2015
MANAGEMENT REPORT AND ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

summary

MANAGEMENT REPORT

Revenues fell by 6.4% on a reported basis to €69.9 billion (down by 8.8% on an organic basis) compared with 2014. This decrease is mainly attributable to lower commodity prices, a decline in LNG activities, outages at the Doel 3 and Tihange 2 nuclear power plants, and the shutdown of the Doel 1 reactor in Belgium, partially offset by the appreciation of the US dollar against the euro and by more favorable climatic conditions in France despite very mild temperatures towards the end of 2015 (2014 had been a particularly warm year).

EBITDA(1) amounted to €11.3 billion, down 7.2% on a reported basis and down 9.1% on an organic basis. It was affected by the same factors as revenues, and also offset by the commissioning of new assets and by continued cost performance efforts.

Current operating income after share in net income of entities accounted for using the equity method(1) declined by 11.6% on a reported basis and by 13.8% on an organic basis, to €6.3 billion. This fall was in line with the EBITDA performance.

Net income/(loss) Group share(1) represented a net loss of €4.6 billion, negatively impacted by €8.7 billion in impairment losses, and down €7.1 billion on 2014 which had been boosted by gains on remeasuring the interest in Gaztransport & Technigaz (GTT) following the acquisition of control over the company and the loss of significant influence over the Walloon inter-municipal companies.

Net recurring income Group share(2) amounted to €2.6 billion, down €0.1 billion on 2014. The decline in current operating income after share in net income of entities accounted for using the equity method was partially offset by lower tax expense and recurring financial expenses.

Cash flow from operations amounted to €9.8 billion, up €1.9 billion year-on-year. This increase is notably due to the favorable change in working capital requirements which had been affected in 2014 by the one-off impact of commodity price fluctuations on margin calls, and by lower interest payments owing to the decrease in the average cost of debt, partially offset by the fall in cash generated from operations before income tax and working capital requirements, in line with EBITDA trends.

Net debt stood at €27.7 billion at December 31, 2015, up €0.2 billion compared with net debt at December 31, 2014, reflecting (i) net investments (including changes in the scope of consolidation) carried out by the Group (€5.7 billion), dividends paid to ENGIE SA shareholders (€2.4 billion) and to non-controlling interests (€0.5 billion), the impact of changes in exchange rates related to the depreciation of the euro against major currencies (€0.5 billion), cash outflows related to tax payments (€1.7 billion) and to interest payments on net debt (€0.8 billion), (ii) offset by cash generated from operations before income tax and working capital requirements (€10.9 billion) and the favorable change in working capital requirements (€1.2 billion).

(1) Comparative data at December 31, 2014 have been restated due to the retrospective application of IFRIC 21 (see Note 1.1.1 to the consolidated financial statements).

(2) As an agreement was entered into on November 30, 2015 between the Belgian State, ENGIE and Electrabel, the expense relating to the nuclear contribution was reclassified to recurring income (see Note 10 to the consolidated financial statements).

I.1 REVENUES AND EARNINGS TRENDS

In millions of euros	Dec. 31, 2015	Dec. 31, 2014	% change (reported basis)	% change (organic basis)
Revenues	**69,883**	**74,686**	**-6.4%**	**-8.8%**
EBITDA	**11,262**	**12,133**	**-7.2%**	**-9.1%**
Net depreciation and amortization/Other	(4,935)	(4,977)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**6,326**	**7,156**	**-11.6%**	**-13.8%**

Consolidated **revenues** for the year ended December 31, 2015 amounted to €69.9 billion, down 6.4% compared with the same prior-year period. On an organic basis (excluding the impact of changes in the scope of consolidation and exchange rates), revenues fell by 8.8%.

Changes in the scope of consolidation had a net negative €48 million impact resulting chiefly from the disposal and deconsolidation of operations in the Energy Europe business line in 2014 and 2015 (negative €82 million impact), in the Energy International business line in Central America in the second half of 2014 (negative €214 million impact), and in the Energy Services business line in 2015 (negative €97 million impact), including in particular the sale of oil trading operations in Italy. These changes were partially offset by the acquisition of Solairedirect in second-half 2015 (positive €33 million impact), by Energy Services acquisitions (positive €286 million impact) and in particular Ecova in the United States, Lend Lease FM in the United Kingdom, Keppel FMO in Singapore and Lahmeyer in Germany, and by the full consolidation of GTT by Global Gas & LNG (positive €35 million impact) at the end of February 2014.

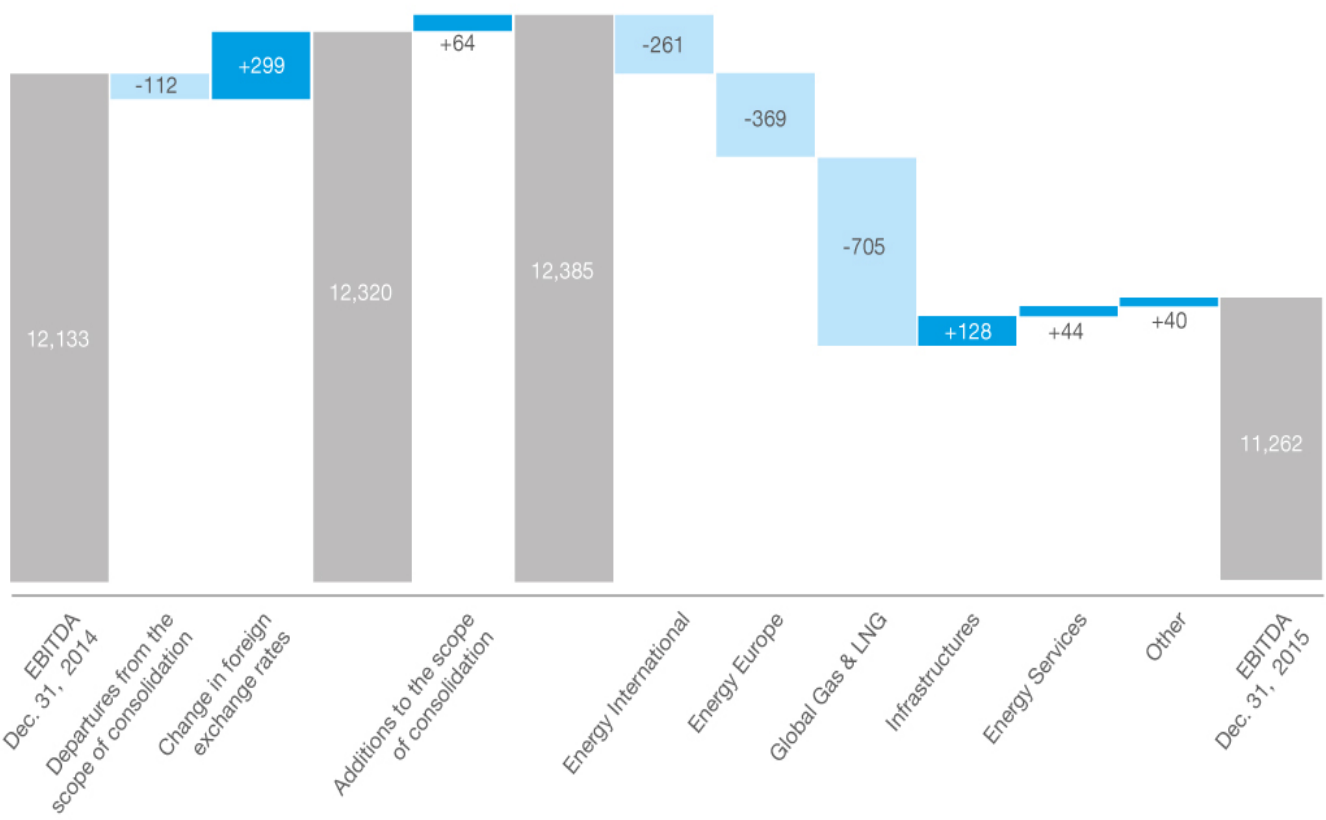
Exchange rates had a positive €1,969 million impact on Group revenues, mainly reflecting the depreciation of the euro against the US dollar, the pound sterling and the Thai baht. This was partly offset by the euro's appreciation against the Brazilian real and Norwegian krone.

Organic revenue performance varied across the Group's business lines: Infrastructures reported growth for the period, while revenues decreased slightly at Energy International and Energy Services and fell sharply at Energy Europe and Global Gas & LNG.

EBITDA declined by 7.2% to €11.3 billion over the period. Excluding the impact of changes in the scope of consolidation and exchange rates, the decrease in EBITDA came out at 9.1%.

EBITDA TRENDS

In millions of euros



Departures from the scope of consolidation had a negative €112 million impact on EBITDA, largely due to disposals and deconsolidation of power generation assets in France, Italy, and Central America, and to the disposal of exploration-production assets. Conversely, additions to the scope of consolidation had a positive €64 million impact, resulting chiefly from acquisitions made by Energy Services.

Changes in exchange rates had a positive €299 million impact, mainly due to the depreciation of the euro against the US dollar, the pound sterling and the Thai baht, partially offset by the fall in the value of the Brazilian real and Norwegian krone.

On an organic basis, EBITDA was down 9.1%, or €1,123 million, and down 10.8%, or €1,373 million, when adjusted for climatic conditions in France. Besides the positive impact of Perform 2015 and the swift action plans in all business lines, this reflects the following trends:

- EBITDA for the Energy International business line amounted to €3,589 million, down 6.8% on an organic basis. This was driven mainly by (i) a weaker performance from power generation activities in mature markets (United States, Australia and United Kingdom) and from LNG operations, and (ii) planned maintenance in Thailand. However, the decline was partly mitigated by improved performances, mainly in Brazil despite unfavorable hydrological conditions, in Peru, and in the Australian retail business;
- EBITDA for Energy Europe totaled €1,612 million, down 18.6% on an organic basis, due mainly to outages at the Doel 3 and Tihange 2 nuclear power plants and the shutdown of the Doel 1 reactor, the decrease in average electricity market prices and the adverse impact of market conditions on LNG sales, despite the positive impact of supply contract renegociations, more favorable climatic conditions for gas sales in France and liquidated damages for delay collected in connection with two coal-fired power plant projects in Germany and the Netherlands;
- EBITDA for Global Gas & LNG was down 30.5% on an organic basis to €1,625 million, reflecting plummeting oil prices, gas prices on the European and Asian markets and a contraction in the LNG activity, largely attributable to the disruption of LNG shipments from Yemen since April 2015. These effects were partially offset by the increase in production recorded by the exploration-production activities as a result of the commissioning of new assets in 2014;
- EBITDA for the Infrastructures business line improved 3.9% on an organic basis compared with the same prior-year period, to €3,402 million, reflecting colder temperatures in 2015 and rate increases, partially offset by a downturn in volumes and the related revenues from Joint Transport Storage (JTS) services and gas purchases and sales to maintain technical storage performance;
- EBITDA for Energy Services was up 3.9% on an organic basis to €1,227 million.

Current operating income after share in net income of entities accounted for using the equity method amounted to €6.3 billion, down 13.8% on an organic basis compared with 2014. This indicator shows trends by business line comparable to those of EBITDA.

I.2 BUSINESS TRENDS

I

I.2.1 Energy International

	Dec. 31, 2015					
In millions of euros	Total [(1)]	Latin America	Asia-Pacific	North America	UK - Turkey	South Asia, Middle East & Africa
Revenues	**14,534**	**3,683**	**2,684**	**4,450**	**2,872**	**846**
EBITDA	**3,589**	**1,439**	**803**	**751**	**341**	**371**
Net depreciation and amortization/Other	(993)	(355)	(219)	(314)	(83)	(16)
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**2,596**	**1,084**	**585**	**437**	**259**	**355**

(1) The Energy International business line also has a "headquarters" function, the costs for which are not broken down in the table above.

	Dec. 31, 2014							
In millions of euros	Total [(1)]	Latin America	Asia-Pacific	North America	UK - Turkey	South Asia, Middle East & Africa	% change (reported basis)	% change (organic basis)
Revenues	**13,977**	**3,818**	**2,740**	**3,782**	**2,957**	**679**	**+4.0%**	**-3.8%**
EBITDA	**3,716**	**1,343**	**857**	**956**	**380**	**298**	**-3.4%**	**-6.8%**
Net depreciation and amortization/Other	(971)	(361)	(218)	(268)	(109)	(11)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**2,745**	**982**	**638**	**688**	**271**	**286**	**-5.4%**	**-7.9%**

(1) The Energy International business line also has a "headquarters" function, the costs for which are not broken down in the table above.

Energy International's **revenues**, at €14,534 million, rose by 4.0% on a reported basis (down 3.8% on an organic basis). These movements reflect, on the one hand, the negative €216 million impact of changes in the scope of consolidation and the favorable €1,354 million impact of changes in exchange rates (due mainly to the appreciation of the US dollar, but also the pound sterling and Thai baht), and on the other hand, an organic decrease resulting chiefly from the impact of lower prices and volumes of power generation activities in the mature markets and in Turkey, partially offset by improvements in the US and Australian retail businesses and the commissioning of assets in Latin America and South Asia, Middle East & Africa (SAMEA).

EBITDA amounted to €3,589 million, down 3.4% based on reported figures and 6.8% on an organic basis after taking into account the negative €160 million impact of changes in the scope of consolidation and favorable exchange rate movements of €294 million. This organic decrease was driven mainly by (i) a weaker performance from power generation activities in mature markets (United States, Australia and United Kingdom) and from LNG operations, and (ii) planned maintenance in Thailand. However, the decline was partly mitigated by improved performances, mainly in Brazil despite more unfavorable hydrological conditions, in Peru, and in the Australian retail business.

Current operating income after share in net income of entities accounted for using the equity method, at €2,596 million, decreased by 5.4% on a reported basis and by 7.9% on an organic basis, in line with EBITDA trends.

Latin America

Revenues for the Latin America region totaled €3,683 million, representing a 3.5% decrease on a reported basis and a 3.5% organic increase, reflecting the negative foreign exchange impact (the sharp depreciation of the Brazilian real was partly offset by the appreciation of the US dollar) combined with the impact of the disposal of all assets in Central America in December 2014.

In Brazil, higher sales resulted from the increase in average sales prices, primarily due to inflation indexation, and the progressive commissioning of the Jirau Hydro complex. Peru trended upwards thanks to new PPAs mainly related to the Quitaracsa Hydro Power Plant (commissioned in October 2015), while in Chile, revenues contracted slightly mostly due to lower tariffs linked to fuel price indexation. Electricity sales remained stable at 56.1 TWh, while gas sales rose by 0.3 TWh to 9.8 TWh.

EBITDA totaled €1,439 million, representing an organic increase of 12.3%, mainly reflecting:

- a stronger performance in Brazil despite more adverse hydrological conditions affecting the overall system. For Tractebel Energia, this improvement was attributable to an increase in the average price of bilateral contracts, mainly due to inflation, combined with positive results in the spot market. In addition, EBITDA benefited from the commissioning of the Jirau Hydro complex;
- positive trends in Peru, mainly due to higher electricity sales thanks to new contracts, primarily related to the Quitaracsa Hydro power plant; and
- improved results in E-CL: a lower tariff due to the fuel price indexation was more than offset by a lower cost base following the depreciation of the local currency.

Current operating income after share in net income of entities accounted for using the equity method amounted to €1,084 million, up 16.1% on an organic basis primarily due to improved EBITDA.

Asia-Pacific

Revenues for the region totaled €2,684 million, down 2.0% based on reported figures and 10.6% on an organic basis. There was a decline in the Glow IPP business in Thailand due to planned maintenance and lower demand. The Australian coal-fired power plants suffered from lower market prices, especially in the first half of the year due to the repeal of the carbon scheme on July 1, 2014. However, this was partially offset by the growth of revenues in the Australian retail business, reflecting an increase in the number of customers and higher consumption due to the cold winter.

Electricity sales decreased by 1.5 TWh to 41.3 TWh, with higher volumes in Australia (up 1.0 TWh) only partially offsetting the 2.5 TWh decrease in Thailand. Natural gas sales rose by 0.6 TWh to 4.3 TWh.

EBITDA came in at €803 million, down 6.2% on a reported basis and down 15.3% based on organic figures, mainly reflecting the weaker performance of the Australian thermal facilities, which suffered because of difficult market conditions, and the lower availability of the Gheco One and Glow IPP facilities in Thailand due to major planned maintenance outages, as well as the negative impact of persistently low oil prices on gas distribution margins. This was partly offset by the strong performance of Indonesian thermal assets and the growth of the Australian retail business.

Current operating income after share of net income of entities accounted for using the equity method turned out at €585 million decreasing by 18.1% on an organic basis, in line with overall EBITDA trends.

North America

Revenues for the North America region totaled €4,450 million, up 17.6% on a reported basis reflecting the weakening of the euro against the US dollar, but remained unchanged organically. The organic stability resulted from a combination of higher third-party LNG sales volumes, US retail volumes at higher prices, and higher generation volumes which offset lower electricity and gas prices.

Electricity sales increased 7.1 TWh to 72.0 TWh, reflecting higher sales volumes across the generation fleet and US retail business.

Natural gas sales, excluding intra-Group transactions, increased by 8.0 TWh to 39.7 TWh following a combination of higher third-party LNG sales and higher gas distribution in Mexico.

EBITDA came in at €751 million, down 23.0% on an organic basis. This resulted from a combination of lower margins on LNG cargoes and one-off items (either adverse this year and favorable last year). These factors were partially mitigated by higher capacity revenues in the United States and commissioning effects in Mexico. EBITDA decreased by 21.5% on a reported basis, impacted by the transfer of operations for the Yemen LNG contract to the Global Gas & LNG business line.

Current operating income after share in net income of entities accounted for using the equity method amounted to €437 million, down 33.5% organically, primarily as a result of EBITDA movements.

United Kingdom & Turkey

Revenues for the United Kingdom & Turkey region totaled €2,872 million, down 2.9% on a reported basis, and down 13.1% on an organic basis. Lower power prices led to lower generation volumes across the UK and Turkey fleet. In the UK retail business, revenues were down following lower gas prices and electricity sales volumes. These adverse effects were slightly offset by higher gas sales volumes in Turkey.

Electricity sales fell 4.0 TWh to 26.1 TWh, mainly due to lower volumes across the UK thermal assets as a result of weaker market spreads. Gas sales totaled 42.1 TWh, up 7.0 TWh following higher transportation volumes in Turkey.

EBITDA came in at €341 million, down 17.5% on an organic basis. Weaker performances in the UK generation facilities resulting from declining spreads were mitigated by favorable results in Turkey and cost reduction initiatives. Additionally, 2015 benefited from the impact of favorable one-off items.

Current operating income after share in net income of entities accounted for using the equity method was €259 million, down 12.9% on an organic basis, due primarily to the decrease in EBITDA but mitigated slightly by lower depreciation charges following asset writedowns in December 2014.

South Asia, Middle East & Africa

Revenues for the South Asia, Middle East & Africa region (SAMEA) totaled €846 million, an increase of 24.5% on a reported basis reflecting the weakening euro against the US dollar, and 5.6% on an organic basis. This organic growth is mainly related to the commissioning of Uch II in Pakistan in April 2014 as well as higher volumes and prices in Meenakshi Phase I in India.

Electricity sales amounted to 8.5 TWh down 0.2 TWh on the previous year, mainly reflecting the lower production levels of the Al Kamil power plant in Oman, offset by the generation volumes of Uch II and Meenakshi Phase I.

EBITDA came in at €371 million, up 5.6% on an organic basis. This increase stems mainly from the commissioning of Uch II and Tarfaya, the improved performance of Meenakshi Phase I, as well as higher O&M margins in the Middle East.

Current operating income after share of net income of entities accounted for using the equity method amounted to €355 million, up 4.9% on an organic basis. This increase is explained by the same factors that impacted EBITDA.

I.2.2 Energy Europe

In millions of euros	Dec. 31, 2015			Dec. 31, 2014				
	Total [1]	Central Western Europe	Southern & Eastern Europe	Total [1]	Central Western Europe	Southern & Eastern Europe	% change (reported basis)	% change (organic basis)
Revenues	**32,011**	**26,859**	**5,143**	**35,158**	**29,285**	**5,873**	**-9.0%**	**-8.8%**
EBITDA	**1,612**	**1,536**	**293**	**2,015**	**1,602**	**585**	**-20.0%**	**-18.6%**
Net depreciation and amortization/Other	(1,025)	(817)	(196)	(1,107)	(909)	(195)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**587**	**718**	**97**	**908**	**692**	**390**	**-35.3%**	**-33.2%**

(1) Of which business line corporate function costs.

VOLUMES SOLD BY THE BUSINESS LINE

In TWh	Dec. 31, 2015	Dec. 31, 2014	% change (reported basis)
Gas sales	485.2	605.8	-19.9%
Electricity sales	165.4	159.9	+3.5%

Energy Europe's **revenues** totaled €32,011 million, down 9.0% on a reported basis, or 8.8% on an organic basis. This decrease chiefly reflects the impact of the shutdown of three nuclear power plants in Belgium (Doel 3 from March 26, 2014 to December 21, 2015, Tihange 2 from March 26, 2014 to December 14, 2015 and Doel 1 from February 15, 2015 to December 30, 2015), as well as the fall in gas sales volumes, particularly in France and Italy, partially offset by the positive impact of climatic conditions in France (2015 was colder than 2014). Gas sales represented 485.2 TWh, including 54.1 TWh to key accounts. Electricity sales amounted to 165.4 TWh. At December 31, 2015, Energy Europe had over 12.7 million individual gas customers and almost 6.1 million electricity customers.

The business line's **EBITDA** dropped 20.0% on a reported basis to €1,612 million (down 18.6% on an organic basis). 2015 was penalized by outages at the Doel 3 and Tihange 2 nuclear power plants and by the shutdown of the Doel 1 reactor, the fall in average sales prices on the electricity market and the unfavorable impact of market conditions on LNG sales. These factors were partly mitigated by more favorable climatic conditions for gas sales in France, the positive impact of supply contract renegociations and by liquidated damages for delay collected in connection with two coal-fired power plant projects in Germany and the Netherlands.

Current operating income after share in net income of entities accounted for using the equity method also fell, reflecting the decline in EBITDA despite lower depreciation and amortization charges.

Central Western Europe (CWE)

The contribution of CWE to Group **revenues** amounted to €26,859 million, down 8.3% on a reported basis and 8.1% on an organic basis. The decrease chiefly reflects the shutdown of three nuclear power plants in Belgium, and the decline in gas sales volumes in France.

CWE's **EBITDA** was down 4.1% on a reported basis to €1,536 million, due chiefly to the factors affecting revenues discussed above. The decline was partially offset by improved gas supply conditions for the Group and by favorable climatic conditions in France.

However, **current operating income after share in net income of entities accounted for using the equity method** increased (up 3.8% on a reported basis to €718 million), due to lower depreciation and amortization charges in Belgium, Luxembourg and France.

CWE FRANCE

In millions of euros	Dec. 31, 2015	Dec. 31, 2014	% change (reported basis)	% change (organic basis)
Revenues	**12,494**	**13,698**	**-8.8%**	**-7.2%**
EBITDA	**624**	**627**	**-0.6%**	**+27.4%**
Net depreciation and amortization/Other	(359)	(380)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**265**	**247**	**+7.4%**	**+61.6%**

VOLUMES SOLD IN FRANCE

In TWh	Dec. 31, 2015	Dec. 31, 2014	% change (reported basis)
Gas sales (1)	174.1	203.5	-14.4%
Electricity sales	49.6	46.3	+7.3%

(1) Business line contribution data.

FRANCE CLIMATIC ADJUSTMENT

In TWh	Dec. 31, 2015	Dec. 31, 2014	Total change in TWh
Climate adjustment volumes (negative figure = warm climate, positive figure = cold climate)	(6.6)	(21.7)	15.1

France's contribution to Group **revenues** for 2015 amounted to €12,494 million, down 8.8% on a reported basis (down 7.2% on an organic basis) due to a negative volume impact on gas sales, mainly in the B2B segment, and a negative price effect in both the B2C and B2B segments. These negative impacts were partly countered by more favorable climatic conditions in 2015 compared to 2014 and by the increase in electricity sales to end customers.

Natural gas sales were down 29.4 TWh despite colder weather than in 2014 (+15.1 TWh), following the loss of customers due to competitive pressure in the key accounts segment and the end of regulated tariffs on the B2B market. ENGIE maintains a share of around 77% of the B2C market and around 31% of the B2B market. Electricity sales were up on 2014 and continued to advance in terms of both sales to end customers and sales to business customers and key accounts.

EBITDA came in at €624 million, up 27.4% on an organic basis and down 0.6%, or €3 million, on a reported basis. This reflects a fall in volumes sold and the transfer of drawing rights on the Chooz B and Tricastin nuclear reactors to CWE Benelux & Germany (negative €142 million impact), offset by the positive €151 million impact of climatic conditions and by cost performance efforts.

Current operating income after share in net income of entities accounted for using the equity method improved on the back of lower depreciation and amortization charges.

CWE BENELUX & GERMANY

In millions of euros	Dec. 31, 2015	Dec. 31, 2014	% change (reported basis)	% change (organic basis)
Revenues	**9,620**	**9,964**	**-3.5%**	**-5.3%**
EBITDA	**611**	**497**	**+22.9%**	**+7.0%**
Net depreciation and amortization/Other	(428)	(470)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**182**	**27**	**NA**	**NA**

Revenues for the Benelux & Germany region amounted to €9,620 million in 2015, down 3.5% on a reported basis and down 5.3% on an organic basis compared to 2014. Volumes of electricity and gas sales declined due to outages at the Doel 3 and Tihange 2 nuclear power plants and the shutdown of the Doel 1 reactor, and to a drop in sales to key accounts. These factors were partially offset by the transfer of CWE France's drawing rights on the Chooz B and Tricastin nuclear reactors.

Electricity sales in Belgium and Luxembourg were down 9.7 TWh, mainly reflecting a decrease in market sales. The retail market share in Belgium remained stable at around 47% at end-December. Electricity sales in the Netherlands and Germany were up 1.9 TWh and 1.2 TWh, respectively.

Natural gas sales declined 11.1 TWh, or 12%, in the Benelux & Germany region due to a fall in market sales and in sales to key accounts. Retail market share in Belgium has stabilized at around 44%.

EBITDA for the region amounted to €611 million, up 22.9% on a reported basis and 7.0% on an organic basis, chiefly reflecting liquidated damages for delay collected in connection with two coal-fired power plant projects in Germany and the Netherlands. Nonetheless, EBITDA was penalized by outages at the Doel 3 and Tihange 2 nuclear power plants and the shutdown of the Doel 1 reactor.

Current operating income after share in net income of entities accounted for using the equity method increased in line with EBITDA and was also favorably impacted by lower net depreciation and amortization charges.

SOUTHERN & EASTERN EUROPE

In millions of euros	Dec. 31, 2015	Dec. 31, 2014	% change (reported basis)	% change (organic basis)
Revenues	5,143	5,873	-12.4%	-12.2%
EBITDA	293	585	-50.0%	-49.6%
Net depreciation and amortization/Other	(196)	(195)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	97	390	NA	NA

Southern & Eastern Europe region **revenues** were down 12.4% on a reported basis, or 12.2% on an organic basis, at €5,143 million. The decline was chiefly attributable to Italy (lower gas volumes sold) and to a lesser extent Hungary, and was partially offset by a rise in Poland.

EBITDA for Southern & Eastern Europe fell 50.0% on a reported basis, or 49.6% on an organic basis, to €293 million, impacted mainly by a poor performance in Italy due chiefly to negative price effects.

Current operating income after share in net income of entities accounted for using the equity method decreased in line with EBITDA.

I.2.3 Global Gas & LNG

In millions of euros	Dec. 31, 2015	Dec. 31, 2014	% change (reported basis)	% change (organic basis)
Revenues	4,246	6,883	-38.3%	-42.0%
Total revenues *(incl. intra-Group transactions)*	5,993	9,551	-37.3%	
EBITDA	1,625	2,225	-27.0%	-30.5%
Net depreciation and amortization/Other	(1,090)	(1,162)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	535	1,064	-49.7%	-54.6%

Global Gas & LNG's contribution to Group **revenues** for the year ended December 31, 2015 amounted to €4,246 million, down 38.3% on a reported basis compared to 2014 and down 42.0% on an organic basis.

