of the shares is set by the Chairman and Chief Executive Officer of Compagnie de Saint-Gobain duly authorized by the Board of Directors. It corresponds to the average of the first opening prices quoted for Saint-Gobain share listed on Euronext Paris in the twenty trading sessions of the stock market preceding the date of the decision, with the application of a 20% discount, in accordance with applicable laws, with the Shareholders' Meeting resolutions and with the deliberations of the Board of Directors.

In accordance with IFRS 2, the expense measuring the benefit offered to employees is evaluated by reference to the fair value of a discount offered on restricted stock (i.e. stock subject to a lock-up). The cost of the lock-up for the employee is defined as the cost of a two-step strategy that involves first selling the restricted stock forward five or ten years and then purchasing the same number of shares on the spot market and financing the purchase with debt. The borrowing cost is estimated at the rate that would be charged by a bank to an individual with an average risk profile for a general purpose five- or ten-year consumer loan repayable at maturity. The cost of the plans is recognized in full at the end of the subscription period.

In 2015, 4,449,939 new shares with a par value of €4 were issued to employees under the PEG at an average subscription price of €32.44 (2014: 4,303,388 shares at an average price of €33.89), representing a share capital increase of a global amount of €144 million (€145 million in 2014).

The plan cost recorded in the income statement amounted to €0 in 2015 and 2014, net of the lock-up cost for employees of €24 million (€23 million in 2014).

The following table shows the main features of the standard plans, the amounts invested in the plans and the valuation assumptions applied in 2015 and 2014:

	2015	2014
Plan characteristics		
Date of Shareholders' Meeting	June 6, 2013 (16th Resolution)	June 6, 2013 (16th Resolution)
Date of the Chief Executive Officer's decision fixing the subscription price	March 23	March 21
Plan duration (in years)	5 or 10	5 or 10
Reference price (in EUR)	40.54	42.36
Subscription price (in EUR)	32.44	33.89
Discount (in %)	20.00%	20.00%
Total discount on the date of the Chief Executive Officer's decision (in %) **(a)**	20.02%	19.29%
Employee investments (in EUR million)	144.4	145.8
Total number of shares subscribed	4,449,939	4,303,388
Valuation assumptions		
Interest rate applicable to employees*	5.40%	6.00%
5-year risk-free interest rate	0.05%	0.96%
Repo rate	0.46%	0.41%
Lock-up discount (in %) **(b)**	23.42%	22.20%
Total cost to the Group (in %) **(a-b)**	-3.40%	-2.91%

*A 0.5-point decline in borrowing costs for the employee would have no impact on the 2015 cost as calculated in accordance with IFRS 2.

4.4.2. Stock option plans

Compagnie de Saint-Gobain has stock option plans available to certain employees.

The Board of Directors grants options allowing beneficiaries to obtain Saint-Gobain shares at a price set, without discount, by reference to the average of the opening prices for Saint-Gobain shares during the 20 stock market trading sessions preceding the date of the decision by the Board of Directors.

Since the November 2007 plan, all stock options are subject to a four-year vesting period. Under earlier plans, the vesting period was three years for non-residents and four years for tax residents. During this period, none of the options received may be exercised. Options must be exercised within 10 years of the date of grant. All rights to options are forfeited if the holder leaves the Group, unless expressly agreed otherwise by both the Chairman and Chief Executive Officer of Compagnie de Saint-Gobain and the Nomination, Remuneration and Governance Committee of the Board of Directors.

Among the options current as at December 31, 2015, the options of 2006 to 2012 are exercisable for subscription of new shares. For plans launched between 2013 and 2015, the Board of Directors has decided that it would determine the type of option, whether for subscription of new shares or purchase of existing shares, at the latest at the end of the vesting period, with any options exercised before the decision is made being for new shares.

Until 2008, options were subject to a performance condition for certain grantees only. Since 2009, the plans have been subject to a performance condition for all grantees.

For options granted under the 2015 plan, the value used to calculate the 30% *contribution sociale* tax due by grantees employed by French companies in the Group is €4.90 per option granted.

The following table presents changes in the number of outstanding options:

	EUR 4 par value shares	Average exercise price (in EUR)
Options outstanding at December 31, 2013	**21,463,697**	**44.05**
Options granted	234,550	34.13
Options exercised	(718,204)	33.38
Options forfeited	(4,797,204)	38.41
Options outstanding at December 31, 2014	**16,182,839**	**46.04**
Options granted	224,950	39.47
Options exercised	(801,840)	35.21
Options forfeited*	(4,004,092)	40.18
Options outstanding at December 31, 2015	**11,601,857**	**48.69**

* of which 3,544,442 options granted under the 2005 plan that had not been exercised when the plan expired on November 16, 2015, and 459,650 options granted under the 2011 plan that had lapsed as a result of failure to meet the performance conditions.

The cost of stock option plans is calculated using the Black & Scholes option pricing model.

The parameters applied are the following:

- volatility assumptions that take into account the historical volatility of the share price over a rolling 10-year period, as well as implied volatility from traded share options. Periods of extreme share price volatility are disregarded;
- assumptions relating to the average holding period of options, based on observed behavior of option holders;
- expected dividends, as estimated on the basis of historical information dating back to 1988;
- a risk-free interest rate corresponding to the yield on long-term government bonds;
- the effect of any stock market performance conditions, which is taken into account in the initial measurement of the plan’s cost under IFRS 2.

The cost calculated using this method is recognized in the income statement over the vesting period of the options, which is four years.

The amount recognized as expenses in 2015 totaled €1 million (€2 million in 2014). The fair value of the options granted in 2015 was €1 million.

The table below summarizes information about stock options outstanding at December 31, 2015, after taking into account partial fulfillment of the performance criteria attached to certain plans.

Grant date	Exercisable options			Non-exercisable options		Total options outstanding	Type of options
	Exercise price (in EUR)	Number of options	Weighted average contractual life (in months)	Exercise price (in EUR)	Number of options	Number of options	
2006	52.52	4,306,454	11			4,306,454	Subscription
2007	64.72	3,403,171	23			3,403,171	Subscription
2008	25.88	2,074,542	35			2,074,542	Subscription
2009	36.34	877,940	47			877,940	Subscription
2010	35.19	0	59			0	Subscription
2011	31.22	0	71			0	Subscription
2012			83	27.71	243,000	243,000	Subscription
2013			95	38.80	237,250	237,250	Subscription or purchase*
2014			107	34.13	234,550	234,550	Subscription or purchase*
2015			119	39.47	224,950	224,950	Subscription or purchase*
Total		**10,662,107**			**939,750**	**11,601,857**	

*2013, 2014, and 2015 plans: see text above.

For the subscription options, the sums received when the options are exercised are credited to the items "capital stock" (nominal value) and "Additional paid-in capital", net of the directly attributable transaction costs.

At December 31, 2015, 10,662,107 stock options were exercisable at an average exercise price of €49.90 and 939,750 options at the average exercise price of €34.93 had not yet vested.

4.4.3. Performance shares and performance unit plans

The Group set up a worldwide share grant plan in 2009 whereby each Group employee was awarded seven shares. This plan was fulfilled in the first half of 2014. Since 2009, performance share plans have also been established for certain categories of employees. These plans are subject to a service condition, as well as a performance condition – which are described below. Plan costs calculated under IFRS 2 take into account these conditions and the lock-up feature. They are determined after deducting the present value of forfeited dividends on the performance shares and are recognized over the vesting period, which ranges from two to four years depending on the country.

Since 2012, performance unit plans have been set up for certain employees in France. These plans are also subject to a service condition and a performance condition. The costs calculated under IFRS 2 therefore take into account these factors, as well as the fact that the units are cash-settled. IFRS 2 stipulates that for cash-settled share-based payment transactions, the granted instruments are initially measured at fair value at the grant date, then remeasured at each period end, with the cost adjusted accordingly pro rata to the rights that have vested at the period end. The cost is recognized over the vesting period of the rights.

a) Performance share plans

Various performance share plans subject to performance conditions have been set up Saint-Gobain since 2009.

As of December 31, 2015, five performance share plans were outstanding:

- A performance share plan for eligible employees and officers of the Group in France and abroad authorized by the Board of Directors on November 24, 2011. The shares were subject to service and performance conditions, which were partially met. This plan consists of 942,920 performance share rights, as follows:
  - for eligible Group employees in France, the vesting period ended on March 29, 2014 and the shares were delivered on March 30, 2014 (172,682 shares delivered, to which must be added the 2,813 shares delivered in advance). 238,313 rights were forfeited because the performance conditions were not fully met and 1,752 rights were forfeited due to the grantees leaving the Group. The vesting period will be followed by a two-year lock-up, such that the shares may not be sold until March 31, 2016 except in the case of the grantee's death or disability;
  - for eligible Group employees in all other countries, the vesting period will end on March 30, 2016 and the shares will be delivered on March 31, 2016 (237,876 shares will be potentially deliverable, to which must be added 1,050 shares delivered in advance). 279,634 rights were forfeited because the performance conditions were not fully met and 8,800 rights were forfeited due to the grantees leaving the Group. No lock-up period will apply.

- A performance share plan for eligible employees and officers of the Group outside France authorized by the Board of Directors on November 22, 2012. The shares are subject to service and performance conditions. This plan consists of a total of 542,370 performance share rights, 720 of which were delivered in advance. The vesting period will end on November 21, 2016 and the shares will be delivered on November 22, 2016. No lock-up period will apply;

- A performance share plan for eligible employees and officers of the Group outside France authorized by the Board of Directors on November 21, 2013. The shares are subject to service and performance conditions. This plan consists of a total of 541,655 performance share rights, 250 of which were delivered early. The vesting period will end on November 20, 2017 and the shares will be delivered on November 21, 2017. No lock-up period will apply;

- A performance share plan for eligible employees and officers of the Group outside France authorized by the Board of Directors on November 20, 2014. The shares are subject to service and performance conditions. This plan consists of a total of 530,240 performance share rights, 200 of which were delivered early. The vesting period will end on November 19, 2018 and the shares will be delivered on November 20, 2018. No lock-up period will apply;

- A performance share plan for eligible employees and officers of the Group outside France authorized by the Board of Directors on November 26, 2015. The shares are subject to service and performance conditions. This plan consists of a total of 500,910 performance share rights. The vesting period will end on November 25, 2019, and the shares will be delivered on November 26, 2019. No lock-up period will apply.

The table below shows changes in the number of performance share rights:

	Number of rights
Number of performance share rights at December 31, 2013	**3,017,486**
Performance share rights granted in November 2014	530,240
Shares issued/delivered	(1,196,844)
Lapsed and canceled rights	(248,591)
Number of performance share rights at December 31, 2014	**2,102,291**
Performance share rights granted in November 2015	500,910
Shares issued/delivered	(237,810)
Lapsed and canceled rights	(13,510)
Number of performance share rights at December 31, 2015	**2,351,881**

The fair value of the performance shares corresponds to Saint-Gobain share price on the grant date less (i) the value of dividends not payable on the shares during the vesting period, and (ii) as for the Group Savings Plan, less the discount on restricted stock (i.e., stock subject to a 4-year lock-up), which has been estimated at around 30%. The compensation cost is recognized over the 2- or 4-year vesting period of the performance shares.

The cost recorded in the income statement in 2015 for these plans amounted to €8 million (€8 million in 2014).