The decrease in the revenue contribution was mainly due to plummeting oil prices, gas prices on the European and Asian markets, which sharply reduced LNG arbitrage opportunities in 2015, and also to the disruption in supplies shipped from Egypt as from January 2015 and from Yemen as from April 2015.

The unfavorable price impact on exploration-production activities was offset to a large extent by the 3.6 Mboe increase in total hydrocarbon production (59.1 Mboe in 2015 compared to 55.5 Mboe in 2014), thanks to the restart of production at the Njord facility in Norway in July 2014 and to contributions from the Amstel field in the Netherlands and the Gudrun field in Norway, commissioned in February 2014 and April 2014, respectively.

External LNG sales fell 47.8 TWh to 71.4 TWh, representing 86 cargoes for 2015 compared with 119.2 TWh, or 142 cargoes, for the prior-year period, and were adversely impacted by the fall in LNG sales prices in Europe and in Asia, where LNG sales prices are currently very close to European prices based on comparable shipping costs.

EBITDA for the Global Gas & LNG business line amounted to €1,625 million for 2015, down 27.0% on a reported basis and down 30.5% on an organic basis compared to the same prior-year period, due to the abovementioned reasons.

Current operating income after share in net income of entities accounted for using the equity method was €535 million in 2015, down 49.7% on a reported basis and down 54.6% on an organic basis.

I.2.4 Infrastructures

In millions of euros	Dec. 31, 2015	Dec. 31, 2014	% change (reported basis)	% change (organic basis)
Revenues	**3,055**	**2,994**	**+2.0%**	**+2.0%**
Total revenues *(incl. intra-Group transactions)*	**6,608**	**6,812**	**-3.0%**	
EBITDA	**3,402**	**3,274**	**+3.9%**	**+3.9%**
Net depreciation and amortization/Other	(1,330)	(1,280)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**2,072**	**1,994**	**+3.9%**	**+4.0%**

Total **revenues** for the Infrastructures business line, including intra-Group transactions, amounted to €6,608 million, down 3.0% on 2014, reflecting:

- the decrease in gas purchases and sales at Storengy to maintain technical storage performance (low summer/winter spreads) and the related revenues at GRTgaz and Storengy, linked particularly to Joint Transport Storage (JTS) services and market coupling (due to a very low North-South GEP spread);
- despite:
  - a 19.9 TWh[1] increase in volumes distributed by GRDF due to colder weather conditions in 2015 compared to the prior-year period;
  - the annual review in France of distribution infrastructure access tariffs (3.9% increase on July 1, 2015 and 4.1% increase on July 1, 2014) and of transport infrastructure tariffs (2.5% increase on April 1, 2015 and 3.9% increase on April 1, 2014);
  - improved marketing of storage capacity in France linked to the commissioning of new storage caverns in Germany (Peckensen 4 and 5) and the United Kingdom (Stublach).

In this climatic and regulatory context, the business line's contribution to Group revenues was €3,055 million, a slight 2.0% increase on 2014. The improved contribution essentially reflects the development of third party services in increasingly deregulated markets, despite the downturn in gas purchases and sales activities at Storengy.

EBITDA for the Infrastructures business line amounted to €3,402 million for the period, up 3.9% on the prior-year period thanks to favorable climatic conditions (positive 19.9 TWh impact) and rate increases, partially offset by a decrease in volumes and revenues from JTS services and performance gas purchases and sales.

Current operating income after share in net income of entities accounted for using the equity method for the Infrastructures business line came in at €2,072 million for the period, up 3.9% on the prior-year period, with a 3.7% rise in net depreciation and amortization charges resulting from the commissioning of new assets by GRDF and GRTgaz in 2014.

I.2.5 Energy Services

In millions of euros	Dec. 31, 2015	Dec. 31, 2014	% change (reported basis)	% change (organic basis)
Revenues	**16,001**	**15,673**	**+2.1%**	**-0.4%**
EBITDA	**1,227**	**1,127**	**+8.9%**	**+3.9%**
Net depreciation and amortization/Other	(373)	(335)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**854**	**791**	**+7.9%**	**+2.4%**

Revenues for the Energy Services business line, up 2.1% on a reported basis to €16,001 million for 2015, buoyed by the acquisitions carried out in the second half of 2014 of Lend Lease FM in the United Kingdom, Ecova in the United States, Keppel FMO in Singapore, and Lahmeyer in Germany, essentially offset by the disposal of oil trading operations in Italy, for a net amount of €189 million, and positive exchange rate effects in the United Kingdom (€148 million) and Switzerland (€59 million).

Revenue slipped 0.4% on an organic basis, mainly owing to a decline in maintenance services in the North Sea oil and gas industry following the collapse of crude oil prices, and to a downturn in the Services business in France and Southern Europe linked to the fall in investments by public authorities and to continued lackluster business investment.

This decline was partially offset by an upturn in sales of heat by networks and co-generation facilities triggered by the return to colder temperatures in 2015 after exceptionally mild weather conditions in 2014, and by a good performance from Engineering activities.

(1) *A 32.1 TWh decrease due to the mild weather conditions in 2014 and a 12.2 TWh decrease due to the mild weather conditions in 2015.*

EBITDA for the Energy Services business line rose 8.9% on a reported basis to €1,227 million, due chiefly to the acquisitions referred to above. Organic growth came out at 3.9%, essentially reflecting:

- the favorable impact of weather conditions and efficiency gains on network activities in France;
- improved margins for services activities in France;
- new facilities commissioned in France.

These items were partially offset by:

- one-off items which had benefited the 2014 performance;
- weaker North Sea oil and gas activities;
- difficulties encountered in Spain and on installation markets in Central Europe.

Current operating income after share in net income of entities accounted for using the equity method amounted to €854 million, up 7.9% on a reported basis and 2.4% on an organic basis. This was in line with EBITDA trends, adjusted for higher depreciation and amortization charges following the commissioning of new facilities in heating networks and services in France and the United Kingdom.

I.2.6 Other

In millions of euros	Dec. 31, 2015	Dec. 31, 2014	% change (reported basis)	% change (organic basis)
EBITDA	**(194)**	**(225)**	**+13.8%**	**+17.7%**
Net depreciation and amortization/Other	(125)	(121)		
CURRENT OPERATING INCOME/(LOSS) AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**(319)**	**(346)**	**+7.9%**	**+12.2%**

EBITDA for the “Other” business line came in at a negative €194 million for 2015, an improvement on 2014, mainly reflecting the positive impacts of the Perform 2015 plan.

Current operating loss after share in net income of entities accounted for using the equity method improved in 2015, owing mainly to the improvement in EBITDA.

I.3 OTHER INCOME STATEMENT ITEMS

In millions of euros	Dec. 31, 2015	Dec. 31, 2014	% change (reported basis)
Current operating income after share in net income of entities accounted for using the equity method	**6,326**	**7,156**	**-11.6%**
Mark to market on commodity contracts other than trading instruments	(261)	(298)	
Impairment losses	(8,748)	(1,037)	
Restructuring costs	(265)	(167)	
Changes in scope of consolidation	(46)	562	
Other non-recurring items	(248)	353	
Income/(loss) from operating activities	**(3,242)**	**6,569**	**NA**
Net financial income/(loss)	(1,547)	(1,876)	
Income tax expense	(324)	(1,586)	
NET INCOME/(LOSS)	**(5,113)**	**3,106**	**NA**
o/w net income/(loss) Group share	(4,617)	2,437	
o/w non-controlling interests	(496)	669	

Income/(loss) from operating activities represented a net loss of €3,242 million in 2015. The year-on-year decline results chiefly from the fall in current operating income after share in net income of entities accounted for using the equity method and the impact of impairment losses recognized against goodwill, property, plant and equipment, intangible assets and financial assets.

At December 31, 2015, the Group recognized impairment losses of €2,628 million against goodwill, €5,731 million against property, plant and equipment and intangible assets, and €402 million against financial assets and investments in entities accounted for using the equity method. These impairment losses mainly concerned the Global Gas & LNG, Energy International and Energy Europe business lines. After taking into account the deferred tax effects and the share of impairment losses attributable to non-controlling interests, the impact of these impairment losses on net income Group share for 2015 amounts to €6,761 million. These impairment losses are described in Note 7.2 “Impairment losses” to the consolidated financial statements.

Impairment losses recognized in 2014 totaled €1,037 million, chiefly in respect of Global Gas & LNG (€362 million), Energy International (€306 million) and Energy Europe (€291 million).

Income/(loss) from operating activities was also affected by:

- changes in the fair value of commodity derivatives (mark-to-market) that had a negative impact of €261 million on income/(loss) from operating activities (reflecting the impact of transactions not eligible for hedge accounting), compared with a negative impact of €298 million in 2014. The impact for the period results chiefly from negative overall price effects on these positions, partly offset by the net positive impact of unwinding positions with a negative market value at December 31, 2014;
- restructuring costs of €265 million (€167 million in 2014), including €47 million in external costs relating to the change in the Group’s corporate brand;
- changes in the scope of consolidation (gains and losses on disposals of consolidated equity investments or remeasurements of previously-held interests in accordance with IFRS 3) which had a negative impact of €46 million versus a positive impact of €562 million in 2014 (relating mainly to gains on remeasuring the previously-held interest in GTT after the Group acquired control of the company, and on the Walloon intermunicipal companies due to the loss of significant influence);
- other non-recurring items representing a loss of €248 million, integrating additional dismantling and site rehabilitation costs for one production unit versus income of €353 million in 2014 (primarily resulting from the capital gain on the disposal of interests in the Flemish inter-municipal companies).

The Group’s net financial loss narrowed to €1,547 million in 2015 from €1,876 million in 2014, owing to a €100 million fall in the cost of debt on the back of the lower average cost of gross debt, and to the positive €216 million impact of lower non-recurring expenses compared to 2014 (corresponding to changes in the fair value of derivatives not eligible for hedge accounting which had a positive €104 million impact and debt restructuring transactions which had a positive €99 million impact).

The 2015 income tax charge amounts to €324 million (versus €1,586 million in 2014). It includes an income tax benefit of €1,110 million arising on non-recurring income statement items (versus €659 million in 2014), essentially related to the impairment losses recognized against property, plant and equipment and intangible assets in 2015 and €338 million of deferred tax income in Luxembourg. Adjusted for these items, the effective recurring tax rate was 39.0%, lower than the 42.5% rate in 2014 due mainly to the impacts of one-off reversals of various tax provisions and to the decrease in the nuclear contribution.

Net income/(loss) attributable to non-controlling interests was down year-on-year at a loss of €496 million, due primarily to impairment losses impacting net income from exploration-production activities.

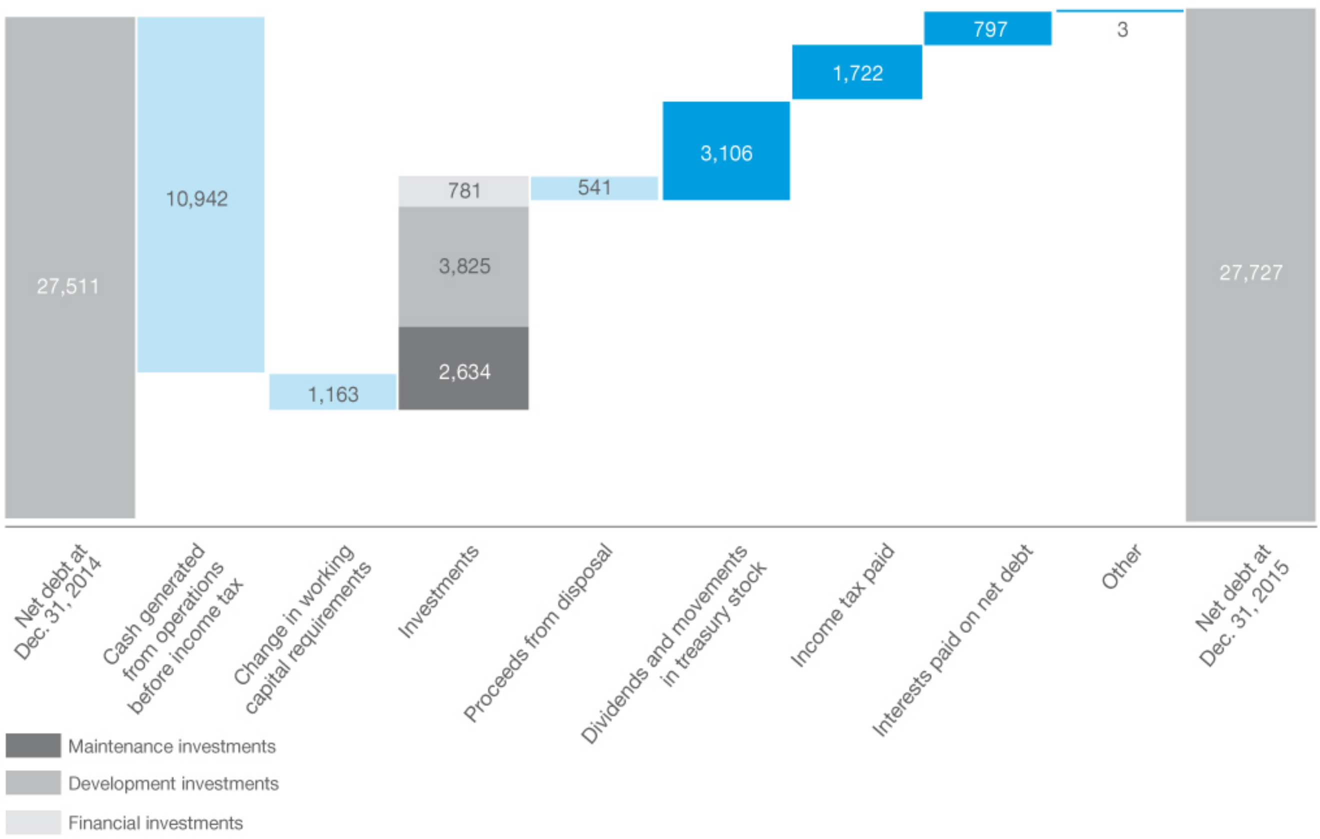
I

I.4 CHANGES IN NET DEBT

Net debt stood at €27.7 billion at December 31, 2015, up €0.2 billion compared with net debt at December 31, 2014, reflecting (i) net investments (including changes in the scope of consolidation) carried out by the Group (€5.7 billion), dividends paid to ENGIE SA shareholders (€2.4 billion) and to non-controlling interests (€0.5 billion), the impact of changes in exchange rates related to the depreciation of the euro against major currencies (€0.5 billion), cash outflows related to tax payments (€1.7 billion) and to interest payments on net debt (€0.8 billion), (ii) offset by cash generated from operations before income tax and working capital requirements (€10.9 billion) and the favorable change in working capital requirements (€1.2 billion).

Changes in net debt break down as follows:

In millions of euros



The net debt to EBITDA ratio came out at 2.46 at December 31, 2015.

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Net debt	27,727	27,511
EBITDA	11,262	12,133
NET DEBT/EBITDA RATIO	**2.46**	**2.27**

I.4.1 Cash generated from operations before income tax and working capital requirements

Cash generated from operations before income tax and working capital requirements amounted to €10,942 million in 2015, down €829 million compared with 2014.

The fall was in line with the EBITDA performance and amplified by net changes in additions to provisions.

I.4.2 Change in working capital requirements

The change in working capital requirements represents a positive impact of €1.2 billion, mainly related to the impact of fluctuations in commodity prices (Brent crude) on margin calls.

I.4.3 Net investments

Gross investments during the period amounted to €7,240 million and included:

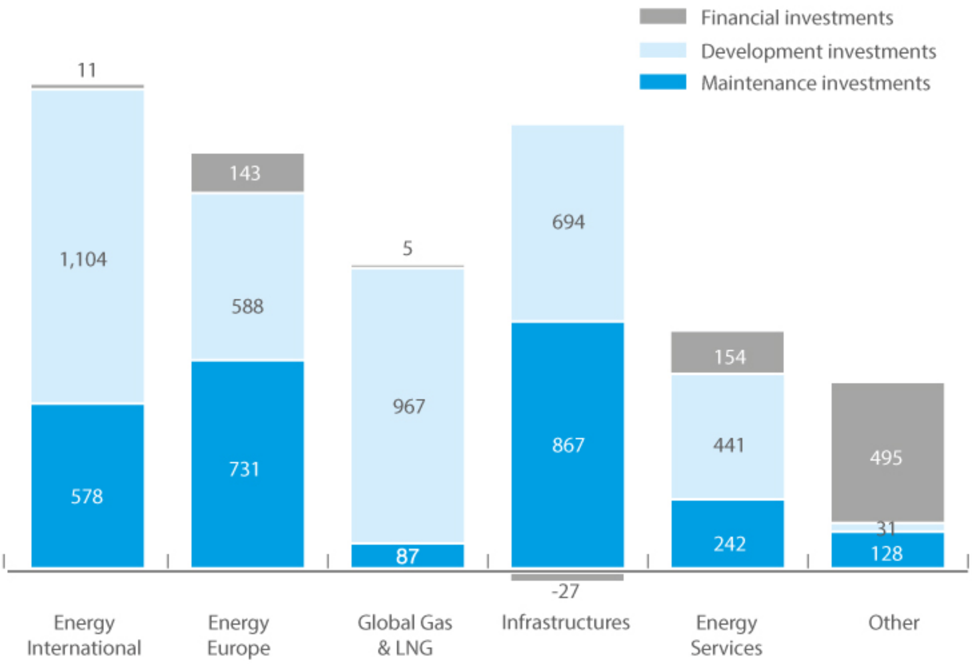
- financial investments for €781 million, relating chiefly to the acquisition of Solairedirect for €176 million and various companies in the Energy Services business line for €118 million, capital increases or loans for companies accounted for using the equity method totaling €327 million (mainly for the Jirau and Nugen projects, wind farm projects in France and Belgium, and power plant projects in the Middle East and South Africa), Synatom investments which rose by €153 million, and the repayment of loans for the Los Ramones pipeline (Mexico) and the Marafiq power generation facility and desalination unit (Saudi Arabia) construction projects for €152 million;
- development investments totaling €3,825 million, including €1,104 million invested in the Energy International business line to build power plants and develop wind farms in Peru, Chile, Brazil and India, €967 million invested in the Global Gas & LNG business line to develop gas fields in the United Kingdom, the Netherlands, Indonesia, Algeria and Norway, and €694 million invested in the Infrastructures business line;
- maintenance investments for an amount of €2,634 million.

Disposals represented a cash amount of €541 million and related to disposals of interests in exploration-production licenses in Indonesia and Norway for €241 million, and to real estate disposals for €164 million.

Including changes in the scope of consolidation resulting from these acquisitions and disposals, net investments represented €5,746 million.

Capital expenditure breaks down as follows by business line:

In millions of euros



I.4.4 Dividends and movements in treasury stock

Dividends and movements in treasury stock during the period amounted to €3,106 million and included:

- €2,392 million in dividends paid by ENGIE SA to its shareholders, which corresponds to the balance of the 2014 dividend (€0.50 per share) paid in May 2015, and an interim dividend in respect of 2015 (€0.50 per share) paid in October 2015;
- dividends paid by various subsidiaries to their non-controlling shareholders in an amount of €482 million, the payment of interest on hybrid debt for €145 million, withholding tax and movements in treasury stock.

I.4.5 Net debt at December 31, 2015

Excluding amortized cost but including the impact of foreign currency derivatives, at December 31, 2015 a total of 67% of net debt was denominated in euros, 17% in US dollars and 7% in pounds sterling.

Including the impact of financial instruments, 83% of net debt is at fixed rates.

The average maturity of the Group's net debt is 9.5 years.

At December 31, 2015, the Group had total undrawn confirmed credit lines of €14.0 billion.

I.5 OTHER ITEMS IN THE STATEMENT OF FINANCIAL POSITION

In millions of euros	Dec. 31, 2015	Dec. 31, 2014	Net change
Non-current assets	**101,204**	**109,998**	**(8,794)**
of which goodwill	19,024	21,222	(2,198)
of which property, plant and equipment and intangible assets, net	64,001	71,601	(7,600)
of which investments in entities accounted for using the equity method	6,977	7,055	(78)
Current assets	**59,454**	**55,306**	**4,148**
Total equity	**48,750**	**55,981**	**(7,230)**
Provisions	18,835	18,539	296
Borrowings	39,155	38,321	834
Other liabilities	53,917	52,463	1,454

The carrying amount of **property, plant and equipment and intangible assets** was €64.0 billion, a decrease of €7.6 billion compared to December 31, 2014. This decrease was primarily the result of asset impairment losses (negative €5.7 billion impact), depreciation and amortization (negative €4.7 billion impact), reclassifying certain assets as held for sale (negative €4.1 billion impact), and disposals (negative €0.5 billion impact), partially offset by the positive impact of investments for the period (€6.5 billion) and translation adjustments (€0.6 billion).

Goodwill decreased by €2.2 billion to €19.0 billion, mainly due to the impairment losses recognized (€1.7 billion) and to the impact of assets classified as held for sale (€0.9 billion).

Total equity amounted to €48.8 billion, a decrease of €7.2 billion compared to December 31, 2014. This decrease results essentially from the net loss for the period (negative €5.1 billion impact), the payment of cash dividends (negative €2.9 billion impact), and other comprehensive income (positive €0.9 billion impact, chiefly translation adjustments, actuarial differences and net investment and cash flow hedges net of tax, for a net amount of €0.2 billion).

Provisions remained stable, as the fall in actuarial differences on provisions for post-employment benefits (negative €0.4 billion impact), and provisions for tax disputes in Australia and the United Kingdom (negative €0.2 billion impact) was offset by the positive €0.6 billion impact of unwinding the discount on provisions.

I.6 PARENT COMPANY FINANCIAL STATEMENTS

The figures provided below relate to the financial statements of ENGIE SA, prepared in accordance with French GAAP and applicable regulations.

Revenues for ENGIE SA in 2015 totaled €19,891 million, down 19% on 2014 due mainly to the impact of the downturn in volumes delivered and the fall in market prices.

The Company posted a net operating loss of €744 million versus a net operating loss of €1,354 million in 2014. This improved performance chiefly reflects advances in electricity transmission partially offset by the decline in the energy margin and the decrease in personnel costs.

The Company reported net financial income of €1,089 million compared with €1,589 million one year earlier. This mainly includes dividends received from subsidiaries for €2,055 million versus €2,297 million in 2014, and the cost of debt which remained stable at €837 million, chiefly consisting of the interest expense on bond issues.

Non-recurring items included €617 million in non-recurring expenses, chiefly due to the combined effect of debt restructuring (expense of €116 million), impairment losses on securities net of reversals (expense of €488 million), offset by capital gains on disposals of real estate (income of €52 million) and the reversal of the provision for the renewal of the Corsican agreements (income of €39 million).

The income tax benefit amounts to €540 million compared to a benefit of €378 million in 2014. These two amounts include a tax consolidation benefit of €350 million and €368 million in 2015 and 2014, respectively.

Net income for the year came out at €268 million.

Shareholders' equity amounted to €39,903 million at end-2015, versus €41,896 million at December 31, 2014, mainly reflecting the cash dividend payout.

At December 31, 2015, net debt stood at €32,388 million, and cash and cash equivalents totaled €9,158 million.

INFORMATION RELATING TO SUPPLIER PAYMENT DEADLINES

The law in favor of the modernization of the economy ("LME" law No. 2008-776 of August 4, 2008) and its implementing decree (No. 2008-1492 of December 30, 2008), provide that companies whose annual financial statements are certified by a Statutory Auditor must publish information regarding supplier payment deadlines. The purpose of publishing this information is to demonstrate that there are no significant delays in the payment of suppliers.

The breakdown by maturity of outstanding amounts payable by ENGIE SA to its suppliers over the last two reporting periods is as follow:

	Dec. 31, 2015			Dec. 31, 2014		
In millions of euros	External	Group	Total	External	Group	Total
Past due	20	112	132	33	94	127
30 days	254	30	284	414	28	442
45 days	141	253	394	8	251	259
More than 45 days	54	-	54	23	-	23
TOTAL	**469**	**395**	**864**	**478**	**373**	**851**

I.7 OUTLOOK

The Group is committed to a 3 year transformation plan aiming at creating value and at improving the Group's risk profile. This plan is based on 3 main programs:

- a portfolio rotation program of €15 billion (net debt impact) over 2016-2018, aimed at reducing its exposure to activities sensitive to commodity prices, by means of disposals, partnerships and/or sites closures;
- a capex program of €22 billion over 2016-2018, of which €7 billion on maintenance and at least €500 million on innovation, mainly financed by operational cash flow generation; and
- an ambitious performance program named Lean 2018, which targets recurring savings on operational costs, with a cumulated net impact on EBITDA of €1 billion by 2018.

For 2016[1], and despite a difficult market context characterized by the major and prolonged drop of oil, gas and power prices, which will continue to weigh on its results, the Group anticipates a net recurring income Group share resilient compared with 2015, comprised between €2.4 and €2.7 billion. This guidance is based on an estimated range for EBITDA[2] of €10.8 to €11.4 billion, assuming no significant scope out impact.

For the period 2016-2018, the Group anticipates:

- a net debt/EBITDA ratio below or equal to 2.5x; and
- an "A" category credit rating.

For fiscal years 2015 and 2016, the Group confirms the payment of €1/share dividend per year, payable in cash.

For fiscal years 2017 and 2018, the Group commits to pay a €0.70/share dividend per year, payable in cash.

(1) These targets and indication assume average weather conditions in France, full pass through of supply costs in French regulated gas tariffs, no significant regulatory and macro-economic changes, commodity price assumptions based on market conditions as of December 31, 2015 for the non-hedged part of the production, and average foreign exchange rates as follows for 2016 : €/$: 1.10, €/BRL : 4.59.

(2) As from January 1, 2016, EBITDA will no longer include the non-recurring contribution from entities accounted for using the equity method (which represents in 2015 an amount of -€12 million).

CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

In millions of euros	Notes	Dec. 31, 2015	Dec. 31, 2014 [1]
Revenues	6.1	69,883	74,686
Purchases		(39,308)	(44,160)
Personnel costs	6.2	(10,168)	(9,779)
Depreciation, amortization and provisions	6.3	(5,007)	(4,797)
Other operating expenses		(11,163)	(11,000)
Other operating income		1,617	1,764
CURRENT OPERATING INCOME	**6**	**5,854**	**6,715**
Share in net income of entities accounted for using the equity method	3	473	441
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD		**6,326**	**7,156**
Mark-to-market on commodity contracts other than trading instruments	7.1	(261)	(298)
Impairment losses	7.2	(8,748)	(1,037)
Restructuring costs	7.3	(265)	(167)
Changes in scope of consolidation	7.4	(46)	562
Other non-recurring items	7.5	(248)	353
INCOME/(LOSS) FROM OPERATING ACTIVITIES	**7**	**(3,242)**	**6,569**
Financial expenses		(2,413)	(2,673)
Financial income		866	797
NET FINANCIAL INCOME/(LOSS)	**8**	**(1,547)**	**(1,876)**
Income tax expense	9	(324)	(1,586)
NET INCOME/(LOSS)		**(5,113)**	**3,106**
Net income/(loss) Group share		(4,617)	2,437
Non-controlling interests		(496)	669
BASIC EARNINGS/(LOSS) PER SHARE *(EUROS)*	**11**	**(1.99)**	**1.00**
DILUTED EARNINGS/(LOSS) PER SHARE *(EUROS)*	**11**	**(1.99)**	**0.99**

(1) Comparative data at December 31, 2014 have been restated due to the retrospective application of IFRIC 21 (see Note 1.1).
NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

STATEMENT OF COMPREHENSIVE INCOME

In millions of euros	Notes	Dec. 31, 2015	Dec. 31, 2015 Owners of the parent	Dec. 31, 2015 Non-controlling interests	Dec. 31, 2014 (1)	Dec. 31, 2014 Owners of the parent (1)	Dec. 31, 2014 Non-controlling interests (1)
NET INCOME/(LOSS)		**(5,113)**	**(4,617)**	**(496)**	**3,106**	**2,437**	**669**
Available-for-sale securities	15	(19)	(19)	-	47	47	-
Net investment hedges		(364)	(364)	-	(442)	(442)	-
Cash flow hedges (excl. commodity instruments)	16	277	263	13	(717)	(702)	(15)
Commodity cash flow hedges	16	101	(1)	103	298	234	64
Deferred tax on items above	9	(65)	(18)	(47)	182	211	(29)
Share of entities accounted for using the equity method in recyclable items, net of tax		(162)	(162)	-	(128)	(128)	-
Translation adjustments		903	799	105	1,835	1,545	290
TOTAL RECYCLABLE ITEMS		**671**	**498**	**173**	**1,075**	**765**	**310**
Actuarial gains and losses	19	446	433	13	(1,762)	(1,658)	(105)
Deferred tax on actuarial gains and losses	9	(139)	(135)	(4)	516	482	33
Share of entities accounted for using the equity method in non-recyclable items from actuarial gains and losses, net of tax		(34)	(34)	-	7	7	(1)
TOTAL NON-RECYCLABLE ITEMS		**274**	**264**	**9**	**(1,240)**	**(1,168)**	**(72)**
TOTAL COMPREHENSIVE INCOME/(LOSS)		**(4,168)**	**(3,855)**	**(313)**	**2,941**	**2,034**	**907**

(1) Comparative data at December 31, 2014 have been restated due to the retrospective application of IFRIC 21 (see Note 1.1).
NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

STATEMENT OF FINANCIAL POSITION

ASSETS

In millions of euros	Notes	Dec. 31, 2015	Dec. 31, 2014 [1]
Non-current assets			
Intangible assets, net	13	7,013	7,569
Goodwill	12	19,024	21,222
Property, plant and equipment, net	14	56,988	64,032
Available-for-sale securities	15	3,016	2,893
Loans and receivables at amortized cost	15	2,377	2,960
Derivative instruments	15	4,026	2,733
Investments in entities accounted for using the equity method	3	6,977	7,055
Other assets	26	503	557
Deferred tax assets	9	1,280	978
TOTAL NON-CURRENT ASSETS		**101,204**	**109,998**
Current assets			
Loans and receivables at amortized cost	15	731	925
Derivative instruments	15	10,857	7,886
Trade and other receivables, net	15	19,349	21,558
Inventories	26	4,207	4,891
Other assets	26	9,348	10,049
Financial assets at fair value through income	15	1,172	1,450
Cash and cash equivalents	15	9,183	8,546
Assets classified as held for sale	4	4,607	-
TOTAL CURRENT ASSETS		**59,454**	**55,306**
TOTAL ASSETS		**160,658**	**165,304**

(1) Comparative data at December 31, 2014 have been restated due to the retrospective application of IFRIC 21 (see Note 1.1).
NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

LIABILITIES

In millions of euros	Notes	Dec. 31, 2015	Dec. 31, 2014 [1]
Shareholders' equity		43,078	49,548
Non-controlling interests		5,672	6,433
TOTAL EQUITY	**17**	**48,750**	**55,981**
Non-current liabilities			
Provisions	18	16,804	16,402
Long-term borrowings	15	28,123	28,024
Derivative instruments	15	4,216	3,020
Other financial liabilities	15	237	286
Other liabilities	26	1,108	1,078
Deferred tax liabilities	9	8,131	9,049
TOTAL NON-CURRENT LIABILITIES		**58,619**	**57,859**
Current liabilities			
Provisions	18	2,032	2,137
Short-term borrowings	15	11,032	10,297
Derivative instruments	15	8,642	5,895
Trade and other payables	15	17,101	18,799
Other liabilities	26	13,782	14,337
Liabilities directly associated with assets classified as held for sale	4	699	-
TOTAL CURRENT LIABILITIES		**53,288**	**51,465**
TOTAL EQUITY AND LIABILITIES		**160,658**	**165,304**

(1) Comparative data at December 31, 2014 have been restated due to the retrospective application of IFRIC 21 (see Note 1.1).
NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

STATEMENT OF CHANGES IN EQUITY

In millions of euros	Number of shares	Share capital	Additional paid-in capital	Consolidated reserves	Deeply-subordinated perpetual notes	Changes in fair value and other	Translation adjustments	Treasury stock	Shareholders' equity	Non-controlling interests	Total
EQUITY AT DECEMBER 31, 2013	**2,412,824,089**	**2,413**	**32,207**	**14,005**	**1,657**	**152**	**(1,353)**	**(1,109)**	**47,971**	**5,689**	**53,660**
IFRIC 21 impact (*see Note 1.1*)				26					26	1	27
EQUITY AT JANUARY 1, 2014 [(1)]	**2,412,824,089**	**2,413**	**32,207**	**14,031**	**1,657**	**152**	**(1,353)**	**(1,109)**	**47,996**	**5,690**	**53,686**
Net income/(loss) [(1)]				2,437					2,437	669	3,106
Other comprehensive income/(loss) [(1)]				(1,168)		(779)	1,545		(403)	238	(165)
TOTAL COMPREHENSIVE INCOME/(LOSS) [(1)]				**1,269**	**-**	**(779)**	**1,545**	**-**	**2,034**	**907**	**2,941**
Employee share issues and share-based payments	22,460,922	22	299	35					357	-	357
Dividends paid in cash				(2,767)					(2,767)	(761)	(3,527)
Purchase/disposal of treasury stock				(17)				152	136	-	136
Acquisition of control over Gaztransport & Technigaz									-	476	476
Coupons of deeply-subordinated perpetual notes					(67)				(67)	-	(67)
Issuance of deeply-subordinated perpetual notes					1,974				1,974	-	1,974
Transactions between owners				(114)					(114)	12	(102)
Share capital increases subscribed by non-controlling interests									-	60	60
Other changes				(1)					(1)	49	48
EQUITY AT DECEMBER 31, 2014 [(1)]	**2,435,285,011**	**2,435**	**32,506**	**12,436**	**3,564**	**(627)**	**191**	**(957)**	**49,548**	**6,433**	**55,981**

(1) Comparative data at December 31, 2014 have been restated due to the retrospective application of IFRIC 21 (see Note 1.1).
NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

In millions of euros	Number of shares	Share capital	Additional paid-in capital	Consolidated reserves	Deeply-subordinated perpetual notes	Changes in fair value and other	Translation adjustments	Treasury stock	Shareholders' equity	Non-controlling interests	Total
EQUITY AT DECEMBER 31, 2014 [(1)]	**2,435,285,011**	**2,435**	**32,506**	**12,436**	**3,564**	**(627)**	**191**	**(957)**	**49,548**	**6,433**	**55,981**
Net income/(loss)				(4,617)					(4,617)	(496)	(5,113)
Other comprehensive income/(loss)				264		(301)	799		762	183	945
TOTAL COMPREHENSIVE INCOME/(LOSS)				**(4,353)**	**-**	**(301)**	**799**	**-**	**(3,855)**	**(313)**	**(4,168)**
Employee share issues and share-based payments				46					46	-	46
Dividends paid in cash (*see Note 17.2.3*)				(2,392)					(2,392)	(482)	(2,875)
Purchase/disposal of treasury stock (*see Note 17.1.2*)				(134)				135	1	-	1
Coupons of deeply-subordinated perpetual notes (*see Note 17.2.1*)					(145)				(145)	-	(145)
Transactions between owners				(60)					(60)	21	(39)
Transactions between owners within entities accounted for using the equity method				(73)					(73)	-	(73)
Share capital increases and decreases subscribed by non-controlling interests									-	22	22
Other changes				8					8	(8)	-
EQUITY AT DECEMBER 31, 2015	**2,435,285,011**	**2,435**	**32,506**	**5,479**	**3,419**	**(928)**	**990**	**(822)**	**43,078**	**5,672**	**48,750**

(1) Comparative data at December 31, 2014 have been restated due to the retrospective application of IFRIC 21 (see Note 1.1).
NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

STATEMENT OF CASH FLOWS

In millions of euros	Notes	Dec. 31, 2015	Dec. 31, 2014 [1]
NET INCOME/(LOSS)		**(5,113)**	**3,106**
- Share in net income of entities accounted for using the equity method		(473)	(441)
+ Dividends received from entities accounted for using the equity method		503	526
- Net depreciation, amortization, impairment and provisions		13,890	5,722
- Impact of changes in scope of consolidation and other non-recurring items		(47)	(924)
- Mark-to-market on commodity contracts other than trading instruments		261	298
- Other items with no cash impact		50	21
- Income tax expense		324	1,586
- Net financial income/(loss)		1,547	1,876
Cash generated from operations before income tax and working capital requirements		**10,942**	**11,771**
+ Tax paid		(1,722)	(1,805)
Change in working capital requirements	**26.1**	**1,163**	**(1,216)**
CASH FLOW FROM OPERATING ACTIVITIES		**10,383**	**8,751**
Acquisitions of property, plant and equipment and intangible assets	5.4.3	(6,459)	(5,790)
Acquisitions of controlling interests in entities, net of cash and cash equivalents acquired	5.4.3	(259)	(340)
Acquisitions of investments in entities accounted for using the equity method and joint operations	5.4.3	(241)	(398)
Acquisitions of available-for-sale securities	5.4.3	(252)	(246)
Disposals of property, plant and equipment, and intangible assets		507	241
Loss of controlling interests in entities, net of cash and cash equivalents sold		(48)	565
Disposals of investments in entities accounted for using the equity method and joint operations		1	822
Disposals of available-for-sale securities		41	1,064
Interest received on non-current financial assets		133	29
Dividends received on non-current financial assets		103	107
Change in loans and receivables originated by the Group and other	5.4.3	245	8
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES		**(6,230)**	**(3,939)**
Dividends paid [2]		(3,107)	(3,720)
Repayment of borrowings and debt		(4,846)	(6,394)
Change in financial assets at fair value through income		296	(412)
Interest paid		(918)	(1,079)
Interest received on cash and cash equivalents		126	100
Cash flow on derivatives qualifying as net investment hedges and compensation payments on derivatives and on early buyback of borrowings		(660)	(873)
Increase in borrowings		5,834	5,033
Increase/decrease in capital		21	388
Hybrid issue of perpetual subordinated notes	17.2.1	-	1,974
Purchase and/or sale of treasury stock		1	136
Changes in ownership interests in controlled entities	5.4.3	(42)	(126)
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES		**(3,295)**	**(4,973)**
Effects of changes in exchange rates and other		(221)	1
TOTAL CASH FLOW FOR THE PERIOD		**637**	**(160)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**8,546**	**8,706**
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**9,183**	**8,546**

(1) Comparative data at December 31, 2014 have been restated due to the retrospective application of IFRIC 21 (see Note 1.1).
(2) The line "Dividends paid" includes the coupons paid to the owners of the deeply subordinated perpetual notes for an amount of €145 million at December 31, 2015 and €67 million at December 31, 2014.
NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

III

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Since April 24, 2015, the corporate name of the GDF SUEZ Group is ENGIE. On July 29, 2015, the Extraordinary Shareholders' Meeting approved the name change of GDF SUEZ SA into ENGIE SA.

ENGIE SA, the parent company of the Group is a French *société anonyme* with a Board of Directors that is subject to the provisions of Book II of the French Commercial Code (*Code de Commerce*), as well as to all other provisions of French law applicable to French commercial companies. It was incorporated on November 20, 2004 for a period of 99 years.

It is governed by current and future laws and by regulations applicable to *sociétés anonymes* and its bylaws.

The Group is headquartered at 1 place Samuel de Champlain, 92400 Courbevoie (France).

ENGIE shares are listed on the Paris, Brussels, and Luxembourg stock exchanges.

On February 24, 2016, the Group's Board of Directors approved and authorized for issue the consolidated financial statements of the Group for the year ended December 31, 2015.

NOTE 1 Accounting standards and methods

1.1 Accounting standards

Pursuant to European Regulation (EC) 809/2004 on prospectuses dated April 29, 2004, financial information concerning the assets, liabilities, financial position, and profit and loss of ENGIE has been provided for the last two reporting periods (ended December 31, 2014 and 2015). This information was prepared in accordance with European Regulation (EC) 1606/2002 on international accounting standards (IFRS) dated July 19, 2002. The Group's consolidated financial statements for the year ended December 31, 2015 have been prepared in accordance with IFRS as published by the International Accounting Standards Board (IASB) and endorsed by the European Union[1].

The accounting standards applied in the consolidated financial statements for the year ended December 31, 2015 are consistent with the policies used to prepare the consolidated financial statements for the year ended December 31, 2014, except for those described in § 1.1.1 below.

1.1.1 IFRS standards, amendments or IFRIC interpretations applicable in 2015

- Annual Improvements to IFRSs 2011-2013.

  These annual improvements had no material impact on the Group's annual consolidated financial statements.

- IFRIC 21 – *Levies.*

  IFRIC 21, effective as from January 1, 2015 with a retrospective effect as at January 1, 2014, aims to clarify when to recognize a liability for taxes or levies, other than income taxes. Under this interpretation, the obligating event that gives rise to the recognition of a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation. If the obligating event arises at a point in time, the related liability is recognized at said point in time. If the obligating event arises progressively over a period of time (for example, the generation of revenue), the related liability is recognized progressively as the revenue is generated.

  As a result, (i) certain taxes that were recognized progressively over the 12-month reporting period are from now on recognized one-shot as from January 1 of the current reporting period and (ii) to a lesser extent, there is a change in the reporting period when other taxes, such as the social solidarity contribution due by the French entities (*Contribution Sociale de Solidarité des Sociétés* or C3S) (to be recognized in Y on the basis of revenues generated in Y-1), are recognized.

  The impacts resulting from the retrospective application of IFRIC 21 as from January 1, 2014, are as follows for the Group:

  - a €27 million increase in equity as at January 1, 2014;
  - an insignificant impact on the annual income statement as at December 31, 2014;
  - a €22 million increase in equity as at December 31, 2014.

1.1.2 IFRS standards, amendments or IFRIC interpretations effective in 2016 and that the Group has elected not to early adopt in 2015

- Amendments to IFRS 11 – *Joint Arrangements: Accounting for acquisitions of interests in Joint Operations*.
- Amendments to IAS 16 – *Property, Plant and Equipment* and IAS 38 – *Intangible Assets: Clarification of acceptable methods of depreciation and amortization*.
- Amendments to IAS 1 – *Presentation of Financial Statements*: *Disclosure initiative*.
- Amendments to IAS 19 – *Employee Benefits – Defined benefit plans: employee contributions.*
- Annual Improvements to IFRSs 2010-2012.
- Annual Improvements to IFRSs 2012-2014.

1.1.3 IFRS standards, amendments or IFRIC interpretations applicable after 2016

- IFRS 9 – *Financial Instruments*[2].

  An internal Group project has been launched in 2015, together with the entities specifically concerned by the accounting of financial instruments.

- IFRS 15 – *Revenue from Contracts with Customers*[2].

  The Group project has been deployed since end 2014 in order to identify the issues likely to have an impact on how revenue is recognized by the various activities of the Group. Identifying the effects of the first application of this standard will be pursued throughout next year.

(1) *Available on the European Commission's website: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm*

(2) *These standards and amendments have not yet been adopted by the European Union.*

The impact resulting from the application of these standards and amendments is currently being assessed.

1.1.4 Reminder of IFRS 1 transition options

The Group used some of the options available under IFRS 1 for its transition to IFRS in 2005. The options that continue to have an effect on the consolidated financial statements are:

- translation adjustments: the Group elected to reclassify cumulative translation adjustments within consolidated equity at January 1, 2004;
- business combinations: the Group elected not to restate business combinations that took place prior to January 1, 2004 in accordance with IFRS 3.

1.2 Measurement and presentation basis

The consolidated financial statements have been prepared using the historical cost convention, except for financial instruments that are accounted for according to the financial instrument categories defined by IAS 39.

Assets or groups of assets held for sale

In accordance with IFRS 5 – *Non-Current Assets Held for Sale and Discontinued Operations*, assets or groups of assets held for sale are presented separately on the face of the statement of financial position, at the lower of their carrying amount and fair value less costs to sell.

Assets are classified as "held for sale" when they are available for immediate sale in their present condition, their sale is highly probable within twelve months from the date of classification, management is committed to a plan to sell the asset and an active program to locate a buyer and complete the plan has been initiated. To assess whether a sale is highly probable, the Group takes into consideration among other items, indications of interest and offers received from potential buyers and specific risks to the execution of certain transactions.

1.3 Use of estimates and judgment

The developments of the economic and financial environment prompted the Group to step up its risk oversight procedures and include an assessment of these risks in measuring financial instruments and performing impairment tests. The Group's estimates used in business plans and determination of discount rates used in impairment tests and for calculating provisions take into account the environment and the important market volatility.

1.3.1 Estimates

The preparation of consolidated financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities and contingent assets and liabilities at the reporting date, as well as income and expenses reported during the period.

Due to uncertainties inherent in the estimation process, the Group regularly revises its estimates in light of currently available information. Final outcomes could differ from those estimates.

The key estimates used in preparing the Group's consolidated financial statements relate mainly to:

- measurement of the fair value of assets acquired and liabilities assumed in a business combination *(see Note 4)*;
- measurement of the recoverable amount of goodwill, other intangible assets and property, plant and equipment *(see § 1.4.4 and 1.4.5)*;
- measurement of provisions, particularly for back-end of nuclear fuel cycle, dismantling obligations, disputes, pensions and other employee benefits *(see § 1.4.15)*;
- financial instruments *(see § 1.4.11)*;
- measurement of revenues not yet metered, so called un-metered revenues *(see § 1.3.1.6)*;
- measurement of recognized tax loss carry-forwards *(see Note 9.3)*.

1.3.1.1 Measurement of the fair value of assets acquired and liabilities assumed in a business combination

The key assumptions and estimates used to determine the fair value of assets acquired and liabilities assumed include the market outlook for the measurement of future cash flows and the applicable discount rates.

These assumptions reflect management's best estimates.

1.3.1.2 Recoverable amount of goodwill, other intangible assets and property, plant and equipment

The recoverable amount of goodwill, other intangible assets and property, plant and equipment is based on estimates and assumptions, regarding in particular the expected market outlook and the evolution of the regulatory framework, which are used for the measurement of cash flows, whose sensitivity varies depending on the activity, and the determination of the discount rate. Any changes in these assumptions could have a material impact on the measurement of the recoverable amount and could result in adjustments to the impairment losses to be recognized.

The key assumptions used in the impairment tests on material goodwill CGUs are as follows:

- Energy – Central Western Europe (CWE) CGU (Energy Europe business line)

  The cash flow projections for the electricity and gas activities in the CWE region are based on a large number of key assumptions, such as the long-term prices for fuel and CO_2, expected trends in gas and electricity demand and in power prices, the market outlook, as well as changes in the regulatory environment (especially concerning nuclear capacities in Belgium and the extension of drawing rights agreements for French nuclear plants), and the prospects of renewal of the Group's hydro concessions in France. The key assumptions also include the discount rate used to calculate the value in use of this goodwill CGU.

- Distribution CGU (Infrastructures business line)

  The cash flow projections are drawn up based on the tariff for public natural gas distribution networks (known as "ATRD 4"), which entered into effect for a period of four years on July 1, 2012, and on the overall level of investments agreed by the French Energy Regulatory Commission (*Commission de Régulation de l'Énergie* – CRE) as part of its decision on the ATRD 4 tariff. The terminal value calculated at the end of the medium-term business plan corresponds to the expected Regulated Asset Base (RAB) with no premium at the end of 2021. The RAB is the value assigned by the regulator to the assets operated by the distributor.

- Global Gas & LNG CGU

  The main assumptions and key estimates primarily include the discount rates, hydrocarbon price trends, changes in the euro/US dollar exchange rate, estimates of proven and probable reserves, changes in LNG supply and demand, the date on which the Yemen LNG facility resumes its activities, as well as market forecasts. The values assigned reflect our best estimates of market prices and expected future trends on these markets.
- Energy – Energy Services International CGU

  The main assumptions and key estimates primarily include the discount rates, changes in gross margin and the overall level of renewal and maintenance investments, as well as the growth perspectives of each activity in its respective market.

1.3.1.3 Estimates of provisions

Parameters having a significant influence on the amount of provisions, and particularly, but not solely, those relating to the back-end of nuclear fuel cycle and to the dismantling of nuclear facilities, as well as those relating to the dismantling of gas infrastructures in France, include:

- cost forecasts (notably the retained scenario for reprocessing and storage of radioactive nuclear fuel consumed),
- the timing of expenditure (notably, for nuclear power generation activities, the timetable for reprocessing radioactive nuclear fuel consumed and for dismantling facilities as well as the timetable for the end of gas operations regarding the gas infrastructure businesses in France),
- and the discount rate applied to cash flows.

These parameters are based on information and estimates deemed to be relevant by the Group at the current time.

The modification of certain parameters could involve a significant adjustment of these provisions.

1.3.1.4 Pensions

Pension commitments are measured on the basis of actuarial assumptions. The Group considers that the assumptions used to measure its obligations are relevant and documented. However, any change in these assumptions could have a significant impact on the resulting calculations.

1.3.1.5 Financial instruments

To determine the fair value of financial instruments that are not listed on an active market, the Group uses valuation techniques that are based on certain assumptions. Any change in these assumptions could have a significant impact on the resulting calculations.

1.3.1.6 Revenues

Revenues generated from types of customers whose energy consumption is metered during the accounting period, particularly customers supplied with low-voltage electricity or low-pressure gas, are estimated at the reporting date based on historical data, consumption statistics and estimated selling prices. For sales on networks used by a large number of grid operators, the Group is allocated a certain volume of energy transiting through the networks by the grid managers. The final allocations are sometimes only known several months down the line, which means that revenue figures are only an estimate.

However, the Group has developed measuring and modeling tools allowing it to estimate revenues with a satisfactory degree of accuracy and subsequently ensure that risks of error associated with estimating quantities sold and the related revenues can be considered as not significant. In France, un-metered revenues ("gas in the meter") are calculated using a direct method taking into account estimated customers' consumption since the last metering not yet billed. These estimates are in line with the volume of energy allocated by the grid managers over the same period. The average price is used to measure the "gas in the meter". The average price used takes account of the category of customer and the age of the delivered unbilled "gas in the meter". The portion of unbilled revenues at year-end varies according to the assumptions about volume and average price.

1.3.1.7 Measurement of recognized tax loss carry-forwards

Deferred tax assets are recognized on tax loss carry-forwards when it is probable that taxable profit will be available against which the tax loss carry-forwards can be utilized. The probability that taxable profit will be available against which the unused tax losses can be utilized, is based on taxable temporary differences relating to the same taxation authority and the same taxable entity and estimates of future taxable profits. These estimates and utilizations of tax loss carry-forwards were prepared on the basis of profit and loss forecasts as included in the medium-term business plan and, if necessary, on the basis of additional forecasts.

1.3.2 Judgment

As well as relying on estimates, Group management also makes judgments to define the appropriate accounting policies to apply to certain activities and transactions, particularly when the effective IFRS standards and interpretations do not specifically deal with the related accounting issues.

In particular, the Group exercised its judgment in determining the nature of control, the classification of arrangements which contain a lease, the recognition of acquisitions of non-controlling interests prior to January 1, 2010 and the identification of "own use" contracts, as defined by IAS 39, within non-financial purchase and sale contracts (electricity, gas, etc.).

Entities for which judgment on the nature of control has been exercised are listed in Notes 2 "Main subsidiaries at December 31, 2015" and 3 "Investments in entities accounted for using the equity method".

In accordance with IAS 1, the Group's current and non-current assets and liabilities are shown separately on the consolidated statement of financial position. For most of the Group's activities, the breakdown into current and non-current items is based on when assets are expected to be realized, or liabilities extinguished. Assets expected to be realized or liabilities extinguished within 12 months of the reporting date are classified as current, while all other items are classified as non-current.

1.4 Accounting methods

1.4.1 Scope and methods of consolidation

Controlled entities (subsidiaries)

Controlled entities (subsidiaries) are fully consolidated in accordance with IFRS 10 – *Consolidated Financial Statements*. An investor (the Group) controls an entity and therefore must consolidate it as a subsidiary, if it has all the following:

- the ability to direct the relevant activities of the entity;
- rights to variable returns from its involvement with the entity;
- the ability to use its power over the entity to affect the amount of the investor's return.

Investments in Associates and Joint Ventures

The Group accounts for its investments in associates (entities over which the Group has significant influence) and joint ventures, using the equity method. Under IFRS 11 – *Joint Arrangements*, a joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Investments in Joint Operations

Under IFRS 11 – *Joint Arrangements*, a joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.

In accordance with this standard, the Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to these assets, liabilities, revenues and expenses.

Production sharing contracts, in particular in oil and gas exploration-production activities, are considered to be outside the scope of IFRS 11. Contractors account for their rights to a portion of production and reserves, based on the contractual clauses.

1.4.2 Foreign currency translation methods

1.4.2.1 Presentation currency of the consolidated financial statements

The Group's consolidated financial statements are presented in euros (€).

1.4.2.2 Functional currency

Functional currency is the currency of the primary economic environment in which an entity operates, which in most cases corresponds to local currency. However, certain entities may have a functional currency different from local currency when that other currency is used for an entity's main transactions and better reflects its economic environment.

1.4.2.3 Foreign currency transactions

Foreign currency transactions are recorded in the functional currency at the exchange rate prevailing on the date of the transaction. At each reporting date:

- monetary assets and liabilities denominated in foreign currencies are translated at year-end exchange rates. The related translation gains and losses are recorded in the consolidated statement of income for the year to which they relate;
- non-monetary assets and liabilities denominated in foreign currencies are recognized at the historical cost applicable at the date of the transaction.

1.4.2.4 Translation of the financial statements of subsidiaries with a functional currency other than the euro (the presentation currency)

The statements of financial position of these subsidiaries are translated into euros at the official year-end exchange rates. Income statement and cash flow statement items are translated using the average exchange rate for the year. Any differences arising from the translation of the financial statements of these subsidiaries are recorded under "Translation adjustments" as other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are classified as assets and liabilities of those foreign entities and are therefore denominated in the functional currencies of the entities and translated at the year-end exchange rate.

1.4.3 Business combinations

Business combinations carried out prior to January 1, 2010 have been accounted for in accordance with IFRS 3 prior to the revision. In accordance with IFRS 3 revised, these business combinations have not been restated.

Since January 1, 2010, the Group applies the purchase method as defined in IFRS 3 revised, which consists in recognizing the identifiable assets acquired and liabilities assumed at their fair values at the acquisition date, as well as any non-controlling interests in the acquiree. Non-controlling interests are measured either at fair value or at the entity's proportionate interest in the net identifiable assets of the acquiree. The Group determines on a case-by-case basis which measurement option to be used to recognize non-controlling interests.

1.4.4 Intangible assets

Intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

1.4.4.1 Goodwill

Recognition of goodwill

Due to the application of IFRS 3 revised at January 1, 2010, the Group is required to separately identify business combinations carried out before or after this date.

Business combinations carried out prior to January 1, 2010

Goodwill represents the excess of the cost of a business combination (acquisition price of shares plus any costs directly attributable to the business combination) over the Group's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities recognized at the acquisition date (except if the business combination is achieved in stages).

For a business combination achieved in stages – i.e. where the Group acquires a subsidiary through successive share purchases – the amount of goodwill is determined for each exchange transaction separately based on the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities at the date of each exchange transaction.

Business combinations carried out after January 1, 2010

Goodwill is measured as the excess of the aggregate of:

(i) the consideration transferred;

(ii) the amount of any non-controlling interests in the acquiree; and

(iii) in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree;

over the net of the acquisition-date fair values of the identifiable assets acquired and liabilities assumed.

The amount of goodwill recognized at the acquisition date cannot be adjusted after the end of the measurement period.

Goodwill relating to interests in associate companies is recorded under "Investments in entities accounted for using the equity method".

Measurement of goodwill

Goodwill is not amortized but tested for impairment each year, or more frequently where an indication of impairment is identified. Impairment tests are carried out at the level of cash-generating units (CGUs) or groups of CGUs which constitute groups of assets generating cash inflows that are largely independent of the cash inflows from other CGUs.

The methods used to carry out these impairment tests are described in § 1.4.8 "Impairment of property, plant and equipment and intangible assets".

Impairment losses in relation to goodwill cannot be reversed and are shown under "Impairment losses" in the consolidated income statement.

1.4.4.2 Other intangible assets

Development costs

Research costs are expensed as incurred.

Development costs are capitalized when the asset recognition criteria set out in IAS 38 are met. Capitalized development costs are amortized over the useful life of the intangible asset recognized.