The following table shows the expected dates when vested performance shares will be issued/delivered under the five plans, except in the case of the grantee's death or disability, and service and performance conditions remaining to be fulfilled:

Grant date	Number of rights at December 31, 2015	End of vesting period	Type of rights
November 24, 2011	237,876	end of March 2016	transmitting
November 22, 2012	541,650	end of November 2016	existing
November 21, 2013	541,405	end of November 2017	existing
November 20, 2014	530,040	end of November 2018	existing
November 26, 2015	500,910	end of November 2019	existing
Total	**2,351,881**		

b) Performance unit plans

Performance unit plans have been set up since 2012. The units are subject to service and performance conditions. The units will not give rise to the allocation of new or existing shares of the Company, but will entitle grantees to deferred cash compensation determined by reference to the Company's share price.

As of December 31, 2015, four performance plans were outstanding:

- A long-term incentive plan involving the award of performance units for certain eligible employees and officers of the Group in France, approved in principle by the Board of Directors on November 22, 2012. This plan consists of 536,400 performance units which may be exercised from November 22, 2016 to November 21, 2022, subject to service and performance conditions. At the end of 2015, 14,550 performance units had been exercised in advance;

- A long-term incentive plan involving the award of performance units for certain eligible employees and officers of the Group in France, approved in principle by the Board of Directors on November 21, 2013. This plan consists of 588,535 performance units which may be exercised from November 21, 2017 to

November 20, 2023, subject to service and performance conditions. At the end of 2015, 17,450 performance units had been exercised in advance;

- A long-term incentive plan involving the award of performance units for certain eligible employees and officers of the Group in France, approved in principle by the Board of Directors on November 20, 2014. This plan consists of 598,400 performance units which may be exercised from November 20, 2018 to November 19, 2024, subject to service and performance conditions. At the end of 2015, 950 performance units had been exercised in advance;

- A long-term incentive plan involving the award of performance units, for certain eligible employees and officers of the Group in France, approved in principle by the Board of Directors on November 26, 2015. This plan consist of 556,340 performance units, which may be exercised from November 26, 2019 to November 25, 2025, subject to service and performance conditions.

The expense recognized in 2015 in respect of these plans amounted to €14 million (2014: €8 million).

NOTE 5 –Intangible assets and property, plant and equipment

5.1. Goodwill

When an entity is acquired by the Group, the identifiable assets and assumed liabilities of the entity are recognized at their fair value, and recognized within twelve months retroactively at the acquisition date.

The final acquisition price (referred to as "consideration transferred" in IFRS 3R terminology), including, if required, the estimated fair value of any earn-out payments or other deferred consideration (referred to as "contingent consideration"), is determined in the twelve months following the acquisition. Under IFRS 3R, any adjustments to the acquisition price beyond this twelve-month period are recorded in the income statement. Since January 1, 2010, all costs directly attributable to the acquisition, i.e. costs that the acquirer incurs to effect a business combination, such as professional fees paid to investment banks, attorneys, auditors, independent appraisers and other consultants, are no longer capitalized as part of the cost of the business combination. They are recognized as expenses incurred for the period and are no longer included in the cost of acquisition.

In addition, since January 1, 2010, goodwill is recognized only at the date that control is achieved (or joint control is achieved in the case of entities accounted for by the equity method). Any subsequent increase in ownership interest (without a takeover or loss of control) is recorded as a change in equity without adjusting goodwill.

Goodwill is recorded in the consolidated balance sheet as the difference between the acquisition date fair value price plus the amount of any minority interests in the acquisition - measured either at their fair value (full goodwill method), or as their proportionate interest in the fair value of the net identifiable assets acquired (partial goodwill method) - and the net amount of assets and liabilities at their fair value at the acquisition date. The Group generally applies the partial goodwill method, and consequently the amount of goodwill calculated with the full goodwill method is not material.

Any excess of the cost of an acquisition over the fair value of the Group’s share of the assets and liabilities of the acquired entity is recorded as goodwill. Any negative difference between the cost of the acquisition and the fair value of the net assets and liabilities acquired is recognized in the income statement during the year of acquisition.

The changes in goodwill over 2015 and 2014 are detailed below:

(in EUR million)	**2015**	**2014**
At January 1		
Gross value	11,899	11,403
Accumulated impairment	(1,437)	(1,002)
Net value	**10,462**	**10,401**
Movements during the year		
Impairment	(157)	(360)
Translation adjustments	320	382
Changes in Packaging Sector	(1)	(4)
Changes in Group structure	59	43
Total	**221**	**61**
At December 31		
Gross value	12,180	11,899
Accumulated impairment	(1,497)	(1,437)
Net	**10,683**	**10,462**

In 2015, the changes in consolidation essentially represent newly consolidated companies for €174 million (€56 million in 2014), partially offset by exits for €115 million (€13 million in 2014), including the sale of the Packaging Sector. In addition, the impairment tests performed in 2015 led to impairments of goodwill, primarily on the Flat Glass Activity in the United States and the Insulation Activity in Russia. The 2015 current translation differences primarily include the impacts of the foreign exchange variation in the American dollar, pound sterling and the Brazilian real.

In 2014, the change in goodwill was primarily due to the impairments recognized in the Construction Products and Building Distribution Sectors and to the currency translation adjustments primarily related to the American dollar and the pound sterling.

At December 31, the net values of goodwill by Sector and business are detailed as follows:

(in EUR million)	**2015**	**2014**
Flat Glass	209	261
High Performance Materials	1,597	1,434
Construction Products	5,957	5,770
Building Distribution	2,920	2,942
Packaging		55
Total	**10,683**	**10,462**

Goodwill is allocated to Construction Product Sector and chiefly relates to the Gypsum (€3,555 million at December 31, 2015) and Industrial Mortars activities (€1,904 million at December 31, 2015) and in the businesses of the Building Distribution Sector, particularly in the United Kingdom, France and Scandinavia.

The breakdown of goodwill by Sector is provided in the segment information tables in Note 3 "Information concerning the Group's operating activities".

5.2. Other intangible assets

Other intangible assets primarily include patents, brands, software and development costs. They are measured at historical cost less accumulated amortization and impairment.

Acquired retail brands and certain manufacturing brands are treated as intangible assets with indefinite useful lives, since they have a strong national and/or international reputation. These brands are not amortized but are tested systematically for impairment on an annual basis. Other brands are amortized over their useful lives, not exceeding 40 years.

Costs incurred to develop software in-house - primarily configuration, programming and testing costs - are recognized as intangible assets. Patents and purchased computer software are amortized over their estimated useful lives, not exceeding 20 years for patents and three to five years for software.

Research costs are expensed in the year in which they are incurred. Development costs meeting the recognition criteria under IAS 38 are included in intangible assets and amortized over their estimated useful lives (not exceeding five years) from the date when the products to which they relate are first marketed.

Changes in other intangible assets over 2015 and 2014 are analysed below:

(in EUR million)	**Patents**	**Non-amortizable brands**	**Software**	**Development costs**	**Other**	**Total**
At January 1, 2014						
Gross value	139	2,766	889	127	315	4,236
Accumulated amortization and impairment	(112)		(744)	(77)	(175)	(1,108)
Net	**27**	**2,766**	**145**	**50**	**140**	**3,128**
Movements during the year						
Acquisitions	0	0	85	13	30	128
Disposals	0	0	(1)	(1)	(1)	(3)
Translation adjustments	1	54	0	2	7	64
Amortization and impairment	(4)	(145)	(58)	(25)	(15)	(247)
Changes in Packaging Sector	0	0	1	0	0	1
Changes in Group structure and reclassifications	0	0	2	1	11	14
Total movements	**(3)**	**(91)**	**29**	**(10)**	**32**	**(43)**
At December 31, 2014						
Gross value	149	2,821	969	121	365	4,425
Accumulated amortization and impairment	(125)	(146)	(795)	(81)	(193)	(1,340)
Net	**24**	**2,675**	**174**	**40**	**172**	**3,085**
Movements during the year						
Acquisitions	0	0	89	8	32	129
Disposals	0	0	(1)	0	(4)	(5)
Translation adjustments	2	70	0	1	4	77
Amortization and impairment	(4)	(451)	(65)	(12)	(16)	(548)
Changes in Packaging Sector	0	0	1	0	0	1
Changes in Group structure and reclassifications	2	(9)	(4)	(3)	23	9
Total movements	**0**	**(390)**	**20**	**(6)**	**39**	**(337)**
At December 31, 2015						
Gross value	162	2,872	1,000	131	425	4,590
Accumulated amortization and impairment	(138)	(587)	(806)	(97)	(214)	(1,842)
Net	**24**	**2,285**	**194**	**34**	**211**	**2,748**

Impairments observed on the non-amortizable brands were recognized on Lapeyre brand due to continuing difficulties in the French housing market.

The breakdown of non-amortizable brands by Sector is provided in the segment information tables in Note 3 “Information concerning the Group’s operating activities”.

Other intangible assets include amortizable manufacturing brands for a total amount of €46 million at year-end 2015 (€48 million euros at the end of 2014).

5.3. Property, plant and equipment

Land, buildings and equipment are carried at historical cost less accumulated depreciation and impairment.

Cost may also include incidental expenses directly attributable to the acquisition, as well as the impact of transfers from equity of any gains/losses on qualifying cash flow hedges of property, plant and equipment purchases.

Expenses incurred in exploring and evaluating mineral resources are included in property, plant and equipment when it is probable that associated future economic benefits will flow to the Group. They include mainly the costs of topographical or geological studies, drilling costs, sampling costs and all costs incurred in assessing the technical feasibility and commercial viability of extracting the mineral resource.

Material borrowing costs incurred for the construction and acquisition of property, plant and equipment are included in the cost of the related asset if they are significant.

Property, plant and equipment are considered as having no residual value, as they consist for the most part of industrial assets that are intended to be used until the end of their useful lives.

Property, plant and equipment other than land are depreciated using the components approach on a straight-line basis over the following estimated useful lives, which are regularly reviewed:

• Major factories and offices	30 - 40 years
• Other buildings	15 - 25 years
• Production machinery and equipment	5 - 16 years
• Vehicles	3 - 5 years
• Furniture, fixtures, office and computer equipment	4 - 16 years

Gypsum quarries are depreciated over their estimated useful lives, based on the quantity of gypsum extracted during the year compared with extraction capacity.

Provisions for site restoration are recognized as components of assets whenever the Group has a legal obligation, implicit or contractual, to restore a site in accordance with contractually determined conditions and in the event of a sudden deterioration in site conditions. These provisions are reviewed periodically and may be discounted over the expected useful lives of the assets concerned. The component is depreciated over the same useful life as that used for mines and quarries.

Government grants for purchases of property, plant and equipment are recorded under “Other payables” and taken to the income statement over the estimated useful lives of the relevant assets.

Changes in property, plant and equipment in 2015 and 2014 are analysed below:

(in EUR million)	Land and quarries	Buildings	Machinery and equipment	Assets under construction	Total
At January 1, 2014					
Gross value	2,392	8,489	20,900	1,113	32,894
Accumulated amortization and impairment	(458)	(4,806)	(15,137)	(55)	(20,456)
Net	**1,934**	**3,683**	**5,763**	**1,058**	**12,438**
Movements during the year					
Acquisitions	31	80	281	831	1,223
Disposals	(29)	(24)	(36)	(7)	(96)
Translation adjustments	42	83	126	37	288
Depreciation and impairment	(32)	(318)	(1,002)	(6)	(1,358)
Transfers		203	645	(848)	0
Changes in Packaging Sector	(1)	(3)	0	2	(2)
Changes in Group structure and reclassifications	41	52	75	(4)	164
Total movements	**52**	**73**	**89**	**5**	**219**
At December 31, 2014					
Gross value	2,476	8,806	21,413	1,114	33,809
Accumulated depreciation and impairment	(490)	(5,050)	(15,561)	(51)	(21,152)
Net	**1,986**	**3,756**	**5,852**	**1,063**	**12,657**
Movements during the year					
Acquisitions	27	69	273	977	1,346
Disposals	(21)	(26)	(17)	(14)	(78)
Translation adjustments	32	24	(1)	4	59
Depreciation and impairment	(42)	(316)	(1,021)	(1)	(1,380)
Transfers		261	649	(910)	0
Changes in Packaging Sector	(1)	(4)	56	(29)	22
Changes in Group structure and reclassifications	(21)	(175)	(762)	(81)	(1,039)
Total movements	**(26)**	**(167)**	**(823)**	**(54)**	**(1,070)**
At December 31, 2015					
Gross value	2,493	8,500	19,549	1,064	31,606
Accumulated depreciation and impairment	(533)	(4,911)	(14,520)	(55)	(20,019)
Net	**1,960**	**3,589**	**5,029**	**1,009**	**11,587**

Change in Group structure and reclassifications during the year are mostly due to the sale of the Packaging Sector.

5.4. Finance leases and operating leases

Assets held under financial leases that transfer to the Group substantially all of the risks and rewards of ownership (finance) are recognized as property, plant and equipment. They are recorded at the commencement of the lease term at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Property, plant and equipment acquired under finance leases are depreciated on a straight-line basis over the shorter of the estimated useful life of the asset - determined using the same criteria as for assets owned by the Group - or the lease term. The corresponding liability is shown in the balance sheet net of related interest.

Rental payments under operating leases are expensed as incurred.

In 2015, other movements in property, plant and equipment included assets acquired under finance leases for an amount of €17 million (€11 million at December 31, 2014). These finance lease agreements are not included in the cash flow statement, in accordance with IAS 7. At the end of the year, total property, plant and equipment acquired under finance leases amounted to €67 million (€70 million in 2014 restated for the Packaging Sector).

5.5. Impairment review

5.5.1. Impairment of property, plant and equipment, intangible assets and goodwill

Property, plant and equipment, goodwill and other intangible assets are tested for impairment on a regular basis. These tests consist of comparing the asset's carrying amount to its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use, calculated by reference to the net present value of the future cash flows expected to be derived from the asset.

For property, plant and equipment and amortizable intangible assets, an impairment test is performed whenever revenues from the asset decline or the asset generates operating losses due to either internal or external factors, and no material improvement is forecast in the annual budget or the relevant business plan.

For goodwill and other intangible assets (including brands with indefinite useful lives), an impairment test is performed at least annually based on the business plan. Goodwill is reviewed systematically and exhaustively at the level of each Cash-Generating Unit (CGU). The Group's reporting segments are its business sectors, which may each include several CGUs. A CGU is a reporting sub-segment, generally defined as a core business of the segment in a given geographic area. It typically reflects the manner in which the Group organizes its business and analyzes its results for internal reporting purposes (31 CGUs at December 31, 2015).

The method used for these impairment tests is consistent with that employed by the Group for the valuation of companies acquired in business combinations or acquisitions of equity interests. The carrying amount of the CGUs is compared to their value in use, corresponding to the net present value of future cash flows excluding interest but including tax. Cash flows for the last year of the business plan are rolled forward over the following two years. For impairment tests of goodwill, normative cash flows (corresponding to cash flows at the mid-point in the business cycle) are then projected to perpetuity using a low annual growth rate (generally 1.5%, except for emerging markets or businesses with a high organic growth potential where a 2% rate is used). Growth data are supported by external data issued by prominent organizations. The discount rate applied to these cash flows corresponds to the Group's average cost of capital (7.25% in 2015 and 2014) plus a country risk premium where appropriate depending on the geographic area concerned. The discount rates applied in 2015 for the main operating regions were 7.25% for the Eurozone and North America, 8.25% for Eastern Europe and emerging Asia-Pacific and 8.75% for South America, Russia and the Middle East.

The recoverable amount calculated using a post-tax discount rate gives the same result as a pre-tax rate applied to pre-tax cash flows.

5.5.2. Impairment test for CGUs

When the annual impairment test reveals that the recoverable amount is lower than its carrying amount, an impairment loss is recognized.

Impairment losses on goodwill can never be reversed through income. For property, plant and equipment and other intangible assets, an impairment loss recognized in prior periods may be reversed, taking into account adjustment of amortization, if there is an indication that the impairment no longer exists and that the recoverable amount of the asset concerned exceeds its carrying amount.

During the impairment tests, different assumptions measuring the method's sensitivity are systematically tested using the following parameters:

- 0.5 point increase or decrease in the discount rate applied to cash flows ;
- 0.5 point increase or decrease in the annual average rate of growth in cash flows projected to perpetuity;
- 1 point decrease in the operating profit rate for industrial activities and of 0.5 points for distribution activities.

At December 31, 2015, a 0.5 point decrease in the discount rate for all the CGUs would lead to approximately €61 million in additional write-downs of intangible assets, while the impact of a 0.5 point decrease in the average annual cash flow growth rate, projected to perpetuity and applied to all the CGUs, would result in additional write-downs of intangible assets of around €45 million. The impact of a 1 point decrease in the operating profit rate for all industrial CGUs would have generated additional write-downs of the Group's intangible assets of roughly €118 million, and a 0.5 point decrease of the rate for distribution activities would have generated an additional write-down of €109 million.

	Impact of			
(in EUR million)	**+0.5% in the discount rate applied to cash flows**	**-0,5% in the growth rate**	**-1 point in the operating profit rate**	**-0.5 point in the operating profit rate**
Flat Glass*	(20)	(11)	(28)	(66)
High Performance Materials				
Construction Products			(90)	
Building Distribution	(41)	(34)		(43)
Total	**(61)**	**(45)**	**(118)**	**(109)**

* The €66 million refers solely to the distribution activity of Flat Glass (Glassolutions).

The breakdown of asset impairment by Sector for 2015 and 2014 is indicated in the segment information tables in note 3 "Information concerning the Group's operating activities".

NOTE 6 – Investments in associates and other non-current assets

6.1. Changes of investments in associates

Changes in the 2015 and 2014 of investments in associates are analysed as follows:

(in EUR million)	2015	2014
At January 1		
Equity in associates	355	338
Goodwill	31	46
Investments in associates	**386**	**384**
Movements during the year		
Group share in net income of associates	43	44
Dividends paid	(14)	(16)
Translation adjustments	(31)	(2)
Transfers, share issues and other movements	(1)	(4)
Changes in Packaging Sector	(2)	8
Changes in Group structure and acquisitions	(62)	(28)
Total movements during the period	**(67)**	**2**
At 31 December		
Equity in associates	308	355
Goodwill	11	31
Investments in associates	**319**	**386**

The main financial aggregates of associates are the following:

	2015			2014 restated		
(in EUR million)	Associates	Affiliates	Total	Associates	Affiliates	Total
Net sales	713	729	1,442	735	678	1,413
Net income	17	87	104	26	77	103
Shareholders' equity	486	368	854	555	359	914
Total assets and liabilities	796	531	1,327	1,022	579	1,601

6.2. Transactions with associates – related-parties

The consolidated financial statements include the transactions conducted by the Group in the normal course of its businesses with associates and joint ventures. These transactions are on an arm's length basis.

The assets and liabilities of associates are as follows:

(in EUR million)	December 31, 2015	December 31, 2014
Financial receivables	1	2
Inventories	0	0
Short-term receivables	17	10
Cash and cash equivalents	0	0
Provisions for impairment in value	0	0
Short-term debt	2	2
Cash advances	0	0

Purchases and sales with associates are as follows:

(in EUR million)	2015	2014 restated
Purchases	2	2
Sales	54	45

6.3. Transactions with key shareholders

Some subsidiaries of Saint-Gobain Group, particularly in the Building Distribution Sector, carry out transactions with subsidiaries of the Wendel Group. All of these transactions are on an arm's-length basis.

6.4. Other non-current assets

Investments classified as "available-for-sale" are carried at fair value. Unrealized gains and losses on these investments are recognized in equity, unless the investments have suffered a decline in value that is other than temporary or immaterial, in which case an impairment loss is recorded in the income statement.

Changes in other non-current assets for 2015 and 2014 are analysed below:

(in EUR million)	Available-for-sale and other securities	Loans, deposits and surety	Pension plan surpluses	Total
At January 1, 2014				
Gross value	74	325	77	476
Provisions for impairment in value	(16)	(6)		(22)
Net	**58**	**319**	**77**	**454**
Movements during the year				
Increases / (decreases)	26	91	58	175
Provisions for impairment in value	0	0		0
Translation adjustments	0	3	5	8
Transfers and other movements	0	140		140
Changes in Packaging Sector	(7)	(1)	(3)	(11)
Changes in Group structure	(25)	(95)		(120)
Total movements during the period	**(6)**	**138**	**60**	**192**
At December 31, 2014				
Gross value	66	462	137	665
Provisions for impairment in value	(14)	(5)		(19)
Net	**52**	**457**	**137**	**646**
Movements during the year				
Increases / (decreases)	24	64	(79)	9
Provisions for impairment in value	(2)	0		(2)
Translation adjustments	(3)	(10)	8	(5)
Transfers and other movements	1	2		3
Changes in Packaging Sector	0	46	(3)	43
Changes in Group structure	(10)	(49)		(59)
Total movements during the period	**10**	**53**	**(74)**	**(11)**
At December 31, 2015				
Gross value	76	519	63	658
Provisions for impairment in value	(14)	(9)		(23)
Net	**62**	**510**	**63**	**635**

In 2014, changes in "transfers and other movements" of loans, deposits and surety are essentially related to reclassification of the long-term portion of the Tax Credit for Competitiveness and Employment (Crédit d'Impôt pour la Compétitivité et l'Emploi (CICE)) and the Research Tax Credit (Crédit d'Impôt Recherche (CIR)). The short-term portion was classified in other current receivables.

NOTE 7 – Other current and non-current liabilities and provisions, contingent liabilities and litigation

A provision is recognized when there is a legal or implied obligation to a third party resulting from past events, which can be reliably measured and when it is probable that it will result in the outlay of resources.

If the amount or due date of the obligation cannot be estimated with sufficient reliability, it is classify as a contingent liability and reported as an off-balance sheet commitment.

Provisions for other significant liabilities for which payment dates can be anticipated are discounted.

7.1. Provisions for other liabilities

The breakdown by type and change of other provisions and current and non-current liabilities are as follows:

(in EUR million)	Provisions for claims and litigation	Provisions for environmental risks	Provisions for restructuring costs	Provisions for personnel costs	Provisions for customer warranties	Provisions for other contingencies	Total provisions for other liabilities	Investment-related liabilities	Total
At January 1, 2014									
Current portion	111	27	112	28	148	50	**476**	1	**477**
Non-current portion	1,453	131	83	43	121	256	**2,087**	98	**2,185**
Total provisions for other debts and investment-related liabilities	**1,564**	**158**	**195**	**71**	**269**	**306**	**2,563**	**99**	**2,662**
Movements during the year									
Additions	111	11	146	28	56	58	**410**		**410**
Reversals	(215)	(6)	(37)	(7)	(20)	(31)	**(316)**		**(316)**
Utilizations	(1,005)	(10)	(127)	(21)	(70)	(36)	**(1,269)**		**(1,269)**
Changes in Group structure	0	0	0	1	0	0	**1**		**1**
Changes in Packaging Sector	0	0	0	(1)	1	0	**0**		**0**
Other (reclassifications and translation adjustments)	58	10	(3)	5	23	10	**103**	43	**146**
Total movements during the period	**(1,051)**	**5**	**(21)**	**5**	**(10)**	**1**	**(1,071)**	**43**	**(1,028)**
At December 31, 2014									
Current portion	95	32	76	32	119	50	**404**	5	**409**
Non-current portion	418	131	98	44	140	257	**1,088**	137	**1,225**
Total provisions for other debts and investment-related liabilities	**513**	**163**	**174**	**76**	**259**	**307**	**1,492**	**142**	**1,634**
Movements during the year									
Additions	132	20	75	39	74	119	**459**		**459**
Reversals	(6)	(5)	(22)	(12)	(36)	(48)	**(129)**		**(129)**
Utilizations	(99)	(11)	(81)	(12)	(62)	(58)	**(323)**		**(323)**
Changes in Group structure	0	(8)	(4)	(2)	(5)	(8)	**(27)**		**(27)**
Changes in Packaging Sector	(1)	0	(3)	(1)	0	2	**(3)**		**(3)**
Other (reclassifications and translation adjustments)	56	4	0	(5)	25	(7)	**73**	46	**119**
Total movements during the period	**82**	**0**	**(35)**	**7**	**(4)**	**0**	**50**	**46**	**96**
At December 31, 2015									
Current portion	127	39	67	27	130	60	**450**	4	**454**
Non-current portion	468	124	72	56	125	247	**1,092**	184	**1,276**
Total provisions for other debts and investment-related liabilities	**595**	**163**	**139**	**83**	**255**	**307**	**1,542**	**188**	**1,730**

7.1.1. Provisions for claims and litigation

As of December 31, 2015 and 2014, the litigation provisions mainly covered asbestos-related legal actions filed against the Group. These provisions are described in further detail in Note 7.2 "Contingent liabilities and litigation".