Other internally-generated or acquired intangible assets

Other intangible assets include mainly:

- amounts paid or payable as consideration for rights relating to concession contracts or public service contracts;
- customer portfolios acquired on business combinations;
- capacity rights, in particular regarding power stations; the Group helped finance the construction of certain nuclear power stations operated by third parties and in consideration received the right to purchase a share of the production over the life of the assets. Said capacity rights are amortized over the useful life of the related assets, not exceeding 40 years;
- concession assets.

Intangible assets are amortized on the basis of the expected pattern of consumption of the estimated future economic benefits embodied in the asset. Amortization is calculated mainly on a straight-line basis over the following useful lives:

	Useful life	
Main depreciation periods (years)	**Minimum**	**Maximum**
Concession rights	10	30
Customer portfolio	10	40
Other intangible assets	1	40

Some intangible assets with an indefinite useful life are not amortized but an impairment test has to be performed annually.

1.4.5 Property, plant and equipment

1.4.5.1 Initial recognition and subsequent measurement

Items of property, plant and equipment are recognized at historical cost less any accumulated depreciation and any accumulated impairment losses.

The carrying amount of these items is not revalued as the Group has elected not to apply the allowed alternative method, which consists of regularly revaluing one or more categories of property, plant and equipment.

Investment subsidies are deducted from the gross value of the assets concerned.

In accordance with IAS 16, the initial cost of the item of property, plant and equipment includes an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, when the entity has a present, legal or constructive obligation to dismantle the item or restore the site. A corresponding provision for this obligation is recorded for the amount of the asset component.

Property, plant and equipment acquired under finance leases is carried in the consolidated statement of financial position at the lower of market value and the present value of the related minimum lease payments. The corresponding liability is recognized under borrowings. These assets are depreciated using the same methods and useful lives as set out below.

Borrowing costs that are directly attributable to the construction of the qualifying asset are capitalized as part of the cost of that asset.

Cushion gas

"Cushion" gas injected into underground storage facilities is essential for ensuring that reservoirs can be operated effectively, and is therefore inseparable from these reservoirs. Unlike "working" gas which is included in inventories, cushion gas is reported in property, plant and equipment *(see § 1.4.10 "Inventories")*.

1.4.5.2 Depreciation

In accordance with the components approach, each significant component of an item of property, plant and equipment with a different useful life from that of the main asset to which it relates is depreciated separately over its own useful life.

Property, plant and equipment is depreciated mainly using the straight-line method over the following useful lives:

	Useful life	
Main depreciation periods (years)	**Minimum**	**Maximum**
Plant and equipment		
• Storage - Production - Transport - Distribution	5	60*
• Installation - Maintenance	3	10
• Hydraulic plant and equipment	20	65
Other property, plant and equipment	2	33

* *Excluding cushion gas.*

The range of useful lives is due to the diversity of the assets in each category. The minimum periods relate to smaller equipment and furniture, while the maximum periods concern network infrastructures and storage facilities. In accordance with the law of January 31, 2003 adopted by the Belgian Chamber of Representatives with respect to the gradual phase-out of nuclear energy for the industrial production of electricity, the useful lives of nuclear power stations were reviewed and adjusted prospectively to 40 years as from 2003, except Tihange 1 the operating life of which has been extended by 10 years by the law of December 18, 2013.

Fixtures and fittings relating to the hydro plant operated by the Group are depreciated over the shorter of the contract term and useful life of the assets, taking into account the renewal of the concession period if such renewal is considered to be reasonably certain.

1.4.6 Assets relating to the exploration and production of mineral resources

The Group applies IFRS 6 – *Exploration for and Evaluation of Mineral Resources*.

Geological and geophysical studies are expensed in the year in which they are incurred.

Exploration costs (other than geological and geophysical studies) are temporarily capitalized in "pre-capitalized exploration costs" before the confirmation of the technical feasibility and commercial viability of extracting resources. These exploration drilling costs are temporarily capitalized when the following two conditions are met:

- sufficient reserves have been found to justify completion as a producing well assuming the required capital expenditure is made;
- the Group has made significant progress in determining that reserves exist and that the project is technically and economically viable. This progress is assessed based on criteria such as whether any additional exploratory work (drilling, seismic studies or other significant surveys) is underway or firmly planned for the near future. Progress is also assessed based on any expenses incurred in conducting development studies and on the fact that the Group may be required to wait for the relevant government or third party authorizations for the project, or for available transport capacity or treatment capacity at existing facilities.

In accordance with this method known as "successful efforts" method, when the exploratory phase has resulted in proven, commercially viable reserves, the related costs are reported in property, plant and equipment and depreciated over the period during which the reserves are extracted. Otherwise, the costs are expensed as incurred.

The depreciation of production assets, including site rehabilitation costs, starts when the oil or gas field is brought into production, and is based on the unit of production method (UOP). According to this method, the depletion rate is equal to the ratio of oil and gas production for the period to proven and probable reserves.

III

1.4.7 Concession arrangements

SIC 29 – *Service Concession Arrangements: Disclosures,* prescribes the information that should be disclosed in the notes to the financial statements of a concession grantor and concession operator, while IFRIC 12 deals with the treatment to be applied by the concession operator in respect of certain concession arrangements.

For a concession arrangement to fall within the scope of IFRIC 12, usage of the infrastructure must be controlled by the concession grantor. This requirement is met when the following two conditions are met:

- the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- the grantor controls the infrastructure, i.e. retains the right to take back the infrastructure at the end of the concession.

Concessions outside the scope of IFRIC 12

Concession infrastructures that do not meet the requirements of IFRIC 12 are presented as property, plant and equipment.

This is the case of the distribution of gas in France. The related assets are recognized in accordance with IAS 16, since GRDF operates its network under long-term concession arrangements, most of which are mandatorily renewed upon expiration pursuant to French law no. 46-628 of April 8, 1946.

1.4.8 Impairment of property, plant and equipment and intangible assets

In accordance with IAS 36, impairment tests are carried out on items of property, plant and equipment and intangible assets where there is an indication that the assets may be impaired. Such indications may be based on events or changes in the market environment, or on internal sources of information. Intangible assets that are not amortized are tested for impairment annually.

Impairment indicators

Property, plant and equipment and intangible assets with finite useful lives are only tested for impairment when there is an indication that they may be impaired. This is generally the result of significant changes to the environment in which the assets are operated or when economic performance is less than expected.

The main impairment indicators used by the Group are described below:

- external sources of information:
  - significant changes in the economic, technological, regulatory, political or market environment in which the entity operates or to which an asset is dedicated,
  - fall in demand,
  - adverse changes in energy prices and US dollar exchange rates;
- internal sources of information:
  - evidence of obsolescence or physical damage not budgeted for in the depreciation/amortization schedule,
  - less-than-expected performance,
  - fall in resources for exploration-production activities.

Impairment

Items of property, plant and equipment and intangible assets are tested for impairment at the level of the individual asset or cash-generating unit (CGU) as appropriate, determined in accordance with IAS 36. If the recoverable amount of an asset is lower than its carrying amount, the carrying amount is written down to the recoverable amount by recording an impairment loss. Upon recognition of an impairment loss, the depreciable amount and possibly the useful life of the assets concerned is revised.

Impairment losses recorded in relation to property, plant and equipment or intangible assets may be subsequently reversed if the recoverable amount of the assets is once again higher than their carrying amount. The increased carrying amount of an item of property, plant or equipment attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined (net of depreciation/amortization) had no impairment loss been recognized in prior periods.

Measurement of recoverable amount

In order to review the recoverable amount of property, plant and equipment and intangible assets, the assets are grouped, where appropriate, into CGUs and the carrying amount of each CGU is compared with its recoverable amount.

For operating entities which the Group intends to hold on a long-term and going concern basis, the recoverable amount of a CGU corresponds to the higher of its fair value less costs to sell and its value in use. Value in use is primarily determined based on the present value of future operating cash flows and a terminal value. Standard valuation techniques are used based on the following main economic data:

- discount rates based on the specific characteristics of the operating entities concerned;
- terminal values in line with the available market data specific to the operating segments concerned and growth rates associated with these terminal values, not to exceed the inflation rate.

Discount rates are determined on a post-tax basis and applied to post-tax cash flows. The recoverable amounts calculated on the basis of these discount rates are the same as the amounts obtained by applying the pre-tax discount rates to cash flows estimated on a pre-tax basis, as required by IAS 36.

For operating entities which the Group has decided to sell, the related recoverable amount of the assets concerned is based on market value less costs of disposal. Where negotiations are ongoing, this value is determined based on the best estimate of their outcome as of the reporting date.

In the event of a decline in value, the impairment loss is recorded in the consolidated income statement under “Impairment losses”.

1.4.9 Leases

The Group holds assets for its various activities under lease contracts.

These leases are analyzed based on the situations and indicators set out in IAS 17 in order to determine whether they constitute operating leases or finance leases.

A finance lease is defined as a lease which transfers substantially all the risks and rewards incidental to the ownership of the related asset to the lessee. All leases which do not comply with the definition of a finance lease are classified as operating leases.

The following main factors are considered by the Group to assess if a lease transfers substantially all the risks and rewards incidental to ownership: whether (i) the lessor transfers ownership of the asset to the lessee by the end of the lease term; (ii) the lessee has an option to purchase the asset and if so, the conditions applicable to exercising that option; (iii) the lease term is for the major part of the economic life of the asset; (iv) the asset is of a highly specialized nature; and (v) the present value of minimum lease payments amounts to at least substantially all of the fair value of the leased asset.

1.4.9.1 Accounting for finance leases

On initial recognition, assets held under finance leases are recorded as property, plant and equipment and the related liability is recognized under borrowings. At inception of the lease, finance leases are recorded at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments.

1.4.9.2 Accounting for operating leases

Payments made under operating leases are recognized as an expense on a straight-line basis over the lease term.

1.4.9.3 Accounting for arrangements that contain a lease

IFRIC 4 deals with the identification of services and take-or-pay sales or purchasing contracts that do not take the legal form of a lease but convey rights to customers/suppliers to use an asset or a group of assets in return for a payment or a series of fixed payments. Contracts meeting these criteria should be identified as either operating leases or finance leases. In the latter case, a finance receivable should be recognized to reflect the financing deemed to be granted by the Group where it is considered as acting as lessor and its customers as lessees.

The Group is concerned by this interpretation mainly with respect to:

- some energy purchase and sale contracts, particularly where the contract conveys to the purchaser of the energy an exclusive right to use a production asset;
- certain contracts with industrial customers relating to assets held by the Group.

1.4.10 Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value corresponds to the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories is determined based on the first-in, first-out method or the weighted average cost formula.

Nuclear fuel purchased is consumed in the process of producing electricity over a number of years. The consumption of this nuclear fuel inventory is recorded based on estimates of the quantity of electricity produced per unit of fuel.

Gas inventories

Gas injected into underground storage facilities includes working gas which can be withdrawn without adversely affecting the operation of the reservoir and cushion gas which is inseparable from the reservoirs and essential for their operation (*see § 1.4.5.1*).

Working gas is classified in inventory and measured at weighted average purchase cost upon entering the transportation network regardless of its source, including any regasification costs.

Group inventory outflows are valued using the weighted average unit cost method.

An impairment loss is recognized when the net realizable value of inventories is lower than their weighted average cost.

Greenhouse gas emissions rights

European Directive 2003/87/EC establishes a greenhouse gas (GHG) emissions allowance trading scheme within the European Union. Under the Directive, each year the sites concerned have to surrender a number of allowances equal to the total emissions from the installations during the previous calendar year. As there are no specific rules under IFRS dealing with the accounting treatment of GHG emissions allowances, the Group decided to apply the following principles:

- emission rights are classified as inventories, as they are consumed in the production process;
- emission rights purchased on the market are recognized at acquisition cost;
- emission rights granted free of charge are recorded in the statement of financial position at a value of nil.

The Group records a liability at year-end in the event that it does not have enough emission rights to cover its GHG emissions during the period. This liability is measured at the market value of the allowances required to meet its obligations at year-end or based on the contracts price concluded to hedge this lack of emission rights.

Energy savings certificates (ESC)

In the absence of current IFRS standards or interpretations on accounting for energy savings certificates (ESC), the following principles are applied:

- in the event that the number of ESCs held exceeds the obligation at the reporting date, this is accounted for as inventory; otherwise, a liability is recorded;
- ESC inventories are valued at weighted average cost (acquisition cost for those ESCs acquired or cost incurred for those ESCs generated internally).

1.4.11 Financial instruments

Financial instruments are recognized and measured in accordance with IAS 32 and IAS 39.

1.4.11.1 Financial assets

Financial assets comprise available-for-sale securities, loans and receivables carried at amortized cost including trade and other receivables and financial assets measured at fair value through income, including derivative financial instruments. Financial assets are broken down into current and non-current assets in the consolidated statement of financial position.

Available-for-sale securities

"Available-for-sale securities" include the Group's investments in non-consolidated companies and equity or debt instruments that do not satisfy the criteria for classification in another category (see below). Cost is determined using the weighted average cost formula.

These items are measured at fair value on initial recognition, which generally corresponds to the acquisition cost plus transaction costs.

At each reporting date, available-for-sale securities are measured at fair value. For listed securities, fair value is determined based on the quoted market price at the reporting date. For unlisted securities, fair value is measured using valuation models based primarily on recent market transactions, discounted dividends and future cash flows or net asset value. Changes in fair value are recorded directly in other comprehensive income, except when the decline in the value of the investment below its historical acquisition cost is judged significant or prolonged enough to require an impairment loss to be recognized. In this case, the loss is recognized in income under "Impairment losses". Only impairment losses recognized on debt instruments (debt securities/bonds) may be reversed through income.

Loans and receivables carried at amortized cost

This item primarily includes loans granted to affiliated companies, loans and advances to associates or non-consolidated companies, guarantee deposits, trade and other receivables.

On initial recognition, these loans and receivables are recorded at fair value plus transaction costs. At each statement of financial position date, they are measured at amortized cost using the effective interest rate method.

Leasing guarantee deposits are recognized at their nominal value.

On initial recognition, trade and other receivables are recorded at fair value, which generally corresponds to their nominal value. Impairment losses are recorded based on the estimated risk of non-recovery. This item also includes amounts due from customers under construction contracts.

Financial assets at fair value through income

These financial assets meet the qualification or designation criteria set out in IAS 39.

This item mainly includes trading securities and short-term investments which do not meet the criteria for classification as cash or cash equivalents (*see § 1.4.12*). The financial assets are measured at fair value at the statement of financial position date and changes in fair value are recorded in the consolidated income statement.

1.4.11.2 Financial liabilities

Financial liabilities include borrowings, trade and other payables, derivative financial instruments and other financial liabilities.

Financial liabilities are broken down into current and non-current liabilities in the consolidated statement of financial position. Current financial liabilities primarily comprise:

- financial liabilities with a settlement or maturity date within 12 months after the reporting date;
- financial liabilities in respect of which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting date;
- financial liabilities held primarily for trading purposes;
- derivative financial instruments qualifying as fair value hedges where the underlying is classified as a current item;
- all commodity trading derivatives not qualifying as hedges.

Measurement of borrowings and other financial liabilities

Borrowings and other financial liabilities are measured at amortized cost using the effective interest rate method.

On initial recognition, any issue or redemption premiums and discounts and issuing costs are added to/deducted from the nominal value of the borrowings concerned. These items are taken into account when calculating the effective interest rate and are therefore recorded in the consolidated income statement over the life of the borrowings using the amortized cost method.

As regards structured debt instruments that do not have an equity component, the Group may be required to separate an “embedded” derivative instrument from its host contract (*see § 1.4.11.3*). The conditions under which these instruments must be separated are detailed below. When an embedded derivative is separated from its host contract, the initial carrying amount of the structured instrument is broken down into an embedded derivative component, corresponding to the fair value of the embedded derivative, and a financial liability component, corresponding to the difference between the amount of the issue and the fair value of the embedded derivative. The separation of components upon initial recognition does not give rise to any gains or losses.

The debt is subsequently recorded at amortized cost using the effective interest method while the derivative is measured at fair value, with changes in fair value taken to income.

Put options on non-controlling interests

Other financial liabilities primarily include put options granted by the Group in respect of non-controlling interests.

Put options on non-controlling interests granted prior to January 1, 2010

As no specific guidance is provided by IFRS and based on recommendations issued by the AMF for the 2009 reporting period, the Group decided to continue accounting for instruments recognized prior to January 1, 2010 using its previous accounting policies:

- when the put option with a variable price is initially granted, the present value of the exercise price is recognized as a financial liability, with a corresponding reduction in non-controlling interests. When the value of the put option is greater than the carrying amount of the non-controlling interests, the difference is recognized as goodwill;
- at each reporting date, the amount of the financial liability is revised and any changes in the amount are recorded with a corresponding adjustment to goodwill;
- payments of dividends to non-controlling interests result in an increase in goodwill;
- in the consolidated income statement, non-controlling interests are allocated their share in income. In the consolidated statement of financial position, the share in income allocated to non-controlling interests reduces the carrying amount of goodwill. No finance costs are recognized in respect of changes in the fair value of liabilities recognized against goodwill.

1.4.11.3 Derivatives and hedge accounting

The Group uses financial instruments to manage and reduce its exposure to market risks arising from fluctuations in interest rates, foreign currency exchange rates and commodity prices, mainly for gas and electricity. The use of derivative instruments is governed by a Group policy for managing interest rate, currency and commodity risks.

Definition and scope of derivative financial instruments

Derivative financial instruments are contracts (i) whose value changes in response to the change in one or more observable variables; (ii) that do not require any material initial net investment and (iii) that are settled at a future date.

Derivative instruments therefore include swaps, options, futures and swaptions, as well as forward commitments to purchase or sell listed and unlisted securities, and firm commitments or options to purchase or sell non-financial assets that involve physical delivery of the underlying.

For purchases and sales of electricity and natural gas, the Group systematically analyzes whether the contract was entered into in the “normal” course of operations and therefore falls outside the scope of IAS 39. This analysis consists firstly of demonstrating that the contract is entered into and held for the purpose of making or taking physical delivery of the commodity in accordance with the Group’s expected purchase, sale or usage requirements.

The second step is to demonstrate that the Group has no practice of settling similar contracts on a net basis and that these contracts are not equivalent to written options. In particular, in the case of electricity and gas sales allowing the buyer a certain degree of flexibility concerning the volumes delivered, the Group distinguishes between contracts that are equivalent to capacity sales considered as transactions falling within the scope of ordinary operations and those that are equivalent to written financial options, which are accounted for as derivative financial instruments.

Only contracts that meet all of the above conditions are considered as falling outside the scope of IAS 39. Adequate specific documentation is compiled to support this analysis.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

The main Group contracts that may contain embedded derivatives are contracts with clauses or options potentially affecting the contract price, volume or maturity. This is the case primarily with contracts for the purchase or sale of non-financial assets, whose price is revised based on an index, the exchange rate of a foreign currency or the price of an asset other than the contract’s underlying.

Embedded derivatives are separated from the host contract and accounted for as derivatives when:

- the host contract is not a financial instrument measured at fair value through income;
- if separated from the host contract, the embedded derivative still fulfills the criteria for classification as a derivative instrument (existence of an underlying, no material initial net investment, settlement at a future date); and
- its characteristics are not closely related to those of the host contract. The analysis of whether or not the characteristics of the derivative are "closely related" to the host contract is made when the contract is signed.

Embedded derivatives that are separated from the host contract are recognized in the consolidated statement of financial position at fair value, with changes in fair value recognized in income (except when the embedded derivative is part of a designated hedging relationship).

Hedging instruments: recognition and presentation

Derivative instruments qualifying as hedging instruments are recognized in the consolidated statement of financial position and measured at fair value. However, their accounting treatment varies according to whether they are classified as (i) a fair value hedge of an asset or liability; (ii) a cash flow hedge or (iii) a hedge of a net investment in a foreign operation.

Fair value hedges

A fair value hedge is defined as a hedge of the exposure to changes in fair value of a recognized asset or liability such as a fixed-rate loan or borrowing, or of assets, liabilities or an unrecognized firm commitment denominated in a foreign currency.

The gain or loss from remeasuring the hedging instrument at fair value is recognized in income. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is also recognized in income even if the hedged item is in a category in respect of which changes in fair value are recognized through other comprehensive income. These two adjustments are presented net in the consolidated income statement, with the net effect corresponding to the ineffective portion of the hedge.

Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that could affect the Group's income. The hedged cash flows may be attributable to a particular risk associated with a recognized financial or non-financial asset or a highly probable forecast transaction.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in other comprehensive income, net of tax, while the ineffective portion is recognized in income. The gains or losses accumulated in equity are reclassified to the consolidated income statement under the same caption as the loss or gain on the hedged item – i.e. current operating income for operating cash flows and financial income or expenses for other cash flows – in the same periods in which the hedged cash flows affect income.

If the hedging relationship is discontinued, in particular because the hedge is no longer considered effective, the cumulative gain or loss on the hedging instrument remains recognized in equity until the forecast transaction occurs. However, if a forecast transaction is no longer expected to occur, the cumulative gain or loss on the hedging instrument is immediately recognized in income.

Hedge of a net investment in a foreign operation

In the same way as for a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge of the currency risk is recognized directly in other comprehensive income, net of tax, while the ineffective portion is recognized in income. The gains or losses accumulated in other comprehensive income are transferred to the consolidated income statement when the investment is liquidated or sold.

Hedging instruments: identification and documentation of hedging relationships

The hedging instruments and hedged items are designated at the inception of the hedging relationship. The hedging relationship is formally documented in each case, specifying the hedging strategy, the hedged risk and the method used to assess hedge effectiveness. Only derivative contracts entered into with external counterparties are considered as being eligible for hedge accounting.

Hedge effectiveness is assessed and documented at the inception of the hedging relationship and on an ongoing basis throughout the periods for which the hedge was designated. Hedges are considered to be effective when changes in fair value or cash flows between the hedging instrument and the hedged item are offset within a range of 80%-125%.

Hedge effectiveness is demonstrated both prospectively and retrospectively using various methods, based mainly on a comparison between changes in the fair value or cash flows between the hedging instrument and the hedged item. Methods based on an analysis of statistical correlations between historical price data are also used.

Derivative instruments not qualifying for hedge accounting: recognition and presentation

These items mainly concern derivative financial instruments used in economic hedges that have not been – or are no longer – documented as hedging relationships for accounting purposes.

When a derivative financial instrument does not qualify or no longer qualifies for hedge accounting, changes in fair value are recognized directly in income, under "Mark-to-market" or "Mark-to-market on commodity contracts other than trading instruments" below the current operating income for derivative instruments with non-financial assets as the underlying, and in financial income or expenses for currency, interest rate and equity derivatives.

Derivative instruments not qualifying for hedge accounting used by the Group in connection with proprietary commodity trading activities and other derivatives expiring in less than 12 months are recognized in the consolidated statement of financial position in current assets and liabilities, while derivatives expiring after this period are classified as non-current items.

Fair value measurement

The fair value of instruments listed on an active market is determined by reference to the market price. In this case, these instruments are presented in level 1 of the fair value hierarchy.

The fair value of unlisted financial instruments for which there is no active market and for which observable market data exist is determined based on valuation techniques such as option pricing models or the discounted cash flow method.

Models used to evaluate these instruments take into account assumptions based on market inputs:

- the fair value of interest rate swaps is calculated based on the present value of future cash flows;

- the fair value of forward foreign exchange contracts and currency swaps is calculated by reference to current prices for contracts with similar maturities by discounting the future cash flow spread (difference between the forward exchange rate under the contract and the forward exchange rate recalculated in line with the new market conditions applicable to the nominal amount);
- the fair value of currency and interest rate options is calculated using option pricing models;
- commodity derivatives contracts are valued by reference to listed market prices based on the present value of future cash flows (commodity swaps or commodity forwards) and option pricing models (options), for which market price volatility may be a factor. Contracts with maturities exceeding the depth of transactions for which prices are observable, or which are particularly complex, may be valued based on internal assumptions;
- exceptionally, for complex contracts negotiated with independent financial institutions, the Group uses the values established by its counterparties.

These instruments are presented in level 2 of the fair value hierarchy except when the evaluation is based mainly on data that are not observable; in which case they are presented in level 3 of the fair value hierarchy. Most often, this is the case for derivatives with a maturity that falls outside the observability period for market data relating to the underlying or when some parameters such as the volatility of the underlying are not observable.

Except in case of enforceable master netting arrangements or similar agreements, counterparty risk is included in the fair value of financial derivative instrument assets and liabilities. It is calculated according to the “expected loss” method and takes into account the exposure at default, the probability of default and the loss given default. The probability of default is determined on the basis of credit ratings assigned to each counterparty (“historical probability of default” approach).

1.4.12 Cash and cash equivalents

These items include cash equivalents as well as short-term investments that are considered to be readily convertible into a known amount of cash and where the risk of a change in their value is deemed to be negligible based on the criteria set out in IAS 7.

Bank overdrafts are not included in the calculation of cash and cash equivalents and are recorded under “Short-term borrowings”.

1.4.13 Treasury shares

Treasury shares are recognized at cost and deducted from equity. Gains and losses on disposals of treasury shares are recorded directly in equity and do not therefore impact income for the period.

1.4.14 Share-based payment

Under IFRS 2, share-based payments made in consideration for services provided are recognized as personnel costs. These services are measured at the fair value of the instruments awarded.

The Group share-based payments are equity-settled instruments (currently no cash-settled instruments).

Equity-settled instruments: bonus share plans and performance shares granted to employees

The fair value of bonus share plans is estimated by reference to the share price at the grant date, taking into account the fact that no dividend is payable over the vesting period, and based on the estimated turnover rate for the employees concerned and the probability that the Group will meet its performance targets. The fair value measurement also takes into account the non-transferability period associated with these instruments. The cost of shares granted to employees is expensed over the vesting period of the rights and offset against equity.

A Monte Carlo pricing model is used for performance shares granted on a discretionary basis and subject to external performance criteria.

1.4.15 Provisions

1.4.15.1 Provisions for post-employment benefit obligations and other long-term employee benefits

Depending on the laws and practices in force in the countries where the Group operates, Group companies have obligations in terms of pensions, early retirement payments, retirement bonuses and other benefit plans. Such obligations generally apply to all of the employees within the companies concerned.

The Group’s obligations in relation to pensions and other employee benefits are recognized and measured in compliance with IAS 19. Accordingly:

- the cost of defined contribution plans is expensed based on the amount of contributions payable in the period;
- the Group’s obligations concerning pensions and other employee benefits payable under defined benefit plans are assessed on an actuarial basis using the projected unit credit method. These calculations are based on assumptions relating to mortality, staff turnover and estimated future salary increases, as well as the economic conditions specific to each country or subsidiary of the Group. Discount rates are determined by reference to the yield, at the measurement date, on high-quality corporate bonds in the related geographical area (or on government bonds in countries where no representative market for such corporate bonds exists).

Provisions are recorded when commitments under these plans exceed the fair value of plan assets. Where the value of plan assets (capped where appropriate) is greater than the related commitments, the surplus is recorded as an asset under “Other assets” (current or non-current).

As regards post-employment benefit obligations, actuarial gains and losses are recognized in other comprehensive income. Where appropriate, adjustments resulting from applying the asset ceiling to net assets relating to overfunded plans are treated in a similar way. However, actuarial gains and losses on other long-term benefits such as long-service awards, are recognized immediately in income.

Net interest on the net defined benefit liability (asset) is presented in net financial expense (income).

1.4.15.2 Other provisions

The Group records a provision where it has a present obligation (legal or constructive), the settlement of which is expected to result in an outflow of resources embodying economic benefits with no corresponding consideration in return.

A provision for restructuring costs is recorded when the general criteria for setting up a provision are met, i.e. when the Group has a detailed formal plan relating to the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Provisions with a maturity of over 12 months are discounted when the effect of discounting is material. The Group's main long-term provisions are provisions for the back-end of the nuclear fuel cycle, provisions for dismantling facilities and provisions for site restoration costs. The discount rates used reflect current market assessments of the time value of money and the risks specific to the liability concerned. Expenses corresponding to the reversal of discounting adjustments to long-term provisions are recorded under other financial income and expenses.

A provision is recognized when the Group has a present legal or constructive obligation to dismantle facilities or to restore a site. An asset is recorded simultaneously by including this dismantling obligation in the carrying amount of the facilities concerned. Adjustments to the provision due to subsequent changes in the expected outflow of resources, the dismantling date or the discount rate are deducted from or added to the cost of the corresponding asset in a symmetrical manner. The impacts of unwinding the discount are recognized in expenses for the period.

1.4.16 Revenues

Group revenues (as defined by IAS 18) are mainly generated from the following:

- energy sales;
- rendering of services;
- construction and lease contracts.

Revenues on sales of goods are recognized on delivery, i.e. when the significant risks and rewards of ownership are transferred to the buyer. For services and construction contracts, revenues are recognized using the percentage-of-completion method. In both cases, revenues are recognized solely when the transaction price is fixed or can be reliably determined and the recovery of the amounts due is probable.

Revenues are measured at the fair value of the consideration received or receivable. Where deferred payment has a material impact on the measurement of the fair value of this consideration, this is taken into account by discounting future receipts.

1.4.16.1 Energy sales

These revenues primarily include sales of electricity and gas, transport and distribution fees relating to services such as electricity and gas distribution network maintenance and heating network sales.

Part of the price received by the Group under certain long-term energy sales contracts may be fixed rather than being based on volumes. In rare cases, the fixed amount can change over the term of the contract. In accordance with IAS 18, revenues from such components are recognized on a straight-line basis because, in substance, the fair value of the services rendered does not vary from one period to the next.

In accordance with IAS 1 and IAS 18, both proprietary energy trading transactions and energy trading carried out on behalf of customers are recorded within “Revenues” after netting off sales and purchases.

In addition, revenues from hedging contracts aimed at optimizing production assets and from fuel purchase and energy sale contracts are recognized based on the net amount.

1.4.16.2 Rendering of services

These revenues relate mainly to installation, maintenance and energy services, and are recognized in accordance with IAS 18, which requires services to be accounted for on a percentage-of-completion basis.

1.4.16.3 Construction and lease contracts

Revenues from construction contracts are determined using the percentage-of-completion method and more generally according to the provisions of IAS 11. Depending on the contract concerned, the stage of completion may be determined either based on the proportion that costs incurred to date bear to the estimated total costs of the transaction, or on the physical progress of the contract based on factors such as contractually defined milestones.

Revenues also include revenues from financial concession assets (IFRIC 12) and finance lease receivables (IFRIC 4).

1.4.17 Current operating income

Current operating income is an indicator used by the Group to present “a level of operational performance that can be used as part of an approach to forecast recurring performance” (this complies with ANC Recommendation 2013-03 on the format of financial statements of entities applying IFRSs). Current operating income is a sub-total which helps to better understand the Group's performance because it excludes elements which are inherently difficult to predict due to their unusual, irregular or non-recurring nature. For the Group, such elements relate to mark-to-market on commodity contracts other than trading instruments, impairment losses, restructuring costs, changes in the scope of consolidation and other non-recurring items, and are defined as follows:

- "Mark-to-market on commodity contracts other than trading instruments" corresponds to changes in the fair value (marked-to-market) of financial instruments relating to commodities, gas and electricity, which do not qualify as either trading or hedging instruments. These contracts are used in economic hedges of operating transactions in the energy sector. Since changes in the fair value of these instruments which must be recognized through income in IAS 39 can be material and difficult to predict, they are presented on a separate line of the consolidated income statement;
- "Impairment losses" include impairment losses on goodwill, other intangible assets and property, plant and equipment, investments in entities accounted for using the equity method and available-for-sale securities;
- "Restructuring costs" concern costs corresponding to a restructuring program planned and controlled by management that materially changes either the scope of a business undertaken by the entity, or the manner in which that business is conducted, based on the criteria set out in IAS 37;
- "Changes in the scope of consolidation". This line includes:
  - direct costs related to acquisitions of controlling interests,
  - in the event of a business combination achieved in stages, impacts of the remeasurement of the previously held equity interest at acquisition-date fair value,
  - subsequent changes in the fair value of contingent consideration,
  - gains or losses from disposals of investments which result in a change in consolidation method, as well as any impact of the remeasurement of retained interests;
- "Other non-recurring items" notably include capital gains and losses on disposals of non-current assets and available-for-sale securities.

1.4.18 Consolidated statement of cash flows

The consolidated statement of cash flows is prepared using the indirect method starting from net income.

"Interest received on non-current financial assets" is classified within investing activities because it represents a return on investments. "Interest received on cash and cash equivalents" is shown as a component of financing activities because the interest can be used to reduce borrowing costs. This classification is consistent with the Group's internal organization, where debt and cash are managed centrally by the treasury department.

As impairment losses on current assets are considered to be definitive losses, changes in current assets are presented net of impairment.

Cash flows relating to the payment of income tax are presented on a separate line.

1.4.19 Income tax expense

The Group computes taxes in accordance with prevailing tax legislation in the countries where income is taxable.

In accordance with IAS 12, deferred taxes are recognized according to the liability method on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their tax bases, using tax rates that have been enacted or substantively enacted by the reporting date. However, under the provisions of IAS 12, no deferred tax is recognized for temporary differences arising from goodwill for which impairment losses are not deductible for tax purposes, or from the initial recognition of an asset or liability in a transaction which (i) is not a business combination and (ii) at the time of the transaction, affects neither accounting income nor taxable income. In addition, deferred tax assets are only recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized.

Temporary differences arising on restatements of finance leases result in the recognition of deferred taxes.

A deferred tax liability is recognized for all taxable temporary differences associated with investments in subsidiaries, associates, joint ventures and branches, except if the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Net balances of deferred taxes are calculated based on the tax position of each company or on the total income of companies included within the relevant consolidated tax group, and are presented in assets or liabilities for their net amount per tax entity.

Deferred taxes are reviewed at each reporting date to take into account factors including the impact of changes in tax laws and the prospects of recovering deferred tax assets arising from deductible temporary differences.

Deferred tax assets and liabilities are not discounted.

Tax effects relating to coupon payments on deeply-subordinated perpetual notes are recognised in profit or loss.

1.4.20 Earnings per share

Basic earnings per share are calculated by dividing net income Group share for the year by the weighted average number of ordinary shares outstanding during the year. The average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares bought back or issued during the year.

The weighted average number of shares and basic earnings per share are adjusted to take into account the impact of the conversion or exercise of any dilutive potential ordinary shares (options, warrants and convertible bonds, etc.).

NOTE 2 Main subsidiaries at December 31, 2015

2.1 List of main subsidiaries at December 31, 2015

The list of main subsidiaries presented below was determined, as regards operating entities, based on their contribution to Group revenues, EBITDA and net debt. The main equity-accounted investments (associates and joint ventures) are presented in Note 3 "Investments in entities accounted for using the equity method".

"FC" indicates the full consolidation method, "EM" designates the equity method and "NC" indicates non-consolidated entities.

ENGIE SA comprises both operating activities and headquarters functions which report to management teams of different business lines. In the following tables, these operating activities and headquarters functions are shown under ENGIE SA (*) within the respective business lines.

III

ENERGY INTERNATIONAL BUSINESS LINE

			% interest		Consolidation method	
Company name	**Activity**	**Country**	**Dec. 31, 2015**	**Dec. 31, 2014**	**Dec. 31, 2015**	**Dec. 31, 2014**
E-CL Group	Electricity generation	Chile	52.8	52.8	FC	FC
Enersur	Electricity generation	Peru	61.8	61.8	FC	FC
Tractebel Energia Group	Electricity distribution and generation	Brazil	68.7	68.7	FC	FC
GLOW Group	Electricity distribution and generation	Thailand	69.1	69.1	FC	FC
Hazelwood Power Partnership	Electricity generation	Australia	72.0	72.0	FC	FC
Loy Yang B Consolidated	Electricity generation	Australia	70.0	70.0	FC	FC
Simply Energy	Energy sales	Australia	72.0	72.0	FC	FC
GDF SUEZ Energy Generation North America Group	Electricity generation	United States	100.0	100.0	FC	FC
ENGIE Gas & LNG LLC Group	Natural gas/LNG	United States	100.0	100.0	FC	FC
GDF SUEZ Energy Resources North America Group	Energy sales	United States	100.0	100.0	FC	FC
First Hydro Holdings Company	Electricity generation	United Kingdom	75.0	75.0	FC	FC
Rugeley Power Limited	Electricity generation	United Kingdom	75.0	75.0	FC	FC
Saltend	Electricity generation	United Kingdom	75.0	75.0	FC	FC
Baymina Enerji A.S.	Electricity generation	Turkey	95.0	95.0	FC	FC
GDF SUEZ Energy UK Retail	Energy sales	United Kingdom	100.0	100.0	FC	FC
International Power plc	Energy International business line headquarters	United Kingdom	100.0	100.0	FC	FC

ENERGY EUROPE BUSINESS LINE

			% interest		Consolidation method	
Company name	**Activity**	**Country**	**Dec. 31, 2015**	**Dec. 31, 2014**	**Dec. 31, 2015**	**Dec. 31, 2014**
GDF SUEZ Energy Deutschland AG	Electricity generation/Energy sales	Germany	100.0	100.0	FC	FC
Electrabel SA	Electricity generation	Belgium/France	100.0	100.0	FC	FC
Electrabel Customer Solutions	Energy sales	Belgium	100.0	98.8	FC	FC
Synatom	Managing provisions relating to power plants and nuclear fuel	Belgium	100.0	100.0	FC	FC
ENGIE Energie Nederland N.V.	Electricity generation/Energy sales	Netherlands	100.0	100.0	FC	FC
GDF SUEZ Trading	Energy management trading	France/Belgium	100.0	100.0	FC	FC
GDF SUEZ Energy Management Trading	Energy management trading	France/Belgium/Italy	100.0	100.0	FC	FC
Compagnie Nationale du Rhône	Electricity generation	France	49.9	49.9	FC	FC
ENGIE SA (*)	Energy management trading/Energy sales	France	100.0	100.0	FC	FC
GDF SUEZ Cartagena Energia	Electricity generation	Spain	100.0	100.0	FC	FC
GDF SUEZ Energia Italia Spa	Electricity generation	Italy	100.0	100.0	FC	FC
ENGIE Energia Polska SA	Electricity generation	Poland	100.0	100.0	FC	FC
GDF SUEZ Energy Romania SA	Natural gas distribution/Energy sales	Romania	51.0	51.0	FC	FC

GLOBAL GAS & LNG BUSINESS LINE

			% interest		Consolidation method	
Company name	**Activity**	**Country**	**Dec. 31, 2015**	**Dec. 31, 2014**	**Dec. 31, 2015**	**Dec. 31, 2014**
ENGIE E&P International Group	Exploration-production	France and other countries	70.0	70.0	FC	FC
ENGIE E&P International	*Holding company - parent company*	*France*	*70.0*	*70.0*	*FC*	*FC*
GDF SUEZ E&P Nederland B.V.	*Exploration-production*	*Netherlands*	*70.0*	*70.0*	*FC*	*FC*
GDF SUEZ E&P Deutschland GmbH	*Exploration-production*	*Germany*	*70.0*	*70.0*	*FC*	*FC*
GDF SUEZ E&P Norge AS	*Exploration-production*	*Norway*	*70.0*	*70.0*	*FC*	*FC*
GDF SUEZ E&P UK Ltd.	*Exploration-production*	*United Kingdom*	*70.0*	*70.0*	*FC*	*FC*
Gaztransport & Technigaz (GTT)	Engineering	France	40.4	40.4	FC	FC
ENGIE SA (*)	LNG/Global Gas & LNG business line headquarters	France	100.0	100.0	FC	FC

INFRASTRUCTURES BUSINESS LINE

			% interest		Consolidation method	
Company name	**Activity**	**Country**	**Dec. 31, 2015**	**Dec. 31, 2014**	**Dec. 31, 2015**	**Dec. 31, 2014**
Elengy	LNG terminals	France	100.0	100.0	FC	FC
Fosmax LNG	LNG terminals	France	72.5	72.5	FC	FC
GRDF	Natural gas distribution	France	100.0	100.0	FC	FC
GRTgaz Group	Natural gas transportation	France	74.7	75.0	FC	FC
Storengy Deutschland GmbH	Underground natural gas storage	Germany	100.0	100.0	FC	FC
Storengy SA	Underground natural gas storage	France	100.0	100.0	FC	FC

ENERGY SERVICES BUSINESS LINE

			% interest		Consolidation method	
Company name	**Activity**	**Country**	**Dec. 31, 2015**	**Dec. 31, 2014**	**Dec. 31, 2015**	**Dec. 31, 2014**
Cofely Fabricom SA	Systems, facilities and maintenance services	Belgium	100.0	100.0	FC	FC
Cofely Services SA	Energy services	Belgium	100.0	100.0	FC	FC
Cofely Nederland N.V.	Energy services	Netherlands	100.0	100.0	FC	FC
Axima Concept	Systems, facilities and maintenance services	France	100.0	100.0	FC	FC
Endel Group	Systems, facilities and maintenance services	France	100.0	100.0	FC	FC
INEO Group	Systems, facilities and maintenance services	France	100.0	100.0	FC	FC
Tractebel Engineering	Engineering	Belgium	100.0	100.0	FC	FC
Ecova	Energy services	United States	100.0	100.0	FC	FC
Cofely Italia Spa Group	Energy services	Italy	100.0	100.0	FC	FC
Cofely UK Ltd.	Energy services	United Kingdom	100.0	100.0	FC	FC
Cofely Workplace Limited	Energy services	United Kingdom	100.0	100.0	FC	FC
Cofely Réseaux Group	Urban heating networks	France	100.0	100.0	FC	FC
CPCU	Urban heating networks	France	64.4	64.4	FC	FC

OTHER BUSINESS LINE

			% interest		Consolidation method	
Company name	**Activity**	**Country**	**Dec. 31, 2015**	**Dec. 31, 2014**	**Dec. 31, 2015**	**Dec. 31, 2014**
ENGIE SA (*)	Holding company - parent company	France	100.0	100.0	FC	FC
ENGIE CC	Central functions	Belgium	100.0	100.0	FC	FC
ENGIE FINANCE SA	Financial subsidiaries	France	100.0	100.0	FC	FC
Solairedirect	Electricity generation	France	96.6	-	FC	NC

2.2 Significant judgments exercised when assessing control

The Group primarily considers the following information and criteria when determining whether it has control over an entity:

- governance arrangements: voting rights and whether the Group is represented in the governing bodies, majority, veto rights;
- whether substantive or protective rights are granted to shareholders, particularly in relation to the entity's relevant activities;
- the consequences of a "deadlock" clause;
- whether the Group is exposed, or has rights, to variable returns from its involvement with the entity.

The Group exercised its judgment regarding the entities and sub-groups described below.

Entities in which the Group has the majority of the voting rights

This category mainly comprises the ENGIE E&P International (70%) and GRTgaz (74.7%) sub-groups.

ENGIE E&P International (Global Gas & LNG): 70%

On October 31, 2011, ENGIE and China Investment Corporation (CIC) signed a partnership agreement for the acquisition by CIC of a 30% stake in the Group's exploration-production activities (ENGIE E&P). The shareholder agreement provides that certain investment decisions relating to major development projects require a unanimous decision from the two shareholders, after a consultation period.

ENGIE considered that it continued to control ENGIE E&P, as the rights granted to CIC represent minority protective rights, regarding in particular the risks to which all shareholders are exposed when undertaking exploration-production activities.

GRTgaz (Infrastructures): 74.7%

In addition to the analysis of the shareholder agreement with Société d'Infrastructures Gazières, a subsidiary of *Caisse des Dépôts et Consignations* (CDC), which owns 24.9% of the share capital of GRTgaz, the Group also assessed the rights granted to the French Energy Regulatory Commission (*Commission de régulation de l'énergie* – CRE). As a regulated activity, GRTgaz has a dominant position on the gas transportation market in France. Accordingly, since the transposition of the Third European Directive of July 13, 2009 into French law (Energy Code of May 9, 2011), GRTgaz has been subject to independence rules as concerns its directors and senior management team. The French Energy Code confers certain powers on the CRE in the context of its duties to control the proper functioning of the gas markets in France, including the one consisting in verifying the independence of the members of the Board of Directors and senior management and assessing its choice of investments. The Group considers that it exercises control over GRTgaz in view of its current ability to appoint the majority of the members of the Board of Directors and take decisions about the relevant activities, especially in terms of the level of investment and planned financing.

Entities in which the Group does not have the majority of the voting rights

In the entities in which the Group does not have the majority of the voting rights, judgment is exercised with regard to the following items, in order to assess whether there is a situation of de facto control:

- dispersion of shareholding structure: number of voting rights held by the Group relative to the number of rights held respectively by the other vote holders and their dispersion;
- voting patterns at shareholders' meetings: the percentages of voting rights exercised by the Group at shareholders' meetings in recent years;
- governance arrangements: representation in the governing body with strategic and operational decision-making power over the relevant activities, as well as the rules for appointing key management personnel;
- contractual relationships and material transactions.

The main fully consolidated entities in which the Group does not have the majority of the voting rights are Compagnie Nationale du Rhône (49.98%) and Gaztransport & Technigaz (40.4%).

Compagnie Nationale du Rhône ("CNR" – Energy Europe): 49.98%

The Group holds 49.98% of the share capital of CNR, with CDC holding 33.2%, and the balance (16.82%) being dispersed among around 200 local authorities. In view of the current provisions of the French "Murcef" law, under which a majority of CNR's share capital must remain under public ownership, the Group is unable to hold more than 50% of the share capital of CNR. However, the Group considers that it exercises *de facto* control as it holds the majority of the voting rights exercised at shareholders' meetings due to the widely dispersed shareholding structure and the absence of evidence of the minority shareholders acting in concert.

Gaztransport & Technigaz ("GTT" – Global Gas & LNG): 40.4%

Since GTT's initial public offering in February 2014, ENGIE has been the largest shareholder in that company with a 40.4% stake *(see Note 4.4.1)*. The free float represented around 49% of the share capital at December 31, 2015. The Group considers that it exercises de facto control over GTT. Indeed, at the time of its stock market listing, ENGIE held the majority of the seats on the Board of Directors and, in view of the widely dispersed shareholding structure and the absence of evidence of minority shareholders acting in concert, ENGIE considers that it will have the majority of the voting rights exercised at forthcoming shareholders' meetings.

2.3 Subsidiaries with material non-controlling interests

The following table shows the non-controlling interests in Group entities that are deemed to be material, the respective contributions to equity and net income at December 31, 2015 and December 31, 2014, as well as the dividends paid to non-controlling interests of these significant subsidiaries:

		Percentage interest of non-controlling interests		Net income/(loss) of non-controlling interests		Equity of non-controlling interests		Dividends paid to non-controlling interests	
In millions of euros	Activity	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
GRTgaz Group (Infrastructures, France)	Regulated gas transportation activities in France	25.3	25.0	86	91	945	938	91	70
ENGIE E&P International Group (Global Gaz & LNG, France and other countries) (1)	Portfolio of exploration-production assets and oil and gas field operation assets	30.0	30.0	(641)	80	363	940	22	171
E-CL Group (BEI, Chile) (2)	Electricity generation - thermal power plants	47.2	47.2	45	15	838	741	26	34
GLOW Group (BEI, Thailand) (2)	Electricity distribution and generation - hydroelectric, wind and thermal power plants	30.9	30.9	107	109	566	490	71	57
Tractebel Energia Group (BEI, Brazil) (2)	Electricity distribution and generation	31.3	31.3	130	142	507	557	68	107
GDF SUEZ Energy Romania (BEE, Romania)	Distribution of natural gas/Energy sales	49.0	49.0	44	50	433	418	22	31
Other subsidiaries with non-controlling interests				(267)	184	2,020	2,348	183	290
TOTAL				**(496)**	**669**	**5,672**	**6,432**	**482**	**761**

(1) The main subsidiaries of the ENGIE E&P International group are shown in Note 2.1.
(2) The E-CL, GLOW and Tractebel Energia groups are listed on the stock markets in their respective countries. The non-controlling interests in the E-CL and Tractebel Energia groups correspond to the free float.

2.3.1 Condensed financial information on subsidiaries with material non-controlling interests

The condensed financial information concerning these subsidiaries presented in the table below is based on a 100% interest, and is shown before intragroup eliminations.

	GRTgaz Group		ENGIE E&P International Group		E-CL Group		GLOW Group		Tractebel Energia Group		GDF SUEZ Energy Romania	
In millions of euros	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
Income statement												
Revenues	1,956	2,051	2,406	2,863	1,033	933	1,679	1,681	1,750	2,017	975	951
Net income/(loss)	342	363	(2,136)	246	86	24	271	260	415	454	90	101
Net income/(loss) Group share	255	272	(1,495)	166	41	9	164	152	285	311	46	52
Other comprehensive income/(loss) – Owners of the parent	1	(72)	200	41	78	(2)	44	(7)	(249)	(6)	(4)	-
TOTAL COMPREHENSIVE INCOME/(LOSS) – OWNERS OF THE PARENT	**257**	**200**	**(1,296)**	**208**	**119**	**7**	**208**	**145**	**36**	**305**	**42**	**51**
Statement of financial position												
Current assets	641	557	2,057	2,112	504	554	626	628	1,103	1,021	391	408
Non-current assets	8,966	8,855	4,639	7,042	2,435	1,970	2,695	2,644	2,449	3,095	757	748
Current liabilities	(691)	(798)	(1,281)	(1,302)	(248)	(170)	(419)	(493)	(730)	(619)	(172)	(219)
Non-current liabilities	(5,177)	(4,864)	(4,367)	(4,879)	(994)	(861)	(1,416)	(1,483)	(1,312)	(1,824)	(104)	(101)
TOTAL EQUITY	**3,739**	**3,750**	**1,049**	**2,972**	**1,697**	**1,494**	**1,486**	**1,297**	**1,511**	**1,673**	**872**	**836**
TOTAL NON-CONTROLLING INTERESTS	**945**	**938**	**363**	**940**	**838**	**741**	**566**	**490**	**507**	**557**	**433**	**418**
Statement of cash flows												
Cash flow from operating activities	925	884	965	956	313	202	522	429	723	589	96	204
Cash flow from (used in) investing activities	(559)	(720)	(745)	(896)	(351)	(39)	(50)	(21)	(232)	(209)	(68)	(61)
Cash flow from (used in) financing activities	(210)	(292)	(4)	(631)	(66)	(105)	(374)	(404)	(277)	(258)	(48)	(97)
TOTAL CASH FLOW FOR THE PERIOD (1)	**156**	**(128)**	**216**	**(571)**	**(105)**	**57**	**99**	**3**	**214**	**122**	**(21)**	**47**

(1) Excluding effects of changes in exchange rates and other.

2.3.2 Other information on material non-controlling interests

The main transactions with non-controlling interests concern the repurchase in 2014 of interests in Electrabel Customer Solutions held by the public sector in Flanders *(see Note 4 "Main changes in Group structure")*.

NOTE 3 Investments in entities accounted for using the equity method

The respective contributions of associates and joint ventures in the statement of financial position at December 31, 2015 and December 31, 2014, and in the income statement and statement of comprehensive income for the years then ended, are as follows:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Statement of financial position		
Investments in associates	5,157	5,191
Investments in joint ventures	1,820	1,864
INVESTMENTS IN ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**6,977**	**7,055**
Income statement		
Share in net income/(loss) of associates	338	196
Share in net income/(loss) of joint ventures	135	246
SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**473**	**441**
Statement of comprehensive income		
Share of associates in “Other comprehensive income/(loss)"	(195)	(98)
Share of joint ventures in “Other comprehensive income/(loss)"	-	(23)
SHARE OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD IN “OTHER COMPREHENSIVE INCOME/(LOSS)"	**(195)**	**(121)**

Significant judgments

The Group primarily considers the following information and criteria in determining whether it has joint control or significant influence over an entity:

- governance arrangements: whether the Group is represented in the governing bodies, majority rules, veto rights;
- whether substantive or protective rights are granted to shareholders, particularly in relation to the entity’s relevant activities.

  This can be difficult to determine in the case of “project management” or “one-asset” entities, as certain decisions concerning the relevant activities are made upon the creation of the joint arrangement and remain valid throughout the project. Accordingly, the decision-making analysis concerns the relevant residual activities of the entity (those that significantly affect the returns of the entity);
- the consequences of a “deadlock” clause;
- whether the Group is exposed, or has rights, to variable returns from its involvement with the entity.

  This can also involve analyzing the Group’s contractual relations with the entity, and in particular the conditions in which contracts are entered into, contract terms and the management of any conflicts of interest that may arise when the entity’s governing body casts votes.

The Group exercised its judgment regarding the following entities and sub-groups:

Project management entities in the Middle East

The significant judgments made in determining the consolidation method to be applied to these project management entities concerned the risks and rewards relating to contracts between ENGIE and the entity concerned, as well as an analysis of the residual relevant activities over which the entity retains control after its creation. The Group considers that it has significant influence or joint control over these entities, since the decisions taken throughout the term of the project about the relevant activities such as refinancing, or the renewal or amendment of significant contracts (sales, purchases, operating and maintenance services), require, depending on the case, the unanimous consent of two or more parties sharing control.

SUEZ Environnement (33.55%)

With effect from July 22, 2013, the date on which the SUEZ Environnement shareholders’ agreement expired, ENGIE no longer controls SUEZ Environnement but exercises significant influence over the company. In particular, this is because: a) the Group does not have a majority of members on SUEZ Environnement’s Board of Directors; b) at Shareholders’ Meetings, although SUEZ Environnement’s shareholder base is fragmented and ENGIE holds a large interest, past voting shows that ENGIE alone did not have the majority at Ordinary and Extraordinary Shareholders’ Meetings between 2010 and 2015; and c) the operational transition agreements (essentially relating to a framework agreement governing purchases and IT) were entered into on an arm’s length basis.

Associates in which the Group holds an interest of less than 20%

Cameron Holding LNG LLC (16.6%)

ENGIE entered into a partnership agreement with Sempra (50.2%), Mitsubishi (16.6%) and Mitsui (16.6%) to develop the Cameron LNG project in the United States. Pursuant to these agreements, ENGIE has held a 16.6% stake in the project management entity Cameron Holding LNG LLC since October 1, 2014 and will have a long-term liquefaction capacity of 4 million tonnes per year (mtpa). Construction work has begun on the project and the facility should be operational for commercial purposes as from 2018.

The agreement grants all shareholders the right to participate in all decisions about the relevant activities, on the basis of qualified majorities. Accordingly, ENGIE has significant influence over this entity, which it has accounted for as an associate.

Joint ventures in which the Group holds an interest of more than 50%

Tihama (60%)

ENGIE holds a 60% stake in the Tihama cogeneration plant in Saudi Arabia and its partner Saudi Oger holds 40%. The Group considers that it has joint control over Tihama since the decisions about its relevant activities, including for example preparation of the budget and amendments to major contracts, require the unanimous consent of the parties sharing control.

Joint control – difference between joint ventures and joint operations

Classifying a joint arrangement requires the Group to use its judgment to determine whether the entity in question is a joint venture or a joint operation. IFRS 11 requires an analysis of “other facts and circumstances” when determining the classification of jointly controlled entities.

The IFRS Interpretations Committee (“IFRS IC”) (November 2014) decided that for an entity to be classified as a joint operation, other facts and circumstances must give rise to direct enforceable rights to the assets, and obligations for the liabilities, of the joint arrangement.

In view of this position and its application to our analyses, the Group has no material joint operations at December 31, 2015.

3.1 Investments in associates

3.1.1 Contribution of material associates and of associates that are not material to the Group taken individually

The table hereafter shows the contribution of each material associate along with the aggregate contribution of associates deemed not material taken individually, in the consolidated statement of financial position, income statement, statement of comprehensive income, and the “Dividends received from companies accounted for using the equity method” line of the statement of cash flows.

The Group used qualitative and quantitative criteria to determine material associates. These criteria include the contribution to the consolidated line items “Share in net income/(loss) of associates” and “Investments in associates”, the total assets of associates in Group share, and associates carrying major projects in the study or construction phase for which the related investment commitments are material.