In 2014, the change in the provisions was essentially due to the payment of the fine for competitive litigation for €715 million.

7.1.2. Provisions for environmental risks

Provisions for environmental risks cover costs relating to environmental protection measures, as well as site rehabilitation and clean-up costs.

7.1.3. Provisions for restructuring costs

Provisions for restructuring costs amounted to €139 million at December 31, 2015 (December 31, 2014: €174 million), including net additions of €53 million during the year. The provisions primarily concern Benelux (€44 million), Germany (€32 million), France (€17 million), the United Kingdom (€11 million), and the United States (€10 million).

7.1.4. Provisions for personnel costs

These provisions primarily cover indemnities due to employees that are unrelated to the Group's reorganization plans.

7.1.5. Provisions for customer warranties

These provisions cover the Group's commitments under warranties granted to customers in the United States and other markets. They are determined on a statistical basis using a range of criteria and take into account contractual warranty payments made in prior years in the business and region concerned. In addition, specific provisions may be set aside for identified risks.

7.1.6. Provisions for other contingencies

At December 31, 2015, provisions for other contingencies amounted to €307 million and mainly concerned Germany (€95 million), France (€71 million), the United States (€55 million), Latin America (€35 million) and Italy (€22 million).

7.1.7. Investment-related liabilities

Investment-related liabilities correspond to put options granted to minority shareholders of subsidiaries and liabilities relating to the acquisition of shares in Group companies and minority shareholder puts.

In 2015, changes in investment-related liabilities primarily concerned put options granted to minority shareholders subsidiaries.

7.2. Contingent liabilities and litigation

The legal risks to which the Group is most exposed are risks of asbestos-related litigation, in France and the United States, and competition-related risks.

7.2.1. Asbestos-related litigation

7.2.1.1. Asbestos-related litigation in France

a) Inexcusable fault lawsuits

In France, further individual lawsuits were filed in 2015 by former employees (or persons claiming through them) of Everite and Saint-Gobain PAM - which in the past had carried out fiber-cement operations - for asbestos-related occupational diseases they have or had,. As at December 31, 2015, a total of 796 such lawsuits had been issued against the two companies since 1996 with the aim of obtaining supplementary compensation over and above the amounts paid by the French Social Security authorities in this respect.

As of December 31, 2015, 736 of these 796 lawsuits had been completed in terms of both liability and quantum. In all these cases, the employers were held liable on the grounds of “inexcusable fault”.

Compensation paid by Everite and Saint-Gobain PAM in settlement of these lawsuits totaled approximately €1.5 million.

Concerning the 60 lawsuits outstanding against Everite and Saint-Gobain PAM at December 31, 2015, the merits of two have been decided but the compensation awards have not yet been made, pending Appeal Court rulings. A further 23 of these 60 lawsuits have been completed in terms of both liability and quantum, but liability for the payment of compensation has not yet been assigned.

Out of the 35 remaining lawsuits, at December 31, 2015 the procedures relating to the merits of 34 cases were at different stages, with five in the process of being investigated by the French Social Security authorities and 29 pending before the Social Security courts. The last action has been canceled but the plaintiff may request its restoration at any time within a two-year period.

In addition, as of December 31, 2015, 212 similar suits had been filed since the outset of the litigation by current or former employees of thirteen other French companies of the Group (excluding suits against companies that are no longer part of the Group), in particular by current or former employees who used equipment containing asbestos to protect themselves against heat from furnaces.

As of December 31, 2015, 152 lawsuits had been completed. In 79 of these cases, the employer was held liable for inexcusable fault.

The compensation definitively paid by these companies totaled approximately €1.33 million.

With regard to the 60 suits outstanding at December 31, 2015, one case was still at the investigation stage by the French Social Security authorities, 41 were being investigated - including 28 pending before the Social Security courts, 12 before the Appeal Courts and one before the Court of Cassation.– In addition, 13 suits had been completed in terms of liability but are still pending with regard to the quantum or liability for paying the compensation, of which 10 were pending before the Appeal Courts and 2 before the Court of Cassation. The 5 remaining suits have been canceled but the plaintiffs may request their restoration at any time within a two-year period.

b) Anxiety claims

Eight of the Group’s French companies, including six that operate or have operated facilities classified as containing asbestos, are subject of damages claims that are different from those described above.

“Facilities classified as containing asbestos” are defined as industrials facilities, that have been closed or are still operating, which previously manufactured materials containing asbestos or used protection and insulation equipment containing asbestos and are included by ministerial decree on the official list of facilities whose current or former employees are entitled to the early-retirement benefits paid to asbestos workers (ACAATA).

At December 31, 2015, a total of 822 suits had been brought by current or former employees claiming compensation for various damages suffered as a result of their alleged exposure to asbestos. None of these plaintiffs were suffering from an asbestos-related disease and some of them were not receiving the ACAATA benefit. Of these 822 suits, 499 have been terminated. Three plaintiffs had their claims dismissed, while 496 others were recognized as having been exposed to an asbestos risk, and their claims were accepted, leading to payment of total compensation of €5.394 million. Of the remaining 323 suits, 61 are pending before the competent Appeal Courts, 129 before the competent labor tribunals (“*bureau de jugements des Conseils de prud’hommes”*), five are pending before the Court of Cassation and 119 have been canceled but the plaintiffs may request their restoration at any time during a period of two years. Finally, six suits have been dismissed by the competent labor tribunals and three plaintiffs have withdrawn the action they initiated.

It should be clarified that the figures above do not take into account suits filed against companies that are no longer part of the Group.

7.2.1.2. Asbestos-related litigation in the United States

In the United States, several companies that once manufactured products containing asbestos such as asbestos-cement pipes, roofing products, specialized insulation or gaskets, are facing legal action from persons other than their employees or former employees. These claims for compensatory – and in some cases punitive – damages, are based on alleged exposure to these products, although in many instances the claimants cannot demonstrate any specific exposure to one or more products, or any specific illness or physical disability. The vast majority of these claims are made simultaneously against many other non-Group entities which have been manufacturers, distributors, installers or users of products containing asbestos.

a) Developments in 2015

About 3,200 new claims were filed against CertainTeed in 2015, compared to 4,000 in 2014 and 4,500 in 2013. Over the last few years the number of new claims has remained relatively stable.

Almost all of the claims against CertainTeed are settled out of court or dismissed. Approximately 4,600 of the pending claims were resolved in 2015, compared to 6,500 in 2014 and 4,500 in 2013. Taking into account the 37,000 outstanding claims at the end of 2014 and the new claims having arisen during the year, as well as claims settled, around 35,600 claims were outstanding at December 31, 2015. A large number of these pending claims were filed more than five years ago by individuals without any significant asbestos-related impairment, and it is likely that many of these claims ultimately will be dismissed.

b) Impact on the Group's financial statements

The Group recorded a €90 million charge in 2015 to cover future developments in relation to claims. This amount is similar to the amount recorded in 2014 and 2013. At December 31, 2015, the Group provision for asbestos-related claims against CertainTeed in the United States amount to €533 million (USD 581 million), compared to €470 million (USD 571 million) at December 31, 2014 and €407 million (USD 561 million) at December 31, 2013.

c) Cash-flow impact

Compensation paid in respect of these claims against CertainTeed, including claims settled prior to 2015 but only paid out in 2015, and those fully resolved and paid in 2015, and compensation paid (net of insurance) in 2015 by other Group businesses in connection with asbestos-related litigation, amounted to €59 million (USD 65 million), compared to €51 million (USD 68 million) in 2014 and €66 million (USD 88 million) in 2013.

7.2.1.3. Situation in Brazil

In Brazil, former employees of Group companies suffering from asbestos-related occupational illness linked to asbestos are offered, depending on the case, solely financial compensation, or otherwise lifetime medical assistance combined with financial compensation; only a small number of former employee litigants or their legal successors were outstanding at December 31, 2015, and they do not present a material risk for the subsidiaries concerned.

7.2.2. Competition law and related proceedings

7.2.2.1. Investigation by the Swiss Antitrust Commission in the sanitary products wholesale

In November 2011, the Swiss Antitrust Commission (*Commission Suisse de la Concurrence*) opened an investigation for anti-competitive practices in the sanitary products wholesale sector. In May 2014, the Commission Secretariat issued a notification of complaints against Sanitas Troesch and against other wholesalers in the sector. According to this notification, the Secretariat requested the Commission to declare a fine of approximately CHF 117 million on Sanitas Troesch, on grounds that Sanitas Troesch and some of its competitors had, among other things, agreed in 2005 and 2012 to lower gross prices.

The Commission stated in a press release dated July 3, 2015 that the total fine decided against all the companies involved will be CHF 80 million. For Sanitas Troesch, the fine is CHF 28.5 million. The decision itself will only be available in a few months' time. Sanitas Troesch continues to firmly refute the claims made; however a provision for litigation was recognized at December 31, 2015 for €27 million.

7.2.2.2. Investigation by the French Competition Authority in the building insulation products sector

On August 6, 2014, Saint-Gobain Isover and Compagnie de Saint-Gobain (as the parent company of Saint-Gobain Group) received a notice of complaints from the French Competition Authority (*Autorité de la Concurrence Française*). The only complaint made was of having exchanged allegedly strategic and confidential information, between 2002 and 2007, relating to a certification request lodged by Actis before the Versailles Commercial Court for one of its products, and in relation to a dispute between Actis and the mineral wool manufacturers' association (FILMM), of which Saint-Gobain Isover was a member.

Saint-Gobain Isover and Compagnie de Saint-Gobain are challenging this complaint and submitted their statement of defense on November 6, 2014. After receiving the report of the Competition Authority on August 10, 2015, the two companies issued their pleadings in response on October 29, 2015 and are now waiting for a hearing date before the board.

In the civil law area, in March 2013 Actis served a civil liability writ on Saint-Gobain Isover, the *Centre Scientifique et Technique du Bâtiment*, and the FILMM before the Paris Civil Court (*Tribunal de Grande Instance*) for the adverse consequences of facts forming the subject of the investigation by the Competition Authority. In an order dated December 16, 2014, the pre-trial judge declared a stay of proceedings while waiting for the decision from the Competition Authority.