Corporate name	Activity	Capacity	% interest		Carrying amount of investments in associates		Share in net income/(loss) of associates		Other comprehensive income/(loss) of associates		Dividends received from associates	
In millions of euros			2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
SUEZ Environnement Group (Other, Europe/Asia/Latin America)	Water and waste processing		33.55	33.70	1,940	1,996	134	118	(123)	60	118	118
Paiton (BEI, Indonesia)	Coal-fired power plant	2,035 MW	40.51	40.51	851	726	85	65	-	(5)	44	-
Project management entities in the Middle East (BEI, Saudi Arabia, Bahrain, Qatar, United Arab Emirates, Oman) (1)	Gas-fired power plants and seawater desalination facilities				547	459	146	121	(41)	(71)	110	82
Energia Sustentável Do Brasil (BEI, Brazil)	Hydro power plant	3,750 MW	40.00	40.00	446	676	(76)	(165)	-	(1)	-	-
Senoko (BEI, Singapore)	Gas-fired power plants	3,201 MW	30.00	30.00	331	302	8	10	9	(50)	-	1
GASAG (BEE, Germany)	Gas and heat networks		31.58	31.58	293	295	11	9	(4)	(12)	10	18
Cameron (Global Gas & LNG, United States)	Gas liquefaction terminal		16.60	16.60	162	166	(4)	(1)	(21)	(15)	-	-
Canadian renewable energy activities (BEI, Canada)	Wind farm	679 MW	40.00	40.00	159	191	12	12	(3)	(7)	25	32
Other investments in associates that are not material taken individually					427	381	22	27	(13)	3	42	55
INVESTMENTS IN ASSOCIATES					**5,157**	**5,191**	**338**	**196**	**(195)**	**(98)**	**350**	**306**

(1) Investments in associates operating gas-fired power plants and seawater desalination facilities in the Arabian peninsula have been grouped together under "Project management entities in the Middle East". This includes around 40 associates operating thermal power plants with a total installed capacity of 25,335 MW (at 100%) and a further 3,240 MW (at 100%) in capacity under construction.
These associates have fairly similar business models and joint arrangements: the project management entities selected as a result of a competitive bidding process develop, build and operate power generation plants and seawater desalination facilities. The entire output of these facilities is sold to government-owned companies under power and water purchase agreements, over periods generally spanning from 20 to 30 years.
In accordance with their contractual arrangements, the corresponding plants are recognized as property, plant and equipment or as financial receivables whenever substantially all of the risks and rewards associated with the assets are transferred to the buyer of the output. This treatment complies with IFRIC 4 and IAS 17. The shareholding structure of these entities systematically includes a government-owned company based in the same country as the project management entity. The Group's percent interest and percent voting rights in each of these entities varies between 20% and 50%.

The share in net income/(loss) of associates includes net non-recurring income for a total amount of €3 million in 2015 (compared to net non-recurring expenses of €17 million in 2014), mainly including changes in the fair value of derivative instruments and disposal gains and losses, net of taxes *(see Note 10 "Net recurring income Group share")*.

The amounts shown have been determined in accordance with IFRS, before the elimination of intragroup items and after (i) adjustments made in line with Group accounting policies, and (ii) fair value measurements of the assets and liabilities of the associate at the level of ENGIE, as required by IAS 28. All amounts are presented based on a 100% interest with the exception of "Total equity attributable to ENGIE".

3.1.2 Financial information regarding material associates

The tables below provide condensed financial information for the Group's main associates.

In millions of euros	Revenues	Net income/ (loss)	Other compre-hensive income/ (loss)	Total compre-hensive income/ (loss)	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Total equity	% interest of Group	Total equity attributable to ENGIE
AT DECEMBER 31, 2015											
SUEZ Environnement Group (1)	15,135	408	58	465	8,039	19,593	9,271	11,555	6,805	33.55	1,940
Paiton	783	210	2	212	486	3,582	381	1,587	2,101	40.51	851
Project management entities in the Middle East	3,857	605	(239)	366	2,337	23,479	3,702	19,864	2,250	-	547
Energia Sustentável Do Brasil	570	(191)	-	(191)	285	4,910	1,380	2,699	1,116	40.00	446
Senoko	1,500	25	29	55	327	2,883	260	1,848	1,103	30.00	331
GASAG	1,054	36	(12)	24	851	1,956	1,674	206	928	31.58	293
Cameron	60	(27)	(125)	(152)	50	3,287	232	2,129	977	16.60	162
Canadian renewable energy activities	174	40	(36)	4	68	1,231	69	832	397	40.00	159
AT DECEMBER 31, 2014											
SUEZ Environnement Group (1)	14,324	417	(31)	386	7,863	18,992	9,086	10,773	6,996	33.70	1,996
Paiton	657	161	(54)	107	483	3,260	478	1,473	1,791	40.51	726
Project management entities in the Middle East	2,957	510	(328)	182	2,254	20,445	3,119	17,706	1,873	-	459
Energia Sustentável Do Brasil	233	(413)	(1)	(414)	481	5,897	1,278	3,409	1,690	40.00	676
Senoko	1,976	32	(167)	(135)	312	2,944	353	1,895	1,007	30.00	302
GASAG	1,099	30	(39)	(9)	969	1,964	1,782	217	934	31.58	295
Cameron	13	(6)	(91)	(97)	34	1,497	429	104	998	16.60	166
Canadian renewable energy activities	171	39	(18)	21	86	1,384	70	924	476	40.00	191

(1) The data indicated in the table for SUEZ Environnement correspond to financial information published by SUEZ Environnement. Total SUEZ Environnement equity attributable to the Group amounts to €5,420 million based on the published financial statements of SUEZ Environnement and €5,757 million based on the financial statements of ENGIE. The €337 million difference in these amounts chiefly reflects the fair value measurement of the assets and liabilities of SUEZ Environnement at the date the Group changed its consolidation method (July 22, 2013).

SUEZ Environnement is the only material listed associate. Based on the closing share price at December 31, 2015, the market value of this interest was €3,142 million.

3.1.3 Transactions between the Group and its associates

The data below set out the impact of transactions with associates on the Group's 2015 consolidated financial statements.

In millions of euros	Purchases of goods and services	Sales of goods and services	Net financial income (excluding dividends)	Trade and other receivables	Loans and receivables at amortized cost	Trade and other payables	Borrowings and debt
Project management entities in the Middle East	-	302	-	9	481	-	-
Paiton	-	-	30	-	211	-	-
Contassur (1)	-	-	-	167	-	-	-
Energia Sustentável Do Brasil	173	-	-	-	52	-	-
Other	17	86	-	4	20	-	-
AT DECEMBER 31, 2015	**190**	**388**	**30**	**180**	**764**	**-**	**-**

(1) Contassur is a life insurance company accounted for using the equity method. Contassur offers insurance contracts, chiefly with pension funds that cover post-employment benefit obligations for Group employees and also employees of other companies mainly engaged in regulated activities in the electricity and gas sector in Belgium. Insurance contracts entered into by Contassur represent reimbursement rights recorded within "Other assets" in the statement of financial position. These reimbursement rights totaled €167 million at December 31, 2015 (€176 million at December 31, 2014).

3.2 Investments in joint ventures

3.2.1 Contribution of material joint ventures and of joint ventures that are not material to the Group taken individually

The table below shows the contribution of each material joint venture along with the aggregate contribution of joint ventures deemed not material taken individually, to the consolidated statement of financial position, income statement, statement of comprehensive income, and the "Dividends received from entities accounted for using the equity method" line of the statement of cash flows.

The Group used qualitative and quantitative criteria to determine material joint ventures. These criteria include the contribution to the lines "Share in net income/(loss) of joint ventures" and "Investments in joint ventures", the total assets of joint ventures in Group share, and joint ventures carrying major projects in the study or construction phase for which the related investment commitments are material.

Corporate name	Activity	Capacity	% interest		Carrying amount of investments in joint ventures		Share in net income/(loss) of joint ventures		Other comprehensive income/(loss) of joint ventures		Dividends received from joint ventures	
In millions of euros			2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
EcoÉlectrica (BEI, Puerto Rico)	Combined-cycle gas-fired power plant and LNG terminal	507 MW	50.00	50.00	487	458	31	33	-	-	47	17
Portfolio of power generation assets in Portugal (BEE, Portugal)	Electricity generation	3,348 MW	50.00	50.00	388	348	37	45	2	(10)	-	15
WSW Energie und Wasser AG (BEE, Germany)	Electricity distribution and generation		33.10	33.10	194	199	1	3	-	-	6	7
Megal GmbH (Infrastructures, Germany)	Gas transmission network		49.00	49.00	112	122	4	7	-	-	23	14
Tihama Power Generation Co (BEI, Saudi Arabia)	Electricity generation	1,595 MW	60.00	60.00	104	72	30	5	4	-	11	3
Maia Eolis (BEE, France)	Wind farm	252 MW	49.00	49.00	96	97	(1)	-	-	-	-	-
Oyster Creek (BEI, United States)	Gas-fired power plant	393 MW	50.00	50.00	30	29	7	44	(2)	(1)	10	93
NELP (BEI, United States) (1)	Gas-fired power plants	615 MW	50.00	50.00	-	145	34	59	-	-	43	19
Other investments in joint ventures not individually significant					409	395	(9)	50	(5)	(10)	13	52
INVESTMENTS IN JOINT VENTURES					**1,820**	**1,864**	**135**	**246**	**-**	**(23)**	**153**	**220**

(1) At December 31, 2015, the 50% interest in NELP was included in the portfolio of power generation assets in the United States classified as "Assets held for sale" and was therefore recorded under "Assets classified as held for sale". The carrying amount of the group's interest in NELP amounted to €153 million at December 31, 2015.

The share in net income/(loss) of joint ventures includes non-recurring expenses of €15 million in 2015 (non-recurring income of €15 million in 2014), resulting chiefly from changes in the fair value of derivatives and disposal gains and losses, net of tax *(see Note 10 "Net recurring income Group share")*.

3.2.2 Financial information regarding material joint ventures

The amounts shown have been determined in accordance with IFRS before the elimination of intragroup items and after (i) adjustments made in line with Group accounting policies, and (ii) fair value measurements of the assets and liabilities of the joint venture at the level of ENGIE, as required by IAS 28. All amounts are presented based on a 100% interest with the exception of "Total equity attributable to ENGIE" in the statement of financial position.

INFORMATION ON THE INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

In millions of euros	Revenues	Depreciation and amortization on intangible assets and property, plant and equipment	Net financial income/(loss) (1)	Income taxe expense	Net income/(loss)	Other comprehensive income/(loss)	Total comprehensive income/(loss)
AT DECEMBER 31, 2015							
EcoÉlectrica	320	(72)	(5)	(3)	62	-	61
Portfolio of power generation assets in Portugal	764	(100)	(50)	(46)	110	9	120
WSW Energie und Wasser AG	1,091	(13)	(7)	(12)	5	1	7
Megal GmbH	114	(52)	(5)	2	9	-	9
Tihama Power Generation Co	101	(6)	(22)	(5)	50	7	57
Maia Eolis	42	(26)	(2)	1	(1)	1	(1)
Oyster Creek	24	-	(7)	-	14	(3)	10
NELP	140	(25)	-	-	68	-	68
AT DECEMBER 31, 2014							
EcoÉlectrica	333	(70)	(3)	(3)	65	(1)	64
Portfolio of power generation assets in Portugal	652	(74)	(42)	(42)	140	(42)	98
WSW Energie und Wasser AG	976	(13)	(7)	(6)	10	1	11
Megal GmbH	112	(50)	(9)	5	15	-	15
Tihama Power Generation Co	71	(5)	(16)	(1)	9	(1)	8
Maia Eolis	34	(24)	(2)	1	(1)	(1)	(2)
Oyster Creek	144	(28)	(3)	-	89	(3)	86
NELP	126	(23)	(1)	-	117	-	117

(1) Interest income is not material.

INFORMATION ON THE STATEMENT OF FINANCIAL POSITION

In millions of euros	Cash and cash equivalents	Other current assets	Non-current assets	Short-term borrowings	Other current liabilities	Long-term borrowings	Other non-current liabilities	Total equity	% interest of Group	Total equity attributable to ENGIE
AT DECEMBER 31, 2015										
EcoÉlectrica	33	137	998	57	31	75	30	975	50.00	487
Portfolio of power generation assets in Portugal [(1)]	402	258	2,401	519	220	1,203	146	972	50.00	388
WSW Energie und Wasser AG [(2)]	21	158	805	60	147	124	93	561	33.10	194
Megal GmbH	17	1	711	84	48	279	90	228	49.00	112
Tihama Power Generation Co	37	90	702	70	26	543	17	173	60.00	104
Maia Eolis	56	27	314	21	20	120	40	196	49.00	96
Oyster Creek	-	178	60	12	5	152	7	61	50.00	30
NELP	4	75	296	-	13	-	58	305	50.00	153
AT DECEMBER 31, 2014										
EcoÉlectrica	112	134	923	76	32	118	28	915	50.00	458
Portfolio of power generation assets in Portugal [(1)]	307	594	2,032	603	142	1,130	182	875	50.00	348
WSW Energie und Wasser AG [(2)]	48	121	792	46	128	121	94	573	33.10	199
Megal GmbH	14	1	724	106	37	249	97	249	49.00	122
Tihama Power Generation Co	38	45	626	53	33	486	18	120	60.00	72
Maia Eolis	51	35	313	20	19	123	40	197	49.00	97
Oyster Creek	15	159	54	9	5	149	6	58	50.00	29
NELP	29	79	285	-	29	-	74	290	50.00	145

(1) Equity Group share amounts to €776 million for the Portuguese sub-group. The share of this €776 million attributable to ENGIE is therefore €388 million.
(2) Equity Group share amounts to €549 million for the WSW Energie und Wasser AG sub-group. The share of this €549 million attributable to ENGIE is therefore €182 million. This amount is increased by an additional share of €12 million in respect of a non-controlling interest held directly by ENGIE in a subsidiary of this sub-group (and is therefore not included in the €549 million in equity attributable to the owners of the parent).

3.2.3 Transactions between the Group and its joint ventures

The data below set out the impact of transactions with joint ventures on the 2015 consolidated financial statements.

In millions of euros	Purchases of goods and services	Sales of goods and services	Net financial income (excluding dividends)	Trade and other receivables	Loans and receivables at amortized cost	Trade and other payables	Borrowings and debt
EcoÉlectrica	-	138	-	-	-	-	-
WSW Energie und Wasser AG	23	51	-	28	-	1	-
Energieversorgung Gera GmbH	6	36	-	9	-	-	-
Megal GmbH	65	-	-	-	-	-	-
Futures Energies Investissements Holding	-	-	2	-	80	-	-
Other	27	27	1	14	109	4	-
AT DECEMBER 31, 2015	**121**	**252**	**3**	**51**	**189**	**5**	**-**

3.3 Other information on investments accounted for using the equity method

3.3.1 Unrecognized share of losses of associates and joint ventures

Cumulative unrecognized losses of associates (corresponding to the cumulative amount of losses exceeding the carrying amount of investments in the associates concerned) including other comprehensive income/(loss), amounted to €326 million in 2015 (€298 million in 2014). Unrecognized losses relating to financial year 2015 amounted to €28 million.

These unrecognized losses mainly correspond to (i) the negative fair value of derivative instruments designated as interest rate hedges ("Other comprehensive income/(loss)") contracted by associates in the Middle East in connection with the financing of construction projects for power generation and seawater desalination plants, and (ii) cumulative losses arising on the joint venture Tirreno Power.

3.3.2 Commitments and guarantees given by the Group in respect of entities accounted for using the equity method

At December 31, 2015, the main commitments and guarantees given by the Group in respect of entities accounted for using the equity method concern the following three companies and groups of companies:

- Cameron LNG for an aggregate amount of USD 1,733 million (€1,592 million).

  Commitments and guarantees given by the Group in respect of this associate correspond to:

  - a capital contribution commitment for USD 408 million (€375 million),
  - a performance bond for USD 1,230 million (€1,130 million), designed to guarantee the lenders against any risk of non-payment in the event that the project cannot be completed or enter into operation;
  - miscellaneous guarantees for a total amount of USD 95 million (€87 million);
- Energia Sustentável do Brasil ("Jirau") for an aggregate amount of BRL. 4,520 million (€1,064 million).

  At December 31, 2015, the amount of loans granted by Banco Nacional de Desenvolvimento Econômico e Social, the Brazilian Development Bank, to Energia Sustentável do Brasil amounted to BRL. 11,300 million (€2,659 million). Each partner stands as guarantor for this debt to the extent of its ownership interest in the consortium;
- the project management entities in the Middle East and Africa, for an aggregate amount of €1,579 million.

  Commitments and guarantees given by the Group in respect of these project management entities chiefly correspond to:

  - an equity contribution commitment (capital/subordinated debt) for €552 million.

    These commitments only concern entities acting as holding companies for projects in the construction phase,
  - letters of credit to guarantee debt service reserve accounts for an aggregate amount of €213 million. The project financing set up in certain entities can require those entities to maintain a certain level of cash within the company (usually enough to service its debt for six months). This is particularly the case when the financing is without recourse. This level of cash may be replaced by letters of credit,
  - collateral given to lenders in the form of pledged shares in the project management entities, for an aggregate amount of €378 million,
  - performance bonds and other guarantees for an amount of €436 million.

NOTE 4 Main changes in Group structure

4.1 Assets held for sale

Total "Assets classified as held for sale" and total "Liabilities directly associated with assets classified as held for sale" amounted to €4,607 million and €699 million, respectively, at December 31, 2015.

The main categories of assets and liabilities reclassified on these two lines of the statement of financial position are detailed below:

In millions of euros	Dec. 31, 2015
Property, plant and equipment and intangible assets, net	4,139
Other assets	468
TOTAL ASSETS CLASSIFIED AS HELD FOR SALE	**4,607**
Borrowings and debt	244
Other liabilities	455
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	**699**

At December 31, 2015, assets held for sale only included the portfolio of merchant power generation assets in the United States (Energy International).

Portfolio of merchant power generation assets in the United States

At December 31, 2015, the Group considered that the sale of its portfolio of merchant power generation assets in the United States was highly probable in view of progress made in the divestiture process and, as a result, classified the portfolio as "Assets held for sale".

The portfolio includes 31 power plants with a total net capacity of 9.9 GW and two gas transmission assets operating in Ercot, PJM and New England. As the carrying amount of these assets held for sale was €1,111 million greater than the expected sale price, the Group recognized an impairment loss, of which €911 million against the entire goodwill allocated to the portfolio of assets held for sale, and €200 million against property, plant and equipment and intangible assets of the same portfolio.

Their classification as "Assets held for sale" decreased net debt by €193 million at December 31, 2015.

At December 31, 2015, the aggregate amount of recyclable items of comprehensive income relating to this portfolio of assets totaled €559 million and mainly corresponded to positive foreign currency translation reserves.

4.2 Acquisition of Solairedirect

On September 3, 2015, the Group finalized its acquisition of a 96.55% stake in Solairedirect, which develops, builds and operates photovoltaic facilities under service contracts. Solairedirect operates production facilities generating some 490 MW, of which 60 MW is generated at directly-operated sites and 430 MW under operations and maintenance contracts.

The Group invested a total of €334 million in the following transactions carried out on September 3, 2015:

- the acquisition of 94.16% of Solairedirect's shares as well as all the share subscription warrants held by the company's executive management for a total of €177 million;
- a simultaneous subscription to a reserved share capital increase for €130 million, increasing the Group's interest in Solairedirect to 96.55%;
- the transaction also includes price adjustment clauses subject to the achievement of operating targets during the two years following the acquisition. At the acquisition date, the fair value of these clauses, estimated at €28 million, was included in Solairedirect's purchase price.

Solairedirect has been fully consolidated since its acquisition date of September 3. Provisional goodwill of €123 million was recorded in respect of this acquisition at December 31, 2015 and the purchase price allocation will be finalized in 2016.

This transaction had a negative net impact of €139 million on the Group's statement of cash flows at the acquisition date and corresponds to €177 million in consideration paid less €38 million in cash and cash equivalents acquired.

Solairedirect's impact on ENGIE's 2015 consolidated financial statements is not material.

4.3 Other transactions and changes in consolidation methods in 2015

4.3.1 Change in the consolidation method applied to Solféa

On December 21, 2015, the Group and BNP Paribas approved an addendum to the shareholders' agreement for Solféa, in which they respectively hold a 55% and 45% stake, resulting in the Group's loss of control. As of this date, the Group's interest in Solféa is consolidated using the equity method.

This change in the consolidation method reduced the Group's consolidated net debt by €539 million. This joint venture's carrying amount was €7 million at December 31, 2015.

The revaluation gain resulting from the change in consolidation method was not material.

4.3.2 Other transactions in 2015

Various other acquisitions, equity transactions and disposals took place in 2015, notably the acquisition in the Energy Services business line of Desa Australia and TSC Group Services in Australia, IMA in Chile, Nexilis in France and Vandewalle in Belgium as well as the sale in the Energy Europe business line of GDF SUEZ Energia Magyarország Zrt. in Hungary. Their individual and cumulative impact on the Group's financial statements is not material.

4.4 Main changes in Group structure in 2014

4.4.1 Acquisition of control over GTT following its initial public offering (IPO)

The shareholders of Gaztransport & Technigaz (GTT), a French engineering company specialized in cryogenic membrane confinement technology for the transportation of LNG, listed the shares of the company on the stock market on February 27, 2014 at a price of €46 per share. Prior to this transaction, the company's share capital was held by ENGIE (40%), Total (30%) and the Hellman & Friedman investment fund (30%). ENGIE recognized its 40% interest in GTT as an associate accounted for using the equity method.

Following the IPO, ENGIE held nearly 40.4% of GTT. In light of the dispersion of the shareholding structure and ENGIE's ability to control GTT's key decisions, the Group considered that it now exercised de facto control over this company. GTT has therefore been fully consolidated in the Group's financial statements since March 3, 2014, the date of the settlement and delivery of the shares.

The 40% interest previously held in GTT was revalued at €688 million based on the closing price at March 3, 2014, i.e. €46.50 per share. This revaluation resulted in a revaluation gain of €359 million.

4.4.2 Transactions and changes in consolidation methods relating to the electricity and natural gas distribution and commercialization sectors in Belgium

4.4.2.1 Sale of interest in mixed inter-municipal companies in Flanders and repurchase of non-controlling interests in Electrabel Customer Solutions

On December 29, 2014, via its subsidiary Electrabel, the Group finalized the two following transactions with the Flemish public authorities:

- Electrabel sold its entire residual 30% interest in seven mixed inter-municipal electricity and gas distribution network operators in Flanders to the public sector for a total of €911 million. The capital gains generated on the sale of these available-for-sale securities, which amounted to €323 million, were presented under "Other non-recurring items" within "Income/(loss) from operating activities" in the 2014 consolidated income statement;
- at the same time, Electrabel acquired the non-controlling interests held by the Flemish public authorities in Electrabel Customer Solutions (ECS), the Group subsidiary in charge of the sale of gas and electricity to residential and non-residential customers in Belgium, for a total of €101 million. As the transaction was carried out between owners, the €108 million difference between the purchase price and the carrying amount of the interest acquired was recognized as a deduction from shareholders' equity.

4.4.2.2 Investments in the Walloon distribution network operator

As a result of governance measures carried out, since June 26, 2014 the Group no longer has significant influence over Ores Assets, Wallonia's sole distribution network operator formed in late 2013, and recognizes its 25% interest in the operator under "Available-for-sale securities". In accordance with the applicable standards, the residual interest was recognized at fair value on June 26, 2014, which led the Group to record a revaluation gain of €174 million under "Changes in scope of consolidation" within "Income/(loss) from operating activities" in the 2014 consolidated income statement.

4.4.3 Disposals carried out in 2014

Disposals carried out in 2014 resulted in the recognition of a cumulative gain amounting to €593 million at December 31, 2014 (of which €233 million is presented under “Changes in scope of consolidation” and €360 million under “Other non-recurring items” in the consolidated income statement) and in a reduction of net debt by €3,231 million compared to December 31, 2013.

In millions of euros	**Decrease in net debt**
Transactions finalized in 2014 relating to “Assets held for sale” at December 31, 2013	**(385)**
Disposal of a 20% interest in Energia Sustentável Do Brasil – “Jirau” (Brazil)	(318)
Disposal of a 50% interest in Futures Energies Investissements Holding (France)	(67)
Transactions carried out in 2014	**(2,196)**
Disposal of investments in mixed inter-municipal companies in Flanders (Belgium)	(911)
Disposal of the portfolio of power generation assets in Panama and Costa Rica	(771)
Disposal of the 49% interest in ISAB Energy (Italy)	(153)
Disposal of exploration-production assets	(239)
Disposal of a 20% interest in NGT B.V. (Netherlands)	
Disposal of Enerci (Ivory Coast)	
Disposal of an exploration-production asset in Germany	
Cash received on the remaining disposal price of the 24.5% interest in SPP (Slovakia) - transaction finalized in 2013	(122)
Other disposals that are not material taken individually	**(650)**
TOTAL	**(3,231)**

NOTE 5 Segment information

5.1 Operating segments

The operating segments presented below reflect the segments used by the Group's Management Committee to allocate resources to the segments and assess their performance. No operating segments have been aggregated. The Group's Management Committee is the Group's "chief operating decision maker" within the meaning of IFRS 8.

Until December 31, 2015, the Group is organized around the following five operating segments: Energy International, Energy Europe, Global Gas & LNG, Infrastructures and Energy Services.

Energy International business line (BEI): subsidiaries in this segment produce and market power in North America, Latin America, Asia-Pacific, the United Kingdom, Turkey and the Middle East. They also distribute and market gas in North America, Latin America, Asia and Turkey. The business line is also active in LNG import and regasification in North America and Chile and seawater desalination in the Arabian peninsula.

Energy Europe business line (BEE) carries out activities involving electricity production and energy sales in continental Europe. It operates the Group's assets in continental Europe in the fields of gas (excluding infrastructures managed by the Infrastructures business line) and electricity.

Global Gas & LNG business line carries out upstream activities of the natural gas value chain. In the area of exploration and production, the business line engages in the exploration, development and operation of oil and gas fields. On the LNG chain, the business line manages a long-term gas supply contract portfolio and interests in liquefaction facilities, operates an LNG fleet, and owns regasification capacities in LNG terminals. Global Gas & LNG is selling a portion of its LNG supply contracts to other Group entities and, in particular, the "Gas Supply" activity of the Energy Europe business line.

Infrastructures business line: subsidiaries in this segment operate natural gas transportation, storage and distribution networks and installations, and LNG terminals, essentially in France and Germany. They also sell access rights to these infrastructures to third parties.

Energy Services business line: these subsidiaries design and implement environmental and energy efficiency solutions through multi-technical services in the fields of engineering, installations, and energy services.

The "Other" line presented in the table below includes contributions from corporate holding companies and entities centralizing the Group's financing requirements, contributions in Solairedirect activities and in the Group's activities in China, as well as the contribution of SUEZ Environnement as an associate.

The methods used by the Group's Management Committee to recognize and measure these segments for internal reporting purposes are the same as those used to prepare the consolidated financial statements. EBITDA, industrial capital employed and capital expenditure (CAPEX) are reconciled with the consolidated financial statements.

The main relationships between operating segments, other than the Global Gas & LNG supply contracts to Energy Europe, concern the Infrastructures and Energy Europe business lines.

Services relating to the use by the Energy Europe business line of the Group's gas infrastructures in France are billed based on regulated fees applicable to all network users, except for storage infrastructures. The prices for reservations and use of storage facilities are established by storage operators and notably based on auctions of available capacity.

Due to the variety of its business lines and their geographical location, the Group serves a very diverse range of customer types and situations (industry, local authorities and individual customers). Accordingly, no external customer represents individually 10% or more of the Group's consolidated revenues.

In April 2015, ENGIE unveiled its new organization structured into 24 business units, which mainly correspond to geographic areas. This new organization is effective at January 1, 2016. 2016 segment information will be redefined accordingly.

5.2 Key indicators by operating segment

REVENUES

	Dec. 31, 2015			Dec. 31, 2014		
In millions of euros	External revenues	Intra-Group Revenues	Total	External revenues	Intra-Group Revenues	Total
Energy International	14,534	202	14,737	13,977	1,268	15,245
Energy Europe	32,011	667	32,678	35,158	1,262	36,420
Global Gaz & LNG	4,246	1,747	5,993	6,883	2,668	9,551
Infrastructures	3,055	3,553	6,608	2,994	3,818	6,812
Energy Services	16,001	190	16,190	15,673	201	15,874
Other	36	-	36	-	-	-
Elimination of internal transactions	-	(6,360)	(6,360)	-	(9,216)	(9,216)
TOTAL REVENUES	**69,883**	**-**	**69,883**	**74,686**	**-**	**74,686**

EBITDA

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Energy International	3,589	3,716
Energy Europe	1,612	2,015
Global Gas & LNG	1,625	2,225
Infrastructures	3,402	3,274
Energy Services	1,227	1,127
Other	(194)	(225)
TOTAL EBITDA	**11,262**	**12,133**

DEPRECIATION AND AMORTIZATION

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Energy International	(989)	(970)
Energy Europe	(1,019)	(1,111)
Global Gas & LNG	(944)	(926)
Infrastructures	(1,328)	(1,280)
Energy Services	(369)	(338)
Other	(90)	(95)
TOTAL DEPRECIATION AND AMORTIZATION	**(4,740)**	**(4,720)**

SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Energy International	310	204
Energy Europe	(43)	76
Global Gas & LNG	18	31
Infrastructures	7	12
Energy Services	24	1
Other	157	118
Of which share in net income of SUEZ Environnement as an associate	*134*	*118*
TOTAL SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**473**	**441**

CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Energy International	2,596	2,745
Energy Europe	587	908
Global Gas & LNG	535	1,064
Infrastructures	2,072	1,994
Energy Services	854	791
Other	(319)	(346)
TOTAL CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**6,326**	**7,156**

INDUSTRIAL CAPITAL EMPLOYED

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Energy International	16,287	22,041
Energy Europe	12,432	13,993
Global Gas & LNG	3,674	6,052
Infrastructures	19,026	19,148
Energy Services	4,698	4,102
Other	3,782	3,428
Of which SUEZ Environnement equity value	*1,974*	*1,994*
TOTAL INDUSTRIAL CAPITAL EMPLOYED	**59,899**	**68,764**

CAPITAL EXPENDITURE (CAPEX)

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Energy International	1,693	1,718
Energy Europe	1,461	1,169
Global Gas & LNG	1,059	1,208
Infrastructures	1,534	1,729
Energy Services	838	1,105
Other	655	151
TOTAL CAPITAL EXPENDITURE (CAPEX)	**7,240**	**7,080**

5.3 Key indicators by geographic area

The amounts set out below are analyzed by:

- destination of products and services sold for revenues;
- geographic location of consolidated companies for industrial capital employed.

	Revenues		Industrial capital employed	
In millions of euros	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
France	25,066	27,834	29,305	30,963
Belgium	9,067	8,525	2,203	2,907
Other EU countries	18,507	20,516	10,908	10,880
Other European countries	2,103	1,832	735	1,080
North America (1)	4,592	3,829	1,831	6,198
Asia, Middle East & Oceania	6,165	7,404	7,131	8,854
South America	4,076	4,302	7,213	7,268
Africa	306	444	573	613
TOTAL	**69,883**	**74,686**	**59,899**	**68,764**

(1) The change in industrial capital employed for North America is due to the classification of the portfolio of merchant power generation assets in the United States as assets held for sale (see Note 4.1 "Assets classified as held for sale").

5.4 Reconciliation of indicators with consolidated financial statements

5.4.1 Reconciliation of EBITDA

The bridge between EBITDA and current operating income after share in net income of entities accounted for using the equity method is explained as follows:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**6,326**	**7,156**
Net amortization and other	4,885	4,956
Share-based payments (IFRS 2)	50	21
EBITDA	**11,262**	**12,133**

5.4.2 Reconciliation of industrial capital employed with items in the statement of financial position

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
(+) Property, plant and equipment and intangible assets, net	64,001	71,601
(+) Goodwill	19,024	21,222
(-) Goodwill arising on the Gaz de France - SUEZ merger [1]	*(6,647)*	*(8,216)*
(-) Goodwill arising on the International Power combination [1]	*(2,036)*	*(2,502)*
(+) IFRIC 4 and IFRIC 12 receivables	1,042	1,779
(+) Investments in entities accounted for using the equity method	6,977	7,055
(-) Goodwill arising on the International Power combination [1]	*(168)*	*(152)*
(+) Trade and other receivables, net	19,349	21,558
(-) Margin calls [1, 2]	*(1,054)*	*(1,257)*
(+) Inventories	4,207	4,891
(+) Other current and non-current assets	9,851	10,606
(+) Deferred tax	(6,851)	(8,071)
(+) Cancellation of deferred tax on other recyclable items [1]	*(100)*	*(188)*
(-) Provisions	(18,835)	(18,539)
(+) Actuarial gains and losses in shareholders' equity (net of deferred tax) [1]	*1,894*	*2,168*
(-) Trade and other payables	(17,101)	(18,799)
(+) Margin calls [1, 2]	*1,476*	*1,309*
(-) Other liabilities	(15,128)	(15,701)
INDUSTRIAL CAPITAL EMPLOYED	**59,899**	**68,764**

(1) For the purpose of calculating industrial capital employed, the amounts recorded in respect of these items have been adjusted from those appearing in the statement of financial position.
(2) Margin calls included in "Trade and other receivables" and "Trade and other payables" correspond to advances received or paid as part of collateralization agreements set up by the Group to reduce its exposure to counterparty risk on commodities transactions.

5.4.3 Reconciliation of capital expenditure (CAPEX) with items in the statement of cash flows

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Acquisitions of property, plant and equipment and intangible assets	6,459	5,790
Acquisitions of controlling interests in entities, net of cash and cash equivalents acquired	259	340
(+) Cash and cash equivalents acquired	*246*	*208*
Acquisitions of investments in entities accounted for using the equity method and joint operations	241	398
Acquisitions of available-for-sale securities	252	246
Change in loans and receivables originated by the Group and other	(245)	(8)
(+) Other	*(1)*	*(2)*
Change in ownership interests in controlled entities	42	126
(+) Payments received in respect of the disposal of non-controlling interests	*(12)*	*(18)*
TOTAL CAPITAL EXPENDITURE (CAPEX)	**7,240**	**7,080**

NOTE 6 Current operating income

6.1 Revenues

Group revenues break down as follows:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Energy sales	49,455	55,605
Rendering of services	19,712	18,308
Lease and construction contracts	716	773
REVENUES	**69,883**	**74,686**

"Lease and construction contracts" mainly include operating lease revenues for €632 million (€692 million in 2014).

6.2 Personnel costs

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Short-term benefits	(9,669)	(9,303)
Share-based payments (*see Note 23*)	(50)	(22)
Costs related to defined benefit plans (*see Note 19.3.4*)	(314)	(315)
Costs related to defined contribution plans (*see Note 19.4*)	(134)	(139)
PERSONNEL COSTS	**(10,168)**	**(9,779)**

6.3 Depreciation, amortization and provisions

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Depreciation and amortization (*see Notes 13 and 14*)	(4,740)	(4,720)
Net change in write-downs of inventories, trade receivables and other assets	(208)	(249)
Net change in provisions (*see Note 18*)	(59)	172
DEPRECIATION, AMORTIZATION AND PROVISIONS	**(5,007)**	**(4,797)**

At December 31, 2015, depreciation and amortization mainly break down as €737 million for intangible assets and €4,011 million for property, plant and equipment. A breakdown by type of asset is provided in Note 13 "Intangible assets" and Note 14 "Property, plant and equipment", respectively.

NOTE 7 Income/(loss) from operating activities

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**6,326**	**7,156**
Mark-to-market on commodity contracts other than trading instruments	(261)	(298)
Impairment losses	(8,748)	(1,037)
Restructuring costs	(265)	(167)
Changes in scope of consolidation	(46)	562
Other non-recurring items	(248)	353
INCOME/(LOSS) FROM OPERATING ACTIVITIES	**(3,242)**	**6,569**

7.1 Mark-to-market on commodity contracts other than trading instruments

In 2015, this item represents a net loss of €261 million, compared with a net loss of €298 million in 2014, and is mainly attributable to changes in the fair value of (i) electricity and natural gas sale and purchase contracts falling within the scope of IAS 39 and (ii) financial instruments used as hedges but not eligible for hedge accounting.

This loss is mainly due to (i) a negative price effect related to changes in the forward prices of the underlying commodities during the period, partly offset by (ii) a positive net impact of the settlement of positions over the period with a negative fair value at December 31, 2014.

7.2 Impairment losses

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Impairment losses:		
Goodwill	(2,628)	(82)
Property, plant and equipment and other intangible assets	(5,731)	(924)
Investments in entities accounted for using the equity method and related provisions	(188)	-
Financial assets and other	(214)	(87)
TOTAL IMPAIRMENT LOSSES	**(8,761)**	**(1,094)**
Reversal of impairment losses:		
Property, plant and equipment and other intangible assets	7	57
Financial assets	6	-
TOTAL REVERSALS OF IMPAIRMENT LOSSES	**13**	**57**
TOTAL	**(8,748)**	**(1,037)**

Net impairment losses of €8,748 million primarily relate to the Global Gas and LNG (€4,160 million), Energy International (€3,457 million) and Energy Europe (€883 million) business lines. After taking into account the deferred tax effects and the share of impairment losses attributable to non-controlling interests, the impact of these impairment losses on net income Group share for 2015 amounts to €6,761 million.

Impairment losses recognized against goodwill, property, plant and equipment, intangible assets and investments in entities accounted for using the equity method at December 31, 2015 can be analyzed as follows:

In millions of euros	Location	Impairment losses on goodwill	Impairment losses on property, plant and equipment and intangible assets	Impairment losses on entities accounted for using the equity method and related provisions	Total impairment losses	Valuation method	Discount rate
Global Gas & LNG goodwill CGU		**(1,619)**	**(2,541)**		**(4,160)**	**Value-in-use - DCF**	**6.5% - 13.5%**
Exploration-production assets			(2,454)				
	North Sea (Norway/ Netherlands/ United Kingdom)		*(1,019)*			*Value-in-use - DCF*	
	Germany		*(634)*			*Value-in-use - DCF*	
	Algeria		*(268)*			*Value-in-use - DCF*	
	Australia		*(257)*			*Multiple of reserves*	
	Indonesia		*(223)*			*Value-in-use - DCF*	
	Egypt		*(53)*			*Value-in-use - DCF*	
Exploration and production licenses	Qatar		(87)			Fair value	
Energy International - North America goodwill CGU		**(927)**	**(405)**		**(1,331)**		
Portfolio of merchant power generation assets	United States	(911)	(200)			Fair value less costs to sell	
Regasification terminal	United States		(195)			Value-in-use - DCF	6.95%
Other		(16)	(9)				
Energy International - Latin America goodwill CGU		**-**	**(54)**	**(188)**	**(242)**		
Share in a regasification terminal	Uruguay			(188)		Fair value	
Other property, plant and equipment and intangible assets			(54)				
Energy International - Asia-Pacific goodwill CGU		**-**	**(1,009)**		**(1,009)**		
Power plant			(1,009)			Value-in-use - DCF	7.8%
Energy International - South Asia, Middle-East and Africa goodwill CGU		**(83)**	**(630)**		**(713)**		
Thermal power plant	India	(83)	(630)				11.85%
Energy United Kingdom - Turkey goodwill CGU			**(151)**		**(151)**		
Thermal power plant	United Kingdom		(151)			Value-in-use - DCF	6.4%
Energy – Central Western Europe goodwill CGU			**(550)**		**(550)**		
GDF Gaz de France brand	France		(455)			Value-in-use - DCF	8.6%
Customer relations intangible asset	France		(95)			Value-in-use - DCF	8.6%
Other impairment losses in Europe			**(194)**		**(194)**		
Thermal power plant	Poland		(103)			Value-in-use - DCF	8.6%
Thermal power plant	Spain		(91)			Value-in-use - DCF	7.7%
Other impairment losses		**-**	**(197)**	**-**	**(197)**		
TOTAL AT DECEMBER 31, 2015		**(2,628)**	**(5,731)**	**(188)**	**(8,547)**		

7.2.1 Information on cash flow projections used in impairment tests

In most cases, the recoverable value of CGUs is determined by reference to a value-in-use that is calculated based on cash flow projections drawn from the 2016 budget and from the 2017-2021 medium-term business plan, as approved by the Group Management Committee and the Board of Directors, and on extrapolated cash flows beyond that time frame.

Cash flow projections are drawn up on the basis of macroeconomic assumptions (inflation, exchange rates and growth rates) and price forecasts resulting from the Group's reference scenario for 2016-2040. The forecasts that feature in the reference scenario were approved by the Group Management Committee in January 2016. The forecasts and projections included in the reference scenario were determined on the basis of the following inputs:

- forward market prices over the liquidity period for fuel (coal, oil and gas), CO_2 and electricity on different markets;
- beyond this period, medium- and long-term energy prices were determined by the Group based on macroeconomic assumptions and fundamental supply and demand equilibrium models, the results of which are regularly compared against forecasts prepared by external energy sector specialists. More specifically, medium- and long-term electricity prices were determined by the Group using electricity demand forecasting models, medium- and long-term forecasts of fuel and CO_2 prices, and expected trends in installed capacity and in the technology mix of the production assets within each power generation system.

7.2.2 Global Gas & LNG CGU

The Global Gas & LNG CGU brings together the upstream activities of the natural gas value chain, including:

- the exploration, development and operation of oil and gas fields. The Group's main projects and fields are located in Germany, the UK, Norway, the Netherlands, Algeria and Indonesia;
- activities relating to LNG, i.e. the management and sale of a diversified portfolio of long-term supply contracts, interests in liquefaction facilities, operation of an LNG tanker fleet, regasification capacities in LNG terminals and the development and sale of cryogenic membrane confinement systems to transport LNG, carried out by GTT, the Group's subsidiary specialized in marine engineering.

The total amount of goodwill allocated to this CGU was €1,997 million before the impairment test.

Economic conditions and results of the impairment test in 2015

The Group's oil and gas production activities, like other energy players, are facing particularly difficult market conditions marked by the sharp decrease in oil and natural gas prices. Compared to end-2014, spot Brent crude oil and natural gas prices at December 31, 2015 were 36% and 8% lower, respectively, and forward market prices for 2016 and 2017 were on average 38% lower for Brent crude oil and 28% lower for natural gas. In addition, in light of these market conditions as well as the analysis of market fundamentals, the Group significantly lowered its reference scenario for long- and medium-term commodity price projections. The majority of the €2,541 impairment loss recognized against production assets, gas fields under development and exploration-production licenses for the year ended December 31, 2015 is attributable to these significant price effects.

LNG activities were also severely impacted by the considerable deterioration of the LNG market, mainly (i) the decline in spot market prices in Asia to USD 8/MMbBtu in 2015 compared to USD 15/MMbBtu in 2014, (ii) the negative effect of the drop in crude oil prices on the Brent indexed price portion of long-term LNG sales contracts, and (iii) weaker demand for LNG in Asia and the increase in flexible LNG volumes available on the market which had a negative effect on volumes and cargo diversion opportunities. These difficult economic conditions are expected to persist in the medium term, mainly due to increased LNG volumes on the market resulting from the commissioning of new liquefaction capacities in Australia and in the United States during the 2015-2017 period and weak demand for LNG in Asia. In addition, the Yemen LNG facility, which provides the Group with nearly 38 LNG cargoes per year, stopped shipping LNG since April 2015 due to the deteriorating security situation near the facility.

In view of the corresponding decrease in the enterprise value, the Group recorded an impairment loss of €1,619 million against the Global Gas & LNG CGU goodwill. As a result, the CGU's residual goodwill came to €378 million.

In all, impairment losses recognized against the Global Gas & LNG goodwill CGU totaled €4,160 million. After taking into account the deferred tax effects and the share of write-downs attributable to non-controlling interests, the impact of these impairment losses on net income Group share amounts to €3,058 million.

Key assumptions used for impairment tests

The recoverable amount of the CGU was determined based on (i) the market price for the listed subsidiary GTT, and (ii) the value-in-use for all other activities included in the CGU. The value-in-use was calculated using the cash flow projections drawn up on the basis of the 2016 budget and 2017-2021 medium-term business plan, as approved by the Group Management Committee. A terminal value was calculated by extrapolating the cash flows beyond that period.

Beyond that period, cash flows from exploration-production assets in the development or production phase are forecasted over the residual life of the underlying proven and probable reserves.

For LNG activities outside GTT, the terminal value in 2021 was determined by considering extending or renewing the supply contracts in place at that date until 2060 and by applying a normative margin to these volumes.

The main assumptions and key estimates primarily include the discount rates, hydrocarbon price trends, changes in the euro/US dollar exchange rate, estimates of proven and probable reserves, changes in LNG supply and demand, the date on which the Yemen LNG facility resumes its activities, as well as market forecasts. The values assigned reflect our best estimates of market prices and expected future trends on these markets.

The projections used for oil and natural gas prices beyond the liquidity period are in line with the consensus drawn up on the basis of several external studies. The test is based on the assumption that the Yemen LNG facility will resume its activities.

The discount rates applied range between 6.5% and 13.5%, and differ primarily in accordance with the risk premiums assigned to the countries in which the Group operates.

Sensitivity analyses

An increase of 50 basis points in the discount rate used would generate additional impairment losses of €70 million against exploration-production assets and €60 million against Global Gas & LNG CGU goodwill.

A decrease of 50 basis points in the discount rate used would reduce the impairment losses recognized against exploration-production assets in an amount of €70 million and against Global Gas & LNG CGU goodwill in an amount of €60 million.

A decrease of 10% in the hydrocarbon prices used in exploration-production activities would generate additional impairment losses of €530 million against exploration-production assets and €270 million against Global Gas & LNG CGU goodwill.

An increase of 10% in the hydrocarbon prices used in exploration-production activities would reduce the impairment losses recognized against exploration-production assets in an amount of €590 million and against Global Gas & LNG CGU goodwill in an amount of €240 million.

A one-year postponement in the restart of the Yemen LNG liquefaction facility would generate additional impairment losses of €120 million against Global Gas & LNG CGU goodwill.

7.2.3 Energy International's assets

North America

The impairment loss recognized against the North America goodwill CGU totaled €1,331 million and mainly included an impairment loss of €1,111 million against a group of assets held for sale and an impairment loss of €195 million against the Everett regasification terminal. These losses reflect poor market conditions for both electricity and LNG.

At December 31, 2015, the Group classified its portfolio of merchant power generation assets in the United States as assets held for sale (see Note 4.1 "*Assets held for sale*"). As the carrying amount of these assets held for sale was €1,111 million greater than the expected sale price, the Group recognized an impairment loss, of which €911 million against the entire goodwill allocated to the portfolio of assets held for sale, and €200 million against property, plant and equipment and intangible assets of the same portfolio.

The CGU, which comprises liquefied natural gas-related activities, covers the import and regasification of liquefied natural gas and its gas commercialization activities in the North-East of the United States and Puerto Rico. It also comprises the optimization of the flexible volumes of supply contract by selling cargoes to markets offering the highest profit margins. Due to the significant decrease in liquefied natural gas selling prices in the Asian markets, the amendments made to the supply contracts and the continuing low gas prices on the North American domestic market, the Group recorded an impairment loss of €195 million against the property, plant and equipment (Everett LNG terminal) of this CGU in 2015. The residual carrying amount of the property, plant and equipment of the Everett terminal is not material.

The value-in-use of this project was calculated based on cash flow projections drawn up by management, to which a 6.95% discount rate was applied.

Latin America

In Uruguay, GNL Sur, the 50-50 joint venture between ENGIE and Marubeni commissioned to build an offshore storage and regasification LNG terminal within the framework of the Build, Own, Operate and Transfer (BOOT) contract entered into with Uruguay's state-owned company Gas Sayago, acknowledged that it would be impossible to continue performing the contract, which was terminated by mutual agreement in September 2015. Pursuant to this agreement, the joint venture transferred all its assets under construction to Gas Sayago and paid the penalty provided for in the performance guarantees.

As a result, the Group recorded an expense of €188 million relating to the write-down of its net investment in the project and the costs relating to the penalty due under the performance guarantees.

Asia-Pacific

Due to the deterioration of its technical performances (unplanned forced outages, poor heat rate) and worsened commodity prices, the Group decided to recognize an impairment loss of €1,009 million against an asset. The amount of this impairment loss is not sensitive to a change in a key assumption on which was based the determination of the recoverable amount.

South Asia, Middle East & Africa

The 700 MW coal-fired power plant under construction within Meenakshi Energy Private Limited, in which the Group holds an 89% interest, is facing a number of technical difficulties, delays and cost overruns. In that context, the Group performed an impairment test on its interest in Meenakshi which resulted in the recognition of a €713 million impairment loss, of which €83 million was recognized against the goodwill recorded on the acquisition of Meenakshi and the remaining €630 million against the entity's property, plant and equipment.

United Kingdom & Turkey

In the United Kingdom in 2015, worsening forecasts for clean spark spreads as well as low capacity income led the Group to record an impairment loss of €151 million against a thermal power plant.

The value-in-use of this asset was calculated using the cash flow projections drawn up based on the 2016 budget and 2017-2021 medium-term business plan approved by the Group Management Committee. Cash flows beyond this period were extrapolated until the end of the operating life of the thermal power plant. Key assumptions used in the impairment test related to expected trends in electricity demand, electricity and fuel prices, the carbon floor tax and capacity income from 2021. A 50-basis-point increase in the discount rate used would lead to an additional impairment loss totaling €3 million against this thermal power generation asset. A 500-basis-point decrease in the margins captured by the thermal power plant would lead to an additional impairment loss totaling €34 million.

7.2.4 Energy Europe's assets

GDF Gaz de France brand and intangible assets relating to the "B2C France customer portfolio"

As a result of the merger with Gaz de France in 2008, the Group recognized an intangible asset with an indefinite useful life of €526 million relating to the GDF Gaz de France brand, as well as an amortizable intangible asset relating to the value of the B2C France customer portfolio acquired at the date of the merger. At December 31, 2015, the carrying amount of the portfolio was €424 million.

In 2015, the value of these assets was impacted by heightened competition, resulting in a decrease in operating margins on energy sales in France. More specifically, this situation impacted the B2B customer segment, in respect of which the Group continued to lose market share in 2015 due to the removal of regulated sales tariffs for business customers at the end of 2015.

To revitalize and streamline its energy sales offer in France, in October 2015 the Group decided to restructure its commercial brands: the ENGIE brand now includes all the gas, electricity and service market offers while "*Tarif réglementé gaz GDF SUEZ*" is now the brand offering gas at regulated sales tariff prices in the B2C segment. As a result, the corporate brand GDF Gaz de France no longer has an indefinite useful life. However, the Group considers that the advantages and influence associated with the historic brand will continue to benefit all B2C sales activities for around five years. As a result, the Group performed an impairment test using the "royalty" method on revenues from B2C France sales activities over a five-year period and applied an 8.6% discount rate. As a result, the Group recognized an impairment loss of €455 million against the brand. The brand's residual carrying amount was €71 million at December 31, 2015.

The present value of profit forecasts attributable to the B2C customer portfolio acquired at the date of the merger amounted to €329 million. A €95 million impairment loss was therefore recorded against this intangible asset (customer relations in France) at December 31, 2015. The discount rate applied to these forecasts was 8.6%.

Other impairment losses in Europe

The value-in-use of each asset was calculated using the cash flow projections drawn up based on the 2016 budget and the 2017-2021 medium-term business plan approved by the Group Management Committee. Beyond this period cash flows were extrapolated until the end of the operating life of each power plant. Key assumptions used in the impairment test relate to capacity rates and methods, expected trends in electricity demand and electricity and fuel prices.

In Spain, an impairment loss of €91 million was recognized against a thermal power plant following the decrease in spark spread forecasts and capacity fees. The discount rate applied was 7.65%.

In Poland, the Group forecasted a decrease in the margin captured by thermal power plants over the long term and accordingly, recorded an impairment loss of €103 million in 2015. The discount rate applied was 8.59%.

7.2.5 Impairment losses booked in 2014

Impairment losses recognized against goodwill, property, plant and equipment and intangible assets at December 31, 2014 amounted to €1,006 million and can be analyzed as follows:

In millions of euros	Location	Impairment losses on goodwill	Impairment losses on property, plant and equipment and intangible assets	Total impairment losses	Valuation method	Discount rate
Global Gas & LNG goodwill CGU		**-**	**(362)**	**(362)**	**Value-in-use - DCF**	**8%-15%**
Exploration-production assets in the North Sea	North Sea	-	(261)	-	Value-in-use - DCF	9.0%
Other exploration-production assets/licenses		-	(44)	-		
Other property, plant and equipment and intangible assets		-	(57)	-		
Energy UK – Europe goodwill CGU		**-**	**(226)**	**(226)**		
Thermal power plants	United Kingdom	-	(181)	-	Value-in-use - DCF	7.2%-8.7%
Wind farm and other property, plant and equipment and intangible assets	United Kingdom	-	(45)	-	Fair value	
Energy – Eastern Europe goodwill CGU		**(82)**	**(30)**	**(112)**	**Value-in-use - DCF**	**8.3-12.3%**
Property, plant and equipment		-	(30)	-	Value-in-use - DCF	
Energy – Central Western Europe goodwill CGU		**-**	**(109)**	**(109)**	**Value-in-use - DCF**	**6.5-9.0%**
Thermal power plants	Netherlands/ Belgium	-	(48)	-	Value-in-use - DCF	7.4%-8.1%
Other property, plant and equipment and intangible assets		-	(61)	-		
Other impairment losses		**-**	**(197)**	**(197)**		
TOTAL AT DECEMBER 31, 2014		**(82)**	**(924)**	**(1,006)**		

Including writedowns of financial assets, total impairment losses (net of reversals) for 2014 amounted to €1,037 million. After taking into account the deferred tax effects and the share of impairment losses attributable to non-controlling interests, the impact of these impairment losses on 2014 net income Group share amounted to €655 million.

7.3 Restructuring costs

Restructuring costs totaling €265 million at December 31, 2015 include €47 million of external costs related to the corporate Group brand change, as well as costs incurred to adapt to economic conditions, of which €110 million for the Energy Services business line and €70 million for the Energy Europe business line.

In 2014, this item amounted to €167 million, and included costs incurred to adapt to economic conditions, of which €70 million for the Energy Services business line and €58 million for the Energy Europe business line.

7.4 Changes in scope of consolidation

In 2015, this item amounted to a negative €46 million, and mainly comprised the €47 million loss on the sale of GDF SUEZ Energia Magiarország Zrt.'s activities in Hungary, of which €40 million in respect of translation adjustments recognized under "Other comprehensive income" recycled to the income statement (*see Note 4.3.2*).

In 2014, this item amounted to a positive €562 million, and mainly comprised:

- the €359 million revaluation gain relating to the 40% interest previously held by the Group in Gaztransport & Technigaz following the acquisition of control over the company further to its initial public offering;
- the €174 million revaluation gain relating to the Group's interest in the Walloon distribution network operator following the loss of significant influence, and the recognition of these shares under "Available-for-sale" securities.

7.5 Other non-recurring items

In 2015, this item comprises a loss of €340 million which corresponds to additional dismantling costs on a power plant, which was partly offset by the €42 million gain on the disposal of Portgas available-for-sale securities, of which €17 million in respect of changes in fair value recognized in "Other comprehensive income" recycled to the income statement.

In 2014, this caption mainly included the gain on the disposal of the Group's interest in the mixed inter-municipal companies in Flanders, for an amount of €323 million.

NOTE 8 Net financial income/(loss)

	Dec. 31, 2015			Dec. 31, 2014		
In millions of euros	Expense	Income	Total	Expense	Income	Total
Cost of net debt	(981)	143	(839)	(1,071)	132	(939)
Income from debt restructuring transactions and from early unwinding of derivative financial instruments	(276)	154	(122)	(460)	239	(221)
Other financial income and expenses	(1,156)	570	(586)	(1,142)	426	(716)
NET FINANCIAL INCOME/(LOSS)	**(2,413)**	**866**	**(1,547)**	**(2,673)**	**797**	**(1,876)**

8.1 Cost of net debt

The main items of the cost of net debt break down as follows:

			Total	
In millions of euros	Expense	Income	Dec. 31, 2015	Dec. 31, 2014
Interest expense on gross debt and hedges	(1,151)	-	(1,151)	(1,204)
Foreign exchange gains/losses on borrowings and hedges	-	8	8	21
Ineffective portion of derivatives qualified as fair value hedges	(8)	-	(8)	(21)
Gains and losses on cash and cash equivalents and financial assets at fair value through income	-	135	135	111
Capitalized borrowing costs	178	-	178	154
COST OF NET DEBT	**(981)**	**143**	**(839)**	**(939)**

The decrease in the cost of net debt is mainly due to the positive impacts of debt financing and restructuring transactions carried out by the Group despite a slight increase in the volume of average debt since 2014 *(see Note 15.3.2 "Financial instruments - Main events of the period")*.