7.2.2.3. Investigation by the Anti-trust Division of the United States Department of Justice in the United States drywall industry

In July 2015, the Anti-trust division of the United States Department of Justice opened a criminal investigation into potential anti-competitive practices, specifically a price agreement, in the United States drywall industry. This investigation followed complaints filed in late 2012 in the form of class actions in the civil courts against eight drywall manufacturers in the sector, including CertainTeed, by some of their customers.

On the basis of testimony and documents submitted in the civil proceedings, CertainTeed and its attorneys have not identified any element that might create liability for CertainTeed, and as a result filed a motion for summary judgment in May 2015 in order to end the civil proceedings. This application was accepted on February 18, 2016 by the competent court. An appeal against this decision is still possible.

7.2.3. Other proceedings and disputes

Some of the Group's companies may also be the subject of other claims made by their employees or by the tax authorities. Apart from the proceedings and litigation described above, to the best of the Company's knowledge no other government, court or arbitration proceedings exist (including pending proceedings or proceedings where the Company and/or the Group might be threatened) which could have or which has had, in the last twelve months, a significant impact on the financial or profit position of the Company and/or Group.

NOTE 8 – Financing and financial instruments

8.1. Risk factors: financial risks

8.1.1. Liquidity risk

a) Liquidity risk on financing

In a context of crisis, the Group might be unable to raise the financing or refinancing needed to cover its investment plans on the credit or capital markets, or to obtain such financing or refinancing on acceptable terms.

The Group's overall exposure to liquidity risk on its net debt is managed by the Treasury and Financing Department of Compagnie de Saint-Gobain, the Group's parent company. The subsidiaries conclude their short- or long-term financing arrangements, except where there are local obstacles to doing so, with Compagnie de Saint-Gobain or with the treasury pool of the regional Delegation.

The Group policy aims to ensure the timely renewal of its financings at an optimal cost. Long-term debt therefore systematically represents a high percentage of overall debt. Similarly, the long-term debt maturity schedule is set so that the financing raised through the markets when the debt is renewed is spread over several years.

The Group main source of long-term financing is constituted by bond issues which generally are issued under the Medium Term Notes program. In addition, it has recourse to perpetual bonds, participating securities, a long-term securitization program, bank borrowings and lease financing.

Short-term debt is composed of borrowings under a French Commercial Paper (*Billets de Trésorerie*) program and on occasion under Euro Commercial Paper or US Commercial Paper program, but also under a receivables securitization program and bank financing. Short-term financial assets comprise marketable securities and cash or cash equivalents.

To secure the financing liquidity, Compagnie de Saint-Gobain has credit facilities in the form of syndicated loans.

A breakdown of long- and short-term debt is provided by type and maturity in Note 8.3 to the consolidated financial statements. The main characteristics of the Group's financing programs and confirmed credit lines are also set out in this note.

The BBB rating of Saint-Gobain's long-term debt was confirmed by Standard & Poor's on December 9, 2014, with a stable outlook.

The Baa2 rating of Saint-Gobain's long-term debt was also confirmed by Moody's on December 9, 2014, with a stable outlook.

There is no guarantee that the Company will be in a position to maintain its credit risk ratings at current levels. Any deterioration in the Group's credit risk rating could limit its capacity to raise funds and could lead to higher rates of interest on future borrowings.

b) Liquidity risk on investments

When the Group uses financial investments (whether in the form of short-term bank deposits, mutual funds or similar purchases), it systematically favors monetary instruments and / or bonds to reduce the liquidity and volatility risks on these investments.

8.1.2. Market risks

a) Interest rate risks

The Group's overall exposure to interest rate risk on net debt is managed by the Treasury and Financing Department of Compagnie de Saint-Gobain. The subsidiaries which use derivatives to hedge interest rate risks generally have Compagnie de Saint-Gobain, the Group's parent company, as their counterparty.

The Group policy on foreign exchange consists of hedging, among others, commercial transactions entered into by Group entities in currencies other than the functional currency of the particular entity. Compagnie de Saint-Gobain and its subsidiaries may use options and foreign exchange contracts to hedge exposures arising from recorded or forecasted commercial transactions.

The table below gives an analysis, as of December 31, 2015, of the sensitivity of the pre-tax income and pre-tax equity to the impact of interest rate fluctuations on the Group's net debt after hedging operations:

(in EUR million)	**Impact on pre-tax income**	**Impact on pre-tax equity**
Interest rate increase of 50 basis points	16	5
Interest rate decrease of 50 basis points	(16)	(5)

Please refer to note 8.4 to the consolidated financial statements for more details on interest rate risk hedging instruments and on the distribution of gross debt by interest rate type (fixed or variable) after hedging.

b) Foreign exchange risk

The currency hedging policies described below could be insufficient to protect the Group against unexpected or sharper than expected fluctuations in exchange rates resulting from economic and financial market conditions.

Foreign exchange risks are managed by hedging commercial transactions entered into by Group entities in currencies other than the functional currency of the particular entity. Compagnie de Saint-Gobain and its subsidiaries use options and foreign exchange contracts to hedge exposures arising from current and future commercial transactions.

The subsidiaries generally contract with the Group's parent company, Compagnie de Saint-Gobain, which then carries out corresponding exchange rate hedging operations; otherwise the subsidiary would deal either with the cash pool of its relevant regional Delegation, or failing this with one of the subsidiary's banks.

Most forward contracts have short maturities, of around 3 months. However, forward contracts taken out with respect to certain commercial orders may have longer terms.

The Group monitors its exposure to foreign exchange risk using a monthly reporting system that captures the foreign exchange exposure of his subsidiaries. At December 31, 2015, 98% of the Group's foreign exchange exposure eligible for hedging was hedged.

The residual net foreign exchange exposure of subsidiaries for the currencies presented below was as follows at December 31, 2015:

(in million euro equivalents)	**Long**	**Short**
EUR	0	5
USD	4	8
Other currencies	0	5
Total	**4**	**18**

The table below gives an analysis, as of December 31, 2015, of the sensitivity of the Group's pre-tax income to a 10% increase in the exchange rates of the following currencies given the subsidiaries' residual net foreign exchange exposure:

Currency of exposure *(in EUR million)*	**Impact on pre-tax income**
EUR	(0.5)
USD	(0.5)
Other currencies	(0.5)
Total	(1.5)

At December 31, 2015, a 10% decreases in the exchange rates for these currencies would have the same impact in the opposite impact, as mentioned above, assuming that all other variables remain constant.

Please refer to note 8.4 to the consolidated financial statements for more details on foreign exchange risk hedging instruments.

c) Energy and commodity risk

The Group is exposed to changes in the price of the energy it consumes and the raw materials required for the conduct of its activities. The energy and raw materials hedging programs may be insufficient to protect the Group against significant or unforeseen price swings that could result from the prevailing financial and economic environment.

The Group may on occasion limit its exposure to energy price fluctuations by using swaps and options to hedge part of its fuel oil, natural gas and electricity purchases. The swaps and options are mainly contracted in the functional currency of the entities concerned. Hedges of fuel oil, gas and electricity purchases are managed by a steering committee comprising members of the Group Finance Department, the Group Purchasing Department and the relevant Delegations.

Hedges of energy purchases (excluding fixed-price purchases negotiated directly with suppliers by the Group Purchasing Department) are generally arranged by the Group Treasury and Financing Department (or with the Delegations' treasury departments) in accordance with instructions received from the Group Purchasing Department.

The Group may, from time to time, enter into contracts to hedge purchases of other commodities, in accordance with the same principles as those outlined above for energy purchases.

Please refer to note 8.4 to the consolidated financial statements for more details on energy and commodity risk hedging instruments.

8.1.3. Share price risk

The Group is exposed to risk of Saint-Gobain share price changes as a result of its performance units-based long-term incentive plan. To reduce its exposure to fluctuations in the share price, the Group uses hedging instruments such as equity swaps.

As a result, if the price of Saint-Gobain share changes, any expense variation recorded in the income statement will be fully offset by the hedge(s) in place.

Note 8.4 to the consolidated financial statements details the share risk hedging instruments.

8.1.4. Financial counterparty credit risk

The Group is exposed to the risk of default by the financial institutions that manage its cash or other financial instruments, since such default could lead to losses for the Group.

The Group limits its exposure to risk of default by its counterparties by dealing solely with reputable financial institutions and regularly monitoring their credit ratings. However, the quality of credit of a financial counterparty can change rapidly, and a high credit rating cannot eliminate the risk of a rapid deterioration of its financial position. As a result, the Group's policy in relation to the selection and monitoring of its counterparties is unable to entirely eliminate exposure to a risk of default.

To limit the Group's exposure to counterparty risk, the Treasury and Financing Department deals primarily with counterparties with a long-term rating of A- or above from Standard & Poor's or A3 or above from Moody's. Concentrations of credit risk are also closely monitored to ensure that they remain at reasonable levels, taking into account the relative CDS ("Credit Default Swap") level of each counterparty.

8.2. Financial result

The financial result covers the cost of borrowing and other financial costs, income from cash and cash equivalents, net financial cost of pensions and other post-employment benefits, taking into account the performance of funds and other financial income and expenses (in particular exchange losses and gains and bank commissions).

(in EUR million)	2015	2014 restated
Borrowing costs, gross	(444)	(497)
Income from cash and cash equivalents	25	31
Borrowing costs, net	**(419)**	**(466)**
Interest cost - pension and other post-employment benefit obligations	(393)	(392)
Return on plan assets	297	294
Interest cost - pension and other post-employment benefit obligations - net	**(96)**	**(98)**
Other financial expense	(131)	(111)
Other financial income	17	12
Other financial income and expense	**(114)**	**(99)**
Net financial expense	**(629)**	**(663)**

Financial instruments recognized at the amortized cost issued by Compagnie de Saint-Gobain and by Saint-Gobain Nederland represent a financial expense of €396 million (€519 million in 2014).

8.3. Net debt

8.3.1. Long- and short-term liabilities and borrowings

a) Long-term debt

Long-term debt includes bonds, perpetual bonds, participating securities, long-term securitizations and all other types of long-term financial liabilities, including lease liabilities and the fair value of interest rate hedge derivatives.

In accordance with IAS 32, the distinction between financial liabilities and equity is based on the substance of the contract concerned rather than its legal form. As a result, participating securities are classified as debt.

Long-term debt, excluding rate hedging derivatives, is valued at amortized cost at closing. Premiums and issuance costs are amortized using the effective interest rate method.

b) Short-term debt

Short-term debt includes the current portion of long-term debt described above, short-term financing programs such as commercial paper or *Billets de Trésorerie* (French commercial paper), short-term securitizations, bank overdrafts and other short-term bank borrowings and the fair value of derivatives related to debt and not qualifying for hedge accounting.

Short-term financial debt, excluding derivatives related to debt and not qualifying for hedge accounting, is measured at amortized cost at closing. Premiums and issuance costs are amortized using the effective interest rate method.

c) Cash and cash equivalents

Cash and cash equivalents mainly consist of bank accounts and marketable securities that are short-term (i.e. generally with maturities of less than three months), highly liquid investments readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Marketable securities are measured at fair value through profit or loss.

The Group's long- and short-term debt can be broken down as follows:

(in EUR million)	**December 31, 2015**	**December 31, 2014**
Bond issues	6,663	7,690
Perpetual bonds and participating securities	203	203
Long-term securitization	200	400
Other long-term debt including finance leases	251	380
Fair value of interest rate hedge derivatives	13	40
Total long-term debt (excluding current portion)	**7,330**	**8,713**
Current portion of long-term debt	**2,231** *	**1,389**
Short-term financing programs (US CP, Euro CP, *Billets de trésorerie*)	0	0
Short-term securitizations	178	107
Bank overdrafts and other short-term bank borrowings	441	508
Fair value of derivatives related to debt and not qualify for hedge accounting	(3)	(3)
Short-term debt and bank overdrafts	**616**	**612**
Total gross debt	**10,177**	**10,714**
Cash	(1,232)	(1,285)
Mutual funds and other marketable securities	(4,148)	(2,208)
Cash and cash equivalents	**(5,380)**	**(3,493)**
Total debt, including accrued interest	**4,797**	**7,221**

*Including €-22 million in fair value of interest rate hedge derivatives.

The fair value of gross long-term debt (including the current portion) managed by Compagnie de Saint-Gobain is €9.3 billion as of December 31, 2015 (for a recorded book value of €8.6 billion). The fair value of bonds corresponds to the market price on the last day of the year. For other borrowings, the repayment value has been used.

8.3.2. Debt repayment schedule

The schedule of the Group's gross debt as of December 31, 2015 is as follows:

(in EUR million)	Currency	Within 1 year	1 to 5 years	Beyond 5 years	Total
Bond issues	EUR	1,200	3,101	2,701	7,002
	GBP	409		745	1,154
	JPY		38		38
	NOK		78		78
Perpetual bonds and participating securities	EUR			203	203
Long-term securitization	EUR	378	200		578
Other long-term debt including finance leases	All currencies	106	90	161	357
Fair value of interest rate hedge derivatives	All currencies	(22)		13	(9)
Accrued interests long-term debt	All currencies	160			160
Total long-term debt		**2,231**	**3,507**	**3,823**	**9,561**
Total short-term debt	All currencies	**616**	**0**	**0**	**616**
Total gross debt		**2,847**	**3,507**	**3,823**	**10,177**

At December 31, 2015, future interest payments on gross long-term debt (including the current portion) managed by Compagnie de Saint-Gobain can be broken were due as follows:

(in EUR million)	Within 1 year	1 to 5 years	Beyond 5 years	Total
Future interest payments on gross long-term debt	325	757	750	1,832

Interest on the perpetual bonds and on participating securities is calculated up to 2049.

8.3.3. Bonds

On March 13, 2015, Compagnie de Saint-Gobain issued a private placement of €500 million, maturing in September 2016, with a variable coupon of EURIBOR 3 months + 0.27%. This transaction optimizes the Group's average financing costs;

On September 30, 2015, Compagnie de Saint-Gobain redeemed the €1 billion bond that had reached maturity.

8.3.4. Perpetual bonds

In 1985, Compagnie de Saint-Gobain issued 25,000 perpetual bonds with a face value of ECU 5,000, today €5,000.

Up to December 31, 2015, 18,496 perpetual bonds had been bought back and cancelled by the Group, and 6,504 perpetual bonds were outstanding, representing a total face value of €33 million.

The bonds bear interests at a variable rate (average of interbank rates offered by five reference banks for euro six-month deposits). The amount paid per security in 2015 was €18.94.

The perpetual bonds are not redeemable and interests paid on them are classified as a component of finance costs.

8.3.5. Participating securities

In June 1983, Compagnie de Saint-Gobain issued 1,288,299 non-voting participating securities with a face value of FRF 1,000. Their face value is now €152.45, following their translation into euros in 1999.

A certain number of these participating securities have been bought back over the years. At December 31, 2015, 606,883 securities were outstanding with an aggregate face value of €92.5 million.

The interest on the securities ranges from 75% to 125% of the average corporate bond rate (TMO), based on Saint-Gobain Group's consolidated income. The amount paid per security in 2015 was €3.61.

In April 1984, Compagnie de Saint-Gobain issued 194,633 non-voting participating securities with a face value of ECU 1,000, now €1,000.

A certain number of these participating securities have been bought back over the years. At December 31, 2015, 77,516 securities were outstanding with an aggregate face value of €77.5 million.

Interest comprises (i) a fixed portion of 7.5% per annum applicable to 60% of the nominal amount of the security, and (ii) a variable portion applicable to the remaining 40% of the nominal amount of the security, which is linked to consolidated net income of the previous year and to the Libor EUR 6-month reference rate + 7/8%. The amount paid per security in 2015 was €59.28, paid in two installments (€28.45 + €30.83).

These participating securities are not redeemable and interests paid on them are classified as a component of finance costs.

8.3.6. Financing programs

The Group has a number of medium- and long-term financing programs (Medium-Term Notes) and short-term financing programs (Commercial Paper and *Billets de Trésorerie*).

At December 31, 2015, issuance under these programs was as follows:

(in EUR million)	**Authorized drawings**	**Authorized limits at December 31, 2015**	**Outstanding issues at December 31, 2015**	**Outstanding issues at December 31, 2014**
Medium Term Notes		15,000	7,719	8,219
US Commercial Paper	up to 12 months	919 *	0	0
Euro Commercial Paper	up to 12 months	919 *	0	0
Billets de trésorerie	up to 12 months	3,000	0	0

*Equivalent to $1,000 million on the basis of the exchange rate at December 31, 2015

In accordance with market practices, *Billets de Trésorerie*, Euro Commercial Paper and US Commercial Paper are generally issued with maturities of one to six months. They are treated as variable interest rate debt because they are rolled over at frequent intervals.

8.3.7. Syndicated lines of credit

Compagnie de Saint-Gobain has various syndicated lines of credit that are intended to provide a secure source of financing for the Group (including as additional backing for its US Commercial Paper, Euro Commercial Paper and *Billets de Trésorerie* programs). They include:

- An initial €1.5 billion syndicated line of credit expiring in December 2017, which was obtained in December 2012. The facility was renegotiated in December 2013 and rolled over until December 2018.

- A second €2.5 billion syndicated line of credit expiring in December 2018, with two one-year rollover options, which was obtained in December 2013. As part of the first rollover option, this syndicated line of credit was extended in December 2014 by one additional year, bringing its maturity to December 2019. In the second rollover option, this syndicated line of credit was extended in December 2015 for an additional year, extending its maturity to December 2020.

Based on Saint-Gobain Group's current credit rating for long-term debt issues, the two facilities are not subject to any hard covenants.

Neither of these two lines of credit was drawn down at December 31, 2015.

8.3.8. Receivables securitization programs

The Group has set up two receivables securitization programs, one through its French subsidiary GIE Point-P Finance, and the other through its US subsidiary, Saint-Gobain Receivables Corporation.

The €600 million French program was set up on December 2, 2013. At December 31, 2015, it amounted to €578 million (December 31, 2014: €516 million). Based on observed seasonal fluctuations in receivables included in the program and on the contract's features, €200 million of this amount was classified as long-term and the balance as current.

The US program was renewed on October 21, 2015. It amounted to €178 million at December 31, 2015 against €107 million at December 31, 2014.

8.3.9. Bank overdrafts and other short-term bank borrowings

This item includes the whole Group bank overdrafts, local short-term bank borrowings taken out by subsidiaries, and accrued interests on short-term debt.

8.3.10. Collateral

At December 31, 2015, €11 million of the Group debt was secured by various non-current assets (mortgages and security pledges).

8.4. Financial instruments

The Group uses interest rate, foreign exchange and commodity derivatives to hedge its exposure to changes in interest rates, exchange rates and commodity prices that may arise in the normal course of business.

In accordance with IAS 32 and IAS 39, all these instruments are recognized in the balance sheet and measured at fair value, irrespective of whether or not they are part of a hedging relationship that qualifies for hedge accounting under IAS 39.

Changes in fair value of both derivatives that are designated and qualified as fair value hedges and derivatives that do not qualify for hedge accounting during the period are taken to the income statement (in business income for operational foreign exchange derivatives and commodity derivatives not qualifying for hedge accounting, and in financial income for all other derivatives). However, in the case of derivatives qualified as cash flow hedges, the effective portion of the gain or loss arising from changes in fair value is directly recognized in equity, and only the ineffective portion is recognized in the income statement.

a) Fair value hedges

Fair value hedge accounting is applied by the Group mainly for derivative instruments which swap fixed interest rate against variable interest rate (fixed-for-floating interest rate swaps). These derivatives hedge fixed-rate debts exposed to a fair value risk. In accordance with hedge accounting principles, debt included in a designated fair value hedging relationship as defined by the Group is re-measured at fair value and at the level of risk hedged. As the re-measurement of the underlying hedged debt offsets the effective portion of the gain or loss on the fair value of the hedge, the income statement is only impacted by the ineffective portion.

b) Cash flow hedges

Cash flow hedge accounting is applied by the Group mainly for derivative instruments which fix the cost of future investments (financial or tangible assets) and the price of future purchases, mostly gas and fuel oil (commodity swaps) or foreign currencies (foreign exchange forwards). Transactions hedged by these instruments are qualified as highly probable. The application of cash flow hedge accounting allows the Group to defer the impact on the income statement of the effective portion of changes in the fair value of these derivatives by recording them in a hedging reserve in equity. This reserve is reclassified into the income statement when the hedged transaction occurs and affects the income statement. As well as for fair value hedging, cash flow hedging limits the Group’s exposure to the ineffective portion of changes in the fair value of the hedges.

c) Derivatives not qualifying for hedge accounting

Changes in the fair value of derivatives not qualifying for hedge accounting are recognized in the income statement. Instruments concerned are primarily foreign exchange swaps and foreign exchange forwards.

d) Fair value of financial instruments

The fair value of financial assets and financial liabilities quoted in an active market, when such exists, corresponds to their quoted price, classified as level 1 in the fair value hierarchy defined in standards IFRS 7 and IFRS 13. The fair value of financial assets and financial liabilities not quoted in an active market, such as derivatives or financial instruments, is established by a recognized valuation technique such as reference to the fair value of another recent and similar transaction, or discounted cash flow analysis based on observable market data. This fair value is classified as level 2 as defined in IFRS 7 and IFRS 13 fair value hierarchy.

The fair value of short-term financial assets and liabilities is considered as being the same as their carrying amount due to their short maturities.

The main derivative instruments used by the Group are:

(in EUR million)	Fair value at December 31, 2015			Fair value at December 31, 2014	Nominal value broken down by maturity at December 31, 2015			
	Derivatives recorded in assets	Derivatives recorded in liabilities	Total		Within 1 year	1 to 5 years	Beyond 5 years	Total
Fair value hedges			**0**	**0**				**0**
Cash flow hedges								
Foreign exchange	232	(5)	227	(7)	2,900	30	0	2,930
Interest rate	0	(13)	(13)	(40)	0	0	436	436
Energy and commodities	0	(9)	(9)	(9)	29	2	0	31
Other risks	6	0	6	(1)	0	79	0	79
Cash flow hedges - total	**238**	**(27)**	**211**	**(57)**	**2,929**	**111**	**436**	**3,476**
Derivatives not qualifying for hedge accounting mainly held by Compagnie de Saint-Gobain								
Foreign exchange	7	(4)	3	3	1,995	0	0	1,995
Interest rate	22	0	22	0	39	0	0	39
Energy and commodities	6	(6)	0	0	30	0	0	30
Derivatives not qualifying for hedge accounting - total	**35**	**(10)**	**25**	**3**	**2,064**	**0**	**0**	**2,064**
Total	**273**	**(37)**	**236**	**(54)**	**4,993**	**111**	**436**	**5,540**
of which derivatives related to debt	27	(15)	12	(37)				

8.4.1. Foreign exchange instruments

- **Foreign exchange swaps**

The Group uses foreign exchange swaps mainly to convert euro-denominated funds into foreign currencies for cash management purposes.

- **Foreign exchange forwards and currency options**

Foreign exchange forwards and currency options are used to hedge foreign currency transactions, particularly commercial transactions (purchases and sales) and investments.

8.4.2. Interest rate instruments

- **Interest rate swaps**

The Group uses interest rate swaps to convert part of its fixed (variable) interest rate bank debt and bond debt to variable (fixed) interest rates.

- **Cross-currency swaps**

The Group uses cross-currency swaps to convert foreign currency debt (euro debt) into euro debt (foreign currency debt).

8.4.3. Energy and commodity swaps

- **Energy and commodity swaps**

Energy and commodity swaps are used to hedge the risk of changes in the price of certain purchases used in the subsidiaries' operating activities, particularly energy (fuel oil, natural gas and electricity) purchases.

The derivatives of the Packaging Sector existing on the date it was sold, essentially fuel oil, were kept and reclassified as external transactions. Compagnie de Saint-Gobain has established a collateralization agreement on these transactions.

8.4.4. Other risks

- **Equity derivatives**

Equity derivatives are used to hedge the risk of changes in Saint-Gobain share price in connection with the performance units-based long-term incentive plan.

8.4.5. Credit value adjustments to derivative instruments

Credit value adjustments to derivative instruments are calculated in accordance with IFRS 13 based on historical probabilities of default derived from calculations performed by a leading rating agency and on the estimated loss given default. At December 31, 2015, credit value adjustments were not material.

8.4.6. Impact on equity of financial instruments qualifying for hedge accounting

At December 31, 2015, the cash flow hedge reserve carried in equity in accordance with IFRS had a credit balance of €181 million, consisting primarily of the following:

- A credit amount of €227 million corresponding to the change in the fair value of the foreign exchange swaps qualified as cash flow hedges for the purchase of control of Sika;
- A debit amount of €31 million for the cross-currency swaps qualified as cash flow hedges to allow the conversion of a bond into euros;
- A debit amount of €8 million corresponding to the change in the fair value of interest rate swaps qualified as cash flow hedges;
- A debit amount of €9 million corresponding to the change in the fair value of energy and commodity swaps qualified as cash flow hedges.

Derivatives qualified as cash flow hedges show no material lack of effectiveness.

At December 31, 2015, the foreign exchange swaps qualified as cash flow hedges for the purchase of control of Sika were valued at €227 million on the basis of a spot exchange rate of one euro equal to 1.0835 Swiss franc. An increase of 10% in the exchange rate would result in a decrease of €238 million in equity. A 10% fall in the exchange rate would have the opposite impact.

8.4.7. Impact on income of financial instruments not qualifying for hedge accounting

The fair value of derivatives classified as financial assets and liabilities at fair value through profit or loss, was a positive €25 million at December 31, 2015 (positive €3 million at December 31, 2014).

8.4.8. Embedded derivatives

Saint-Gobain Group regularly analyses its contracts to isolate provisions that could be analysed as embedded derivatives under IFRS.

As of December 31, 2015, no material embedded derivative at Group level was identified.

8.4.9. Group debt structure

The weighted average of the interest rates on the total gross debt, under IFRS and after hedging (interest rate swaps and cross-currency swaps) was 3.9% at December 31, 2015, compared with 4.3% at December 31, 2014.

The average internal rate of return on the most significant item of the Group’s long-term debt before hedging (bonds) amounted to 4.4% at December 31, 2015 against 4.5% at December 31, 2014.

The table below details the breakdown by type of interest rate (fixed or variable) of the Group's gross debt at December 31, 2015 after giving effect to interest rate swaps and cross-currency swaps.

	Gross debt after interest rate hedging		
(in EUR million)	**Variable rate**	**Fixed rate**	**Total**
EUR	1,412	6,886	8,298
Other currencies	697	1,027	1,724
Total	**2,109**	**7,913**	**10,022**
	21%	79%	100%
Fair value of derivatives related to debt			(12)
Accrued interests			167
Total gross debt			**10,177**

8.5. Financial assets and liabilities

The summary of financial assets and liabilities under IFRS 7 at December 31, 2015 was as follows:

At December 31, 2015 *(in EUR million)*		**Financial instruments at fair value**			**Total financial instruments measured at fair value**	**Other financial instruments**			**Total financial instruments**	**Financial instruments at fair value hierarchy under IFRS 7**			**Total financial instruments measured at fair value**
Balance sheet headings and classes of instrument	Notes	Financial instruments through profit or loss	Qualified derivatives	Assets and liabilities measured at fair value (fair value option)		Available-for-sale financial assets	Loans and receivables	Liabilities at amortized cost		Level 1 data	Level 2 data	Level 3 data	
Trade and other accounts receivable	(3)				**0**		5,910		**5,910**				**0**
Loans, deposits and surety	(6)				**0**		510		**510**				**0**
Available-for-sale and other securities	(6)				**0**	62			**62**				**0**
Derivatives recorded in assets		35	238		**273**				**273**		273		**273**
Cash and cash equivalents				5,380	**5,380**				**5,380**	4,148	1,232		**5,380**
Total assets		**35**	**238**	**5,380**	**5,653**	**62**	**6,420**	**0**	**12,135**	**4,148**	**1,505**	**0**	**5,653**
Trade and other accounts payable	(3)				**0**			(9,142)	**(9,142)**				**0**
Long- and short-term debt					**0**			(10,189)	**(10,189)**				**0**
Derivatives recorded in liabilities		(10)	(27)		**(37)**				**(37)**		(37)		**(37)**
Total liabilities		**(10)**	**(27)**	**0**	**(37)**	**0**	**0**	**(19,331)**	**(19,368)**	**0**	**(37)**	**0**	**(37)**
Total		**25**	**211**	**5,380**	**5,616**	**62**	**6,420**	**(19,331)**	**(7,233)**	**4,148**	**1,468**	**0**	**5,616**

The summary of financial assets and liabilities under IFRS 7 at December 31, 2014 was as follows:

At December 31, 2014 *(in EUR million)*		**Financial instruments at fair value**			**Total financial instruments measured at fair value**	**Other financial instruments**			**Total financial instruments**	**Financial instruments at fair value hierarchy under IFRS 7**			**Total financial instruments measured at fair value**
Balance sheet headings and classes of instrument	Notes	Financial instruments through profit or loss	Qualified derivatives	Assets and liabilities measured at fair value (fair value option)		Available-for-sale financial assets	Loans and receivables	Liabilities at amortized cost		Level 1 data	Level 2 data	Level 3 data	
Trade and other accounts receivable	(3)				**0**		6,276		**6,276**				**0**
Loans, deposits and surety	(6)				**0**		457		**457**				**0**
Available-for-sale and other securities	(6)				**0**	52			**52**				**0**
Derivatives recorded in assets		6	2		**8**				**8**		8		**8**
Cash and cash equivalents				3,493	**3,493**				**3,493**	2,208	1,285		**3,493**
Total assets		**6**	**2**	**3,493**	**3,501**	**52**	**6,733**	**0**	**10,286**	**2,208**	**1,293**	**0**	**3,501**
Trade and other accounts payable	(3)				**0**			(9,502)	**(9,502)**				**0**
Long- and short-term debt					**0**			(10,677)	**(10,677)**				**0**
Derivatives recorded in liabilities		(3)	(59)		**(62)**				**(62)**		(62)		**(62)**
Total liabilities		**(3)**	**(59)**	**0**	**(62)**	**0**	**0**	**(20,179)**	**(20,241)**	**0**	**(62)**	**0**	**(62)**
Total		**3**	**(57)**	**3,493**	**3,439**	**52**	**6,733**	**(20,179)**	**(9,955)**	**2,208**	**1,231**	**0**	**3,439**

IFRS 13 ranks useable data to determine fair value:

Level 1 data: data come from quoted prices on an active market for identical instruments;
Level 2 data: data, other than level 1 data, that can be observed directly or indirectly;
Level 3 data: all other data, through non-observable assumptions.

NOTE 9 – Shareholders' equity and earnings per share

9.1. Shareholders' equity

9.1.1. Capital

As of December 31, 2015, the number of shares composing the capital stock of Saint-Gobain was 560,943,439 shares with a par value of €4 (561,895,566 shares at December 31, 2014). As at December 31, 2015, the capital was composed of only one class of shares.

9.1.2. Additional paid-in capital and legal reserve

This item includes capital contributions in excess of the par value of capital stock as well as the legal reserve, which corresponds to a cumulative portion of the yearly net income of Compagnie de Saint-Gobain.

9.1.3. Retained earnings and net income for the year

Retained earnings and net income for the year correspond to the Group's share in the undistributed earnings of all consolidated companies.

9.1.4. Treasury stock

Treasury stock is measured at cost and recorded as a deduction from equity. Gains and losses on disposals of treasury stock are recognized directly in equity and have no impact on net income for the period.

Forward purchases of treasury stock are treated in the same way. When a fixed number of shares is purchased forward at a fixed price, this amount is recorded in "Other liabilities" and as a deduction from equity under "Retained earnings and net income for the year".

Saint-Gobain shares held or controlled by Compagnie de Saint-Gobain and Saint-Gobain Corporation are classified on a separate line of shareholders' equity titled "Treasury stock" and valued at the purchase price. There were 2,335,918 and 1,509,600 shares at December 31 2015, and 2014 respectively. In 2015, the Group acquired 15,050,261 shares (5,086,047 shares in 2014) directly on the market. The number of shares sold in 2015 was 1,223,943 versus 1,235,620 in 2014. Finally, 13,000,000 shares were cancelled in 2015 and 6,100,000 shares in 2014.

The liquidity contract signed up with EXANE BNP PARIBAS on November 16, 2007 was implemented on December 3, 2007, for a period ended December 31, 2007, and renewable tacitly since then.

In addition, for the purposes of a compensation plan set up in January 2008 for certain employees in the United States, Compagnie de Saint-Gobain shares are held by a trust administered by Wachovia Bank, National Association. In the consolidated financial statements of the Group, these shares are treated as being controlled by Saint-Gobain Corporation.

9.2. Earnings per share

Basic earnings per share are calculated by dividing net income by the weighted average number of shares of the Group outstanding during the period.

Diluted earnings per share are calculated by adjusting earnings per share, and the average number of shares outstanding for the effects of all dilutive potential common shares (stock options and performance shares).

	2015		2014 restated	
	Base	Diluted	Base	Diluted
Income (in EUR million)				
Group share of net income from continuing operations	374	374	476	476
Group share of net income from discontinued operations	921	921	477	477
Group share of net income	1,295	1,295	953	953
Number of shares				
Weighted average number of shares outstanding	562,001,188		557,672,194	
Weighted average number of shares assuming full dilution		564,780,983		560,186,531
Earnings per share (in EUR)				
Group share of net income from continuing operations, per share	0.66	0.66	0.85	0.85
Group share of net income from discontinued operations, per share	1.64	1.63	0.86	0.85
Group share of net income, per share	2.30	2.29	1.71	1.70

The weighted and diluted average number of shares is calculated using the weighted number of shares outstanding, taking into account all effects of the conversion of the existing diluting instruments, i.e. stock option plans, 959,430 shares at December 31, 2015, and performance share plans, i.e. 1,820,365 shares at December 31, 2015.

NOTE 10 – Income tax

10.1. Income tax from continuing operations

Current income tax is the estimated amount of tax payable in respect of income for a given period, calculated by reference to the tax rates that have been enacted substantively enacted at the balance sheet date, plus any adjustments to current taxes recorded in previous financial periods.

The pre-tax income of companies from continuing operations can be analysed as follows:

(in EUR million)	2015	2014 restated
Consolidated net income	1,346	1,000
Less :		
Share in net income of associates	43	44
Net income from discontinued operations	929	481
Income taxes from continuing operations	(248)	(398)
Pre-tax income of companies from continuing operations	**622**	**873**

Income tax expense breaks down as follows:

(in EUR million)	**2015**	**2014 restated**
Current taxes	**(457)**	**(409)**
France	(40)	(85)
Outside France	(417)	(324)
Deferred taxes	**209**	**11**
France	219	71
Outside France	(10)	(60)
Total income tax expense	**(248)**	**(398)**

The reconciliation between the theoretical tax charge and the current tax charge was done based on a tax rate of 34.43% in 2015 and 38% in 2014, and is analysed as follows:

(en EUR million)	**2015**	**2014 restated**
Theoretical income tax	**(98)**	**(223)**
Capital gains and losses and asset impairments	(125)	(95)
Non recognition of deferred tax assets	(31)	(26)
Effect of changes in future tax rates	6	(12)
Research Tax Credit (CIR), Tax Credit for Competitiveness and Employment (CICE) and Value-Added Contribution for Businesses (CVAE)	6	8
Costs related to dividends	(1)	(43)
Other taxes	(5)	(7)
Total income tax expense	**(248)**	**(398)**

The impact of the tax rate differential abroad compared to the rate in France, represents a charge of €329 million in 2015 versus a charge of €284 million in 2014. This figure is due to the contribution of some countries with lower tax rates than France. The main contributors were the United Kingdom, Czech Republic, Switzerland, Sweden and Poland.

10.2. Deferred taxes

Deferred taxes are recorded using the balance sheet method for temporary differences between the carrying amount of assets and liabilities and their tax basis. Deferred tax assets and liabilities are measured at the tax rates expected to apply to the period when the asset is realized or the liability settled, based on the tax laws that have been enacted or substantively enacted at the balance sheet date.

No deferred tax liability is recognized in respect of undistributed earnings of subsidiaries that are not intended to be distributed.

For investments in subsidiaries, deferred tax is recognized on the difference between the consolidated carrying amount of the investments and their tax basis when it is probable that the temporary difference will reverse in the foreseeable future.

Deferred taxes assets are recognized as income or expense in the income statement, unless they relate to items that are recognized directly in equity, in which case the deferred tax is also recognized in equity.

On the balance sheet, the change in the amount of the deferred tax assets and liabilities can be analysed as follows:

(in EUR million)	Net deferred tax assets/(liability)
At January 1, 2014	**410**
Deferred tax (expense)/benefit	(7)
Changes in deferred taxes on actuarial gains and losses recognized in accordance with IAS 19 (note 4 - Employees, personnel expenses and benefits)	287
Translation adjustments	65
Impact of changes in Group structure and other	(41)
At December 31, 2014	**714**
Deferred tax (expense)/benefit	202
Changes in deferred taxes on actuarial gains and losses recognized in accordance with IAS 19 (note 4 - Employees, personnel expenses and benefits)	(18)
Translation adjustments	52
Impact of changes in Group structure and other	(79)
At December 31, 2015	**871**

The main elements generating deferred taxes are as follows:

(in EUR million)	December 31, 2015	December 31, 2014
Deferred tax assets	1,337	1,348
Deferred tax liabilities	(466)	(634)
Net deferred tax	**871**	**714**
Pensions	1,011	1,007
Brands	(552)	(700)
Depreciation & amortization, accelerated capital allowances and tax-driven provisions	(916)	(1,007)
Tax loss carry-forwards	780	793
Other	548	621
Total	**871**	**714**

Deferred taxes are offset at the level of each tax entity, in other words by tax consolidation groups when they exists (mainly in France, United Kingdom, Spain, Germany, United States and the Netherlands).

Deferred tax assets of €1,337 million were recognized at December 31, 2015 (€1,348 million at December 31, 2014) primarily in the United States (€705 million) and in Germany (€221 million). Deferred tax liabilities recognized at December 31, 2015 amounted to €466 million (€634 million at December 31, 2014) divided among different countries including the United Kingdom (€151 million). The other countries represent a much lower amount.

10.3. Tax loss carry-forwards

Deferred tax assets are recognized only if it is considered probable that there will be sufficient future taxable income against which the temporary difference can be utilized. They are reviewed at each balance sheet date and written down to the extent that it is no longer probable that there will be sufficient taxable income against which the temporary difference can be utilized. In determining whether to recognize deferred tax assets for tax loss carry-forwards, the Group applies a range of criteria that take into account the probable recovery period based on business plan projections and the strategy for the long-term recovery of tax losses applied in each country.

The Group recognized deferred income tax assets on loss carry-forwards for a net amount of €780 million at December 31, 2015, against €793 million at December 31, 2014. This principally relates to the United States, for which the recovery horizon is lower than the maximum use period of 20 years, and in France, Germany and Spain, for which the system of tax consolidation ensures that deferred tax can be recovered. In these countries, tax loss carry-forwards may have undefined expiration dates. Nevertheless, after analyzing each situation, the Group may decide not to recognize them.

At December 31, 2015, deferred tax assets whose recovery is not considered probable totaled €427 million (€426 million at December 31, 2014) and are fully accrued. Unrecognized deferred tax assets chiefly relate to the following countries: China, Germany, United States, Belgium and Spain.

NOTE 11 – Subsequent events

None.

NOTE 12 – Principal consolidated companies

The table below shows the Group's principal consolidated companies, typically those with annual sales of over €100 million.

INNOVATIVE MATERIALS SECTOR

FLAT GLASS	Country	Pourcentage held directly and indirectly
Saint-Gobain Glass France	France	100.00%
Saint-Gobain Sekurit France	France	100.00%
Saint-Gobain Glass Logistics	France	100.00%
Saint-Gobain Sekurit Deutschland GmbH & CO Kg	Germany	99.99%
Saint-Gobain Glass Deutschland GmbH	Germany	99.99%
Saint-Gobain Deutsche Glas GmbH	Germany	99.99%
Saint-Gobain Innovative Materials Belgique	Belgium	99.97%
Saint-Gobain Sekurit Benelux SA	Belgium	100.00%
Cebrace Cristal Plano Ltda	Brazil	50.00%
Saint-Gobain Do Brasil Ltda	Brazil	100.00%
SG Hanglas Sekurit (Shanghaï) Co., LTD	China	90.24%
Hankuk Glass Industries Inc.	South Korea	80.47%
Hankuk Sekurit Limited	South Korea	90.13%
Saint-Gobain Cristaleria S.L	Spain	99.83%
Saint-Gobain India Private Limited	India	99.00%
Saint-Gobain Glass Italia S.p.a	Italia	100.00%
Saint-Gobain Sekurit Italia S.R.L	Italia	100.00%
Saint-Gobain Mexico	Mexico	99.83%
Koninklijke Saint-Gobain Glass Nederland	Netherlands	100.00%
Saint-Gobain Innovative Materials Polska Sp Zoo	Poland	98.61%
Saint-Gobain Glass United Kingdom Limited	United Kingdom	100.00%
Vetrotech Saint-Gobain International	Switzerland	100.00%

HIGH PERFORMANCE MATERIALS	Country	Pourcentage held directly and indirectly
Saint-Gobain Abrasifs	France	99.98%
Société Européenne des Produits Réfractaires - SEPR	France	100.00%
Saint-Gobain Abrasives GmbH	Germany	100.00%
Saint-Gobain Do Brasil Ltda	Brazil	100.00%
Saint-Gobain Canada, Inc.	Canada	100.00%
Saint-Gobain Abrasives (Shanghaï) Co., LTD	China	99.99%
Saint-Gobain Abrasives, Inc.	United States	100.00%
Saint-Gobain Ceramics & Plastics, Inc.	United States	100.00%
Saint-Gobain Performance Plastics Corporation	United States	100.00%
Saint-Gobain Solar Gard, LLC	United States	100.00%
Saint-Gobain Adfors America, Inc.	United States	100.00%
Grindwell Norton Ltd	India	51.59%
Saint-Gobain Abrasivi S.p.a	Italia	99.98%
SEPR Italia S.p.a	Italia	100.00%
Saint-Gobain Abrasives BV	Netherlands	100.00%
Saint-Gobain Abrasives Ltd	United Kingdom	100.00%
Saint-Gobain Adfors CZ S.R.O.	Czech Republic	100.00%

CONSTRUCTION PRODUCTS SECTOR

INTERIOR SOLUTIONS	Country	Pourcentage held directly and indirectly
Placoplatre SA	France	99.75%
Saint-Gobain Isover	France	100.00%
Saint-Gobain Rigips GmbH	Germany	100.00%
Saint-Gobain Isover G+H Aktiengesellschaft	Germany	99.91%
Saint-Gobain Construction Products Belgium	Belgium	100.00%
Saint-Gobain Construction Products South Africa Ltd	South Africa	100.00%
Certain Teed Gypsum Canada, Inc.	Canada	100.00%
Saint-Gobain Placo Iberica	Spain	99.83%
CertainTeed Corporation	United States	100.00%
Certain Teed Gypsum & Ceillings USA, Inc.	United States	100.00%
Certain Teed Ceilings Corporation	United States	100.00%
Saint-Gobain India Private Limited	India	99.00%
Saint-Gobain Construction Products Ireland Ltd	Irlande	100.00%
Saint-Gobain PPC Italia S.p.a	Italia	100.00%
Mag-Isover K.K.	Japan	99.98%
Saint-Gobain Construction Products United Kingdom Ltd	United Kingdom	100.00%
Celotex Limited	United Kingdom	100.00%
Saint-Gobain Construction Product Russia	Russia	100.00%
Saint-Gobain Isover AB	Sweden	100.00%
Saint-Gobain Ecophon AB	Sweden	100.00%
Thai Gypsum Products PLC	Thailand	97.36%
Izocam Ticaret VE Sanayi A.S.	Turkey	47.53%

EXTERIOR SOLUTIONS	Country	Pourcentage held directly and indirectly
Saint-Gobain Weber	France	100.00%
Saint-Gobain PAM	France	100.00%
Saint-Gobain Weber GmbH	Germany	100.00%
Saint-Gobain PAM Deutschland GmbH	Germany	100.00%
Saint-Gobain Do Brasil Ltda	Brazil	100.00%
Saint-Gobain Canalizaçao Ltda	Brazil	100.00%
Saint-Gobain (Xuzhou) Pipe Co., Ltd	China	100.00%
Saint-Gobain (Xuzhou) Pipelines Co., Ltd	China	100.00%
Saint-Gobain Pipelines Co., Ltd	China	100.00%
Saint-Gobain Weber Cemarksa SA	Spain	99.83%
Saint-Gobain PAM España SA	Spain	99.83%
CertainTeed Corporation	United States	100.00%
Saint-Gobain PAM Italia S.p.a	Italia	100.00%
Saint-Gobain Construction Products United Kingdom Ltd	United Kingdom	100.00%
Saint-Gobain PAM UK Ltd	United Kingdom	100.00%
Saint-Gobain Sweden AB	Sweden	100.00%
Saint-Gobain Weber AG	Switzerland	100.00%

BUILDING DISTRIBUTION SECTOR	Country	Pourcentage held directly and indirectly
Distribution Sanitaire Chauffage	France	100.00%
Lapeyre	France	100.00%
Saint-Gobain Distribution Bâtiment France	France	100.00%
Saint-Gobain Building Distribution Deutschland GmbH	Germany	100.00%
Saint-Gobain Distribuiçao Brasil Ltda	Brazil	100.00%
Saint-Gobain Distribution Denmark	Denmark	100.00%
Saint-Gobain Distribucion Construccion, S.L	Spain	99.83%
Optimera As	Norway	100.00%
Saint-Gobain Distribution The Netherlands B.V	Netherlands	100.00%
Saint-Gobain Building Distribution Ltd	United Kingdom	100.00%
Saint-Gobain Building Distribution CZ, Spol S.R.O	Czech Republic	100.00%
Saint-Gobain Distribution Nordic Ab	Sweden	100.00%
Sanitas Troesch Ag	Switzerland	100.00%