8.2 Income from debt restructuring transactions and from early unwinding of derivative financial instruments

The main effects of debt restructuring break down as follows:

In millions of euros	Expense	Income	Total Dec. 31, 2015	Dec. 31, 2014
Impact of early unwinding of derivative financial instruments on income statement	**(157)**	**154**	**(3)**	**(11)**
of which cash payments made on the unwinding of swaps	*(157)*	*-*	*(157)*	*(249)*
of which reversal of the negative fair value of these derivatives that were settled early	*-*	*154*	*154*	*239*
Impact of debt restructuring transactions on the income statement	**(119)**	**-**	**(119)**	**(211)**
of which early refinancing transactions expenses	*(119)*	*-*	*(119)*	*(211)*
GAINS AND LOSSES ON DEBT RESTRUCTURING TRANSACTIONS AND ON THE EARLY UNWINDING OF DERIVATIVE FINANCIAL INSTRUMENTS	**(276)**	**154**	**(122)**	**(221)**

The Group carried out a number of early refinancing transactions *(see Note 15.3.2 "Financial instruments - Main events of the period")*, including several buybacks of bonds with an aggregate par value of €635 million. The net impact of these buybacks, and unwinding of related hedges, resulted in the recognition of an expense of €113 million in 2015.

8.3 Other financial income and expenses

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Other financial expenses		
Change in fair value of derivatives not qualified as hedges	(102)	(206)
Gains and losses on the dequalification and inefficiency of economic hedges on other financial items	(2)	(1)
Unwinding of discounting adjustments to other long-term provisions	(555)	(518)
Net interest expense on post-employment benefits and other long-term benefits	(127)	(153)
Interest on trade and other payables	(46)	(48)
Other financial expenses	(323)	(217)
TOTAL	**(1,156)**	**(1,142)**
Other financial income		
Income from available-for-sale securities	101	103
Interest income on trade and other receivables	26	21
Interest income on loans and receivables at amortized cost	79	85
Other financial income	364	217
TOTAL	**570**	**426**
OTHER FINANCIAL INCOME AND EXPENSES, NET	**(586)**	**(716)**

NOTE 9 Income tax expense

9.1 Actual income tax expense recognized in the income statement

9.1.1 Breakdown of actual income tax expense recognized in the income statement

The income tax expense recognized in the income statement for 2015 amounts to €324 million (€1,586 million in 2014), breaking down as follows:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Current income taxes	(1,348)	(1,918)
Deferred taxes	1,024	332
TOTAL INCOME TAX EXPENSE RECOGNIZED IN INCOME	**(324)**	**(1,586)**

9.1.2 Reconciliation of theoretical income tax expense with actual income tax expense

A reconciliation of theoretical income tax expense with the Group's actual income tax expense is presented below:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Net income/(loss)	**(5,113)**	**3,106**
• Share in net income of entities accounted for using the equity method	473	441
• Income tax expenses	(324)	(1,586)
Income/(loss) before income tax expense and share in net income of associates (A)	**(5,261)**	**4,251**
Of which French companies	*(1,439)*	*186*
Of which companies outside France	*(3,822)*	*4,065*
Statutory income tax rate of the parent company (B)	38.0%	38.0%
THEORETICAL INCOME TAX EXPENSE (C) = (A) × (B)	**1,999**	**(1,615)**
Reconciling items between theoretical and actual income tax expense		
Difference between statutory tax rate applicable to the parent and statutory tax rate in force in jurisdictions in France and abroad	(195)	25
Permanent differences [1]	(1,295)	(93)
Income taxed at a reduced rate or tax-exempt [2]	136	801
Additional tax expense [3]	(411)	(571)
Effect of unrecognized deferred tax assets on tax loss carry-forwards and other tax-deductible temporary differences [4]	(1,651)	(750)
Recognition or utilization of tax income on previously unrecognized tax loss carry-forwards and other tax-deductible temporary differences [5]	431	191
Impact of changes in tax rates	(73)	(42)
Tax credits and other tax reductions [6]	739	292
Other	(5)	176
ACTUAL INCOME TAX EXPENSE	**(324)**	**(1,586)**

(1) Includes mainly the disallowable impairment losses on goodwill, non-deductible expenses recorded by the project companies in the exploration-production business, disallowable operating expenses and effects relating to the cap on allowable interest on borrowings in France.

(2) Reflects notably capital gains on disposals of securities exempt from tax or taxed at a reduced rate in France, Belgium and in other countries, the impact of the specific tax regimes used by some entities in Luxembourg, Belgium, India, Thailand and in other countries, the disallowable impairment losses and capital losses on securities, and the impact of the untaxed income from remeasuring previously-held (or retained) equity interests in connection with acquisitions and changes in consolidation methods.

(3) Includes mainly tax on dividends resulting from the parent company tax regime and the withholding tax on dividends and interest levied in several tax jurisdictions, the 3% tax on the dividends paid in cash by the French companies, the contribution on nuclear activities payable by nuclear-sourced electricity utilities in Belgium (€166 million in 2015 and €407 million in 2014), allocations to provisions for income tax, and regional corporate taxes.

(4) Includes the cancellation of the net deferred tax asset position for some tax entities in the absence of sufficient perspectives in terms of future profits for the latter. In 2015, this section includes the impact of the tax disallowable impairment losses accounted for.

(5) Includes the impact of the recognition of net deferred tax asset positions for some tax entities, mainly in Luxembourg in 2015 for an amount of €338 million arising from a new law entering into force in 2016.

(6) Includes mainly the provision reversals for tax litigation, the impact of deductible notional interest in Belgium, of tax credits in Norway, the United Kingdom, the Netherlands and France.

In 2011, the income tax rate payable by tax entities in France with revenues over €250 million was increased to 36.10% (34.43% in 2010). This tax rate resulted from the introduction of an exceptional 5% contribution payable in respect of 2011 and 2012. The exceptional contribution has been increased to 10.70% for 2013, 2014 and 2015, leading to a 38.00% tax rate for the financial years 2013, 2014 and 2015. This exceptional contribution has been eliminated in the 2016 French Finance Law; the rate will therefore be reduced to 34.43% as of 2016. Consequently, for French companies, the timing differences are measured at the rate of 34.43% at December 31, 2015.

9.1.3 Analysis of the deferred tax income/(expense) recognized in the income statement, by type of temporary difference

In millions of euros	Impact in the income statement	
	Dec. 31, 2015	Dec. 31, 2014
Deferred tax assets:		
Tax loss carry-forwards and tax credits	176	439
Pension obligations	4	(12)
Non-deductible provisions	157	60
Difference between the carrying amount of PP&E and intangible assets and their tax bases	103	(261)
Measurement of financial instruments at fair value (IAS 32/39)	267	229
Other	(138)	(64)
TOTAL	**569**	**391**
Deferred tax liabilities:		
Difference between the carrying amount of PP&E and intangible assets and their tax bases	1,035	178
Measurement of financial instruments at fair value (IAS 32/39)	(524)	(264)
Other	(56)	27
TOTAL	**455**	**(59)**
DEFERRED TAX INCOME/(EXPENSE)	**1,024**	**332**

The increase in deferred tax income results mainly from the tax impacts of some impairment losses on property, plant and equipment recorded in 2015.

9.2 Deferred tax income/(expense) recognized in "Other comprehensive income"

Net deferred tax income/(expense) recognized in "Other comprehensive income" is broken down by component as follows:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Available-for-sale financial assets	(7)	(13)
Actuarial gains and losses	(139)	516
Net investment hedges	70	94
Cash flow hedges on other items	(142)	90
Cash flow hedges on net debt	14	11
TOTAL EXCLUDING SHARE OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**(204)**	**698**
Share of entities accounted for using the equity method	(18)	21
TOTAL	**(222)**	**719**

9.3 Deferred taxes presented in the statement of financial position

9.3.1 Change in deferred taxes

Changes in deferred taxes recognized in the statement of financial position, after netting deferred tax assets and liabilities by tax entity, break down as follows:

In millions of euros	Assets	Liabilities	Net position
At December 31, 2014	**978**	**(9,049)**	**(8,071)**
Impact on net income of the year	569	455	1,024
Impact on other comprehensive income items	(71)	(110)	(180)
Impact of change in scope of consolidation	23	(8)	16
Impact of translation adjustments	126	(112)	14
Transfers to assets and liabilities classified as held for sale	(571)	914	343
Other	(3)	7	5
Impact of netting by tax entity	228	(228)	-
AT DECEMBER 31, 2015	**1,280**	**(8,131)**	**(6,851)**

9.3.2 Analysis of the net deferred tax position recognized in the statement of financial position (before netting deferred tax assets and liabilities by tax entity), by type of temporary difference

	Statement of financial position at	
In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Deferred tax assets:		
Tax loss carry-forwards and tax credits	2,532	2,655
Pension obligations	1,438	1,633
Non-deductible provisions	642	512
Difference between the carrying amount of PP&E and intangible assets and their tax bases	1,115	1,129
Measurement of financial instruments at fair value (IAS 32/39)	1,795	1,416
Other	564	667
TOTAL	**8,086**	**8,012**
Deferred tax liabilities:		
Difference between the carrying amount of PP&E and intangible assets and their tax bases	(12,181)	(14,062)
Measurement of financial instruments at fair value (IAS 32/39)	(1,827)	(1,198)
Other	(929)	(823)
TOTAL	**(14,937)**	**(16,083)**
NET DEFERRED TAX ASSETS/(LIABILITIES)	**(6,851)**	**(8,071)**

The deferred tax assets recognized in respect of tax loss carry-forwards are justified by the existence of adequate taxable timing differences and/or by expectations that these loss carry-forwards will be used over the period covered by the medium-term plan (2016-2021), as approved by management, except when the specific context justifies it.

9.4 Unrecognized deferred taxes

At December 31, 2015, the tax effect of tax losses and tax credits eligible for carry-forward but not utilized and not recognized in the statement of financial position amounted to €3,308 million (€2,328 million at December 31, 2014). Most of these unrecognized tax losses relate to companies based in countries which allow losses to be carried forward indefinitely (mainly Belgium, Luxembourg, France, Australia and the United Kingdom) or up to nine years in the Netherlands. These tax loss carry-forwards did not give rise to the recognition of deferred tax due to the absence of sufficient profit forecasts in the medium term.

The tax effect of other tax-deductible temporary differences not recorded in the statement of financial position was €1,472 million at end-December 2015 versus €1,150 million at end-December 2014.

NOTE 10 Net recurring income Group share

Net recurring income Group share is a financial indicator used by the Group in its financial reporting to present net income Group share adjusted for unusual or non-recurring items.

This financial indicator therefore excludes:

- all items presented between the lines “Current operating income after share in net income of entities accounted for using the equity method” and “Income/(loss) from operating activities”, i.e. “Mark-to-market on commodity contracts other than trading instruments”, “Impairment losses”, “Restructuring costs”, “Changes in scope of consolidation” and “Other non-recurring items”. These items are defined in Note 1.4.17 “Current operating income”;
- the following components of net financial income/(loss): the impact of debt restructuring, compensation payments on the early unwinding of derivative instruments net of the reversal of the fair value of these derivatives that were settled early, changes in the fair value of derivative instruments which do not qualify as hedges under IAS 39 – *Financial Instruments: Recognition and Measurement,* as well as the ineffective portion of derivative instruments that qualify as hedges;
- the income tax impact of the items described above, determined using the statutory income tax rate applicable to the relevant tax entity;
- the deferred tax income of €338 million recorded in 2015 in respect of the recognition of deferred tax assets in Luxembourg *(see Note 9.1.2);*
- net non-recurring items included in “Share in net income of entities accounted for using the equity method”. The excluded items correspond to the non-recurring items as defined above.

The reconciliation of net income/(loss) with net recurring income/(loss) Group share is as follows:

In millions of euros	Notes	Dec. 31, 2015	Dec. 31, 2014 [1]
NET INCOME/(LOSS) GROUP SHARE		**(4,617)**	**2,437**
Non-controlling interests		(496)	669
NET INCOME/(LOSS)		**(5,113)**	**3,106**
Reconciliation items between "CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD" and "INCOME/(LOSS) FROM OPERATING ACTIVITIES"		**9,568**	**587**
Mark-to-market on commodity contracts other than trading instruments	*7.1*	*261*	*298*
Impairment losses	*7.2*	*8,748*	*1,037*
Restructuring costs	*7.3*	*265*	*167*
Changes in scope of consolidation	*7.4*	*46*	*(562)*
Other non-recurring items	*7.5*	*248*	*(353)*
Other adjusted items		**(1,204)**	**(210)**
Ineffective portion of derivatives qualified as fair value hedges	*8.1*	*8*	*21*
Gains/(losses) on debt restructuring and early unwinding of derivative financial instruments	*8.2*	*122*	*221*
Change in fair value of derivatives not qualified as hedges	*8.3*	*102*	*206*
Taxes on non-recurring items		*(1,110)*	*(659)*
Deferred income tax in Luxembourg		*(338)*	*-*
Non-recurring income included in share in net income of entities accounted for using the equity method	*3*	*12*	*2*
NET RECURRING INCOME		**3,251**	**3,484**
Non-controlling interests net recurring income		663	760
NET RECURRING INCOME GROUP SHARE		**2,588**	**2,725**

(1) Further to an agreement entered into on November 30, 2015 between the Belgian State, ENGIE and Electrabel, the expense relating to the nuclear contribution is now classified in recurring expenses. To ensure the comparability of financial information between the two reporting periods, the net expense of €397 million relating to the 2014 contribution (i.e. €407 million of Belgian nuclear contribution less €10 million of refacturations to E.On and others), which was not included within the Group's reported net recurring income for 2014, is presented under 2014 recurring income. Following this adjustment, net recurring income Group share for 2014 now amounts to €2,725 million (versus €3,125 million as reported in 2014) (see Note 27.1.10 "Objection to Belgian nuclear contributions").

NOTE 11 Earnings per share

	Dec. 31, 2015	Dec. 31, 2014
Numerator *(in millions of euros)*		
Net income/(loss) Group share	**(4,617)**	**2,437**
Interests from deeply-subordinated perpetual notes	(145)	(67)
Net income/(loss) Group share used to calculate earnings per share	**(4,762)**	**2,370**
Impact of dilutive instruments	-	-
Diluted net income/(loss) Group share	**(4,762)**	**2,370**
Denominator *(in millions of shares)*		
Average number of outstanding shares	**2,392**	**2,367**
Impact of dilutive instruments:		
• Bonus share plans reserved for employees	11	15
Diluted average number of outstanding shares	**2,403**	**2,382**
Earnings per share *(in euros)*		
Basic earnings/(loss) per share	**(1.99)**	**1.00**
Diluted earnings/(loss) per share	**(1.99)**	**0.99**

In compliance with IAS 33 – *Earnings per Share*, earnings per share and diluted earnings per share are based on net income/(loss) Group share after deduction of payments to bearers of deeply-subordinated perpetual notes *(see Note 17.2.1)*.

The Group's dilutive instruments included in the calculation of diluted earnings per share include the bonus shares and performance shares granted in the form of ENGIE securities.

Due to their accretive effect, all stock option plans were excluded from the 2014 and 2015 diluted earnings per share calculation.

Instruments that were accretive at December 31, 2015 may become dilutive in subsequent periods due to changes in the average annual share price. These plans are described in Note 23 "Share-based payments".

NOTE 12 Goodwill

12.1 Movements in the carrying amount of goodwill

In millions of euros	Net amount
At January 1, 2014	**20,420**
Impairment losses	(82)
Changes in scope of consolidation and Other	531
Translation adjustments	353
At December 31, 2014	**21,222**
Impairment losses	(2,628)
Changes in scope of consolidation and Other	201
Translation adjustments	230
AT DECEMBER 31, 2015	**19,024**

The impact of changes in the scope of consolidation relates primarily to the recognition of €123 million in provisional goodwill following the acquisition of Solairedirect (*see Note 4.2*).

Translation adjustments totaling a positive €230 million are primarily related to the US dollar (a positive €218 million), the pound sterling (a positive €50 million) and the Brazilian real (a negative €95 million).

As a result of the annual impairment tests performed in 2015 on the goodwill CGUs, the Group recognized impairment losses on goodwill totaling €2,628 million (€1,619 million recognized against the Global Gas & LNG CGU, €911 million against the portfolio of assets held for sale in the United States and €83 million against the South Asia, Middle East & Africa CGU). The impairment tests performed on the CGUs in 2015 are described in Note 7.2 "Impairment losses".

The increase in this caption recorded in 2014 related chiefly to the recognition of €375 million in goodwill arising on the acquisition of a controlling interest in Gaztransport & Technigaz (GTT) and of €213 million in provisional goodwill arising on the Ecova acquisition, as well as the derecognition of €134 million in goodwill following the change in the consolidation method applied to investments in the Walloon distribution network operator (*see Note 4.4*).

12.2 Main goodwill CGUs

At December 31, 2015, the breakdown of goodwill by CGU is as follows:

In millions of euros	Operating segment	Dec. 31, 2015
MATERIAL CGUS		
Energy - Central Western Europe	Energy Europe	8,400
Distribution	Infrastructures	4,009
Global Gas & LNG(1)	Global Gas & LNG	378
Energy Services - International	Energy Services	1,156
OTHER SIGNIFICANT CGUS		
Energy - United Kingdom - Turkey	Energy International	657
Transmission France	Infrastructures	614
Energy - North America	Energy International	612
Storage	Infrastructures	543
OTHER CGUS (GOODWILL INDIVIDUALLY LESS THAN €500 MILLION)		**2,656**
TOTAL		**19,024**

(1) The goodwill allocated to the Global Gas & LNG CGU before impairment testing amounted to €1,997 million (see Note 7).

12.3 Impairment testing of goodwill CGUs

All goodwill Cash Generating Units (goodwill CGUs) are tested for impairment based on data as of end-June, completed by a review of events arisen in the second half of the year. In most cases, the recoverable value of the goodwill CGUs is determined by reference to a value-in-use that is calculated based on cash flow projections drawn from the 2016 budget and from the 2017-2021 medium-term business plan, as approved by the Group Management Committee and the Board of Directors, and on extrapolated cash flows beyond that time frame.

Cash flow projections are drawn up in accordance with the conditions described in Note 7.2 “Impairment losses”.

The discount rates used correspond to the weighted average cost of capital, which is adjusted in order to reflect the business, market, country and currency risk relating to each goodwill CGU reviewed. The discount rates used are consistent with available external information sources. The post-tax rates used in 2015 to measure the value-in-use of the goodwill CGUs for discounting future cash flows ranged between 4.7% and 14.5%, compared with a range of between 4.9% and 15.0% in 2014. The discount rates used for the main goodwill CGUs are shown in Notes 12.3.1 “Material CGUs” and 12.3.2 “Other significant CGUs” below.

12.3.1 Material CGUs

This section presents the method for determining value-in-use, the key assumptions underlying the valuation, and the sensitivity analyses for the impairment tests on CGUs where the amount of goodwill represents more than 5% of the Group’s total goodwill at December 31, 2015.

The impairment test related to the goodwill allocated to the Global Gas & LNG CGU is described in Note 7.2.2.

12.3.1.1 Goodwill allocated to the CWE CGU

The Energy-Central Western Europe (CWE) CGU groups together natural gas supply, trading, marketing and sales activities, along with power generation and the sale of energy in France, Belgium, the Netherlands, Luxembourg and Germany. The power stations represent 22,869 MW and include mainly nuclear power plants in Belgium (5,028 MW), drawing rights on nuclear facilities in France (1,218 MW), hydropower plants in France (2,295 MW), and thermal power plants (9,966 MW). The total amount of goodwill allocated to the CWE CGU was €8,400 million.

The value-in-use of the CWE CGU was calculated using the cash flow forecasts drawn up on the basis of the 2016 budget and the 2017-2021 medium-term business plan approved by the Group Management Committee and Board of Directors. Cash flow forecasts beyond this six-year period were based on the reference scenario adopted by the Group.

Cash flow forecasts relating to the main contributing businesses for the period beyond the medium-term business plan were determined as described below:

Activities	Assumptions applied beyond the term of the business plan
Thermal (gas- and coal-fired power plants) and wind power generation	Cash flow projection over the useful life of generation assets and underlying contracts.
Nuclear power generation in Belgium	For Doel 1, Doel 2 and Tihange 1, cash flow projection over a useful life of 50 years. For the second generation reactors (Doel 3, Doel 4, Tihange 2 and Tihange 3), cash flow projection over 40 years, then extension of the operating life of half of this power plant portfolio for a period of 20 years.
Drawing rights on Chooz B et Tricastin power plants	Cash flow projection over the remaining term of existing contract plus assumption that drawing rights will be extended for a further ten years.
Hydropower generation in France	Cash flow projection over the life time of concessions plus assumption that concessions will be renewed.
Natural gas supply, trading and marketing and sales France activities	Cash flow projection over a time period allowing for the convergence towards expected long-term equilibrium price level and margin levels, plus application of a terminal value based on a normative cash flow using a long-term growth rate of 1.9%.

The discount rates applied to these cash flow forecasts range from 5.2% to 9.2%, depending on the risk profile of each business activity.

Key assumptions used for impairment tests

Key assumptions used for impairment tests for the Central Western Europe goodwill CGU concern discount rates and expected changes in the regulatory environment, in the demand for electricity and gas, and in the price of fuel, CO_2 and electricity beyond the liquidity period.

On November 17, 2015, the Belgian Federal Agency for Nuclear Control (AFCN) authorized the restart of the Doel 3 and Tihange 2 nuclear reactors. They had been inoperative since March 25, 2014, the date to which the Group decided to bring forward the planned outages of the two reactors based on the findings of tests carried out on samples of substances in the vessels. Following several tests, inspections and test campaigns, the findings were documented in a supporting report submitted to the AFCN in October 2015 and the AFCN decided that the two reactors could be safely restarted. The 2015 impairment test takes into account the restart of the reactors as of January 1, 2016.

The most important assumptions concerning the regulatory environment in Belgium relate to the operating life of existing nuclear reactors.

In order to ensure the security of supply in Belgium, on June 18, 2015 the parliament approved the extension of the operating life of the Doel 1 and Doel 2 reactors for a period of 10 years. The law of January 31, 2003 on the phase-out of nuclear energy in Belgium was therefore amended, extending the operating life of the Doel 1 and Doel 2 reactors to February 15, 2025 and December 1, 2025, respectively. The restart of the two reactors was authorized by the AFCN in December 2015. In addition, the agreement entered into with the Belgian government on November 30, 2015 provides for annual royalties totaling €20 million for the extension of the Doel 1 and Doel 2 reactors, as well as new conditions for determining the nuclear contribution applicable to second-generation reactors (Doel 3 and 4 and Tihange 2 and 3) through their 40th year of operation. This agreement will take effect subject to the adoption of two specific laws by July 31, 2016. The impairment test carried out in 2015 took into account the impacts of this agreement, i.e. the 10-year extension of the two reactors, the payment of annual royalties totaling €20 million in respect of said extension, as well as the new conditions for determining the Belgian nuclear contribution.

In December 2013, concerning second-generation reactors, the previous government confirmed the principle for the gradual phase-out of nuclear power, with the shutdown of Doel 3 in 2022, Tihange 2 in 2023, and Tihange 3 and Doel 4 in 2025, after 40 years of operation. The principle and schedule were reaffirmed in the law of June 18, 2015.

However, in view of (i) the extension of the operating life of Tihange 1, Doel 1 and Doel 2 beyond 40 years, (ii) the importance of nuclear power generation in the Belgian energy mix, (iii) the lack of a sufficiently detailed and attractive industrial plan enticing energy utilities to invest in replacement thermal capacity, and (iv) CO_2 emissions reduction targets, the Group considers that nuclear power will still be needed to guarantee the energy equilibrium in Belgium after 2025. Accordingly, in calculating value in use, the Group assumes a 20-year extension of the operating life of half of its second-generation reactors, while taking into account a mechanism of nuclear contribution to be paid to the Belgian government.

In France, the Group includes an assumption that its drawing rights on the Tricastin and Chooz B nuclear plants expiring in 2021 and 2037, respectively, will be extended by ten years. Although no such decision has been taken by the government and the nuclear safety authority, the Group considers that extending the reactors' operating life is the most credible and likely scenario at this point in time. This is also consistent with the expected French energy mix featured in its reference scenario.

The Group also assumed that its hydropower concession agreements would be renewed, particularly the Compagnie Nationale du Rhône concession expiring in 2023.

Results of the impairment test

At December 31, 2015, the recoverable amount of the CWE goodwill CGU is higher than its carrying amount.

Goodwill CGU sensitivity analyses

A decrease of €1/MWh in electricity prices for nuclear power and hydropower generation would have a negative 82% impact on the excess of the recoverable amount over the carrying amount. However, the recoverable amount would remain above the carrying amount. Conversely, an increase of €1/MWh in electricity prices would have a positive 82% impact on the calculation.

A decrease of 5% in the margin captured by thermal power plants would have a negative 73% impact on the excess of the recoverable amount over the carrying amount. However, the recoverable amount would remain above the carrying amount. Conversely, an increase of 5% in the margin captured by thermal power plants would have a positive 73% impact on the calculation.

A decrease of 5% in the margin on gas and electricity sales activities would have a negative 70% impact on the excess of the recoverable amount over the carrying amount. However, the recoverable amount would remain above the carrying amount. Conversely, an increase of 5% in the margin on gas and electricity sales activities would have a positive 70% impact on the calculation.

In the event of an increase of 50 basis points in the discount rates the recoverable amount would fall below the carrying amount and result in an impairment loss of around €1,100 million.

For Belgian nuclear facilities and French hydropower plants under concession, the cash flows for the periods covered by the renewal of the hydropower concessions and the 20-year extension of the operating lives of half of the second-generation nuclear reactors are based on a number of assumptions relating to the economic and regulatory conditions for operating these assets (royalty rates, required level of investment, etc.) during this period.

Various transformational scenarios were considered concerning nuclear power generation in Belgium:

- the disappearance of the entire nuclear component from the portfolio in 2025 after 50 years of operation in the case of Tihange 1, Doel 1 and Doel 2, and 40 years of operation for the second-generation reactors would have a strongly adverse impact on the results of the test, with the recoverable amount falling significantly below the carrying amount. In this scenario, the impairment risk would represent around €2,700 million;
- if the life of half of the second-generation reactors were to be extended by ten years and the entire nuclear component were to subsequently disappear, the recoverable amount would fall below the carrying amount and the impairment risk would represent €1,000 million.

In France, if the drawing rights on the Chooz B and Tricastin reactors were not extended for a further ten years, this would have a negative impact on the results of the test, with the goodwill CGU's recoverable amount falling below the carrying amount, resulting in an impairment loss risk of approximately €100 million.

12.3.1.2 Goodwill allocated to the Distribution CGU

The total amount of goodwill allocated to the Distribution CGU was €4,009 million at December 31, 2015. The Distribution CGU groups together the Group's regulated natural gas distribution activities in France.

The value-in-use of the Distribution CGU was calculated using cash flow projections drawn up on the basis of the 2016 budget and the medium-term 2017-2021 business plan, as approved by the Group Management Committee and the Board of Directors. The terminal value calculated at the end of the medium-term business plan corresponds to the expected Regulated Asset Base (RAB) with no premium at the end of 2021. The RAB is the value assigned by the regulator (CRE) to the assets operated by the distributor. It is the sum of the future pre-tax cash flows, discounted at a rate that equals the pre-tax rate of return guaranteed by the regulator.

The cash flow projections are drawn up based on the tariff for public natural gas distribution networks, known as the "ATRD 4 tariff", which entered into effect for a period of four years on July 1, 2012, and on the overall level of investments agreed by the French Energy Regulatory Commission (CRE) as part of its decision on the ATRD 4 tariff.

Given the regulated nature of the businesses grouped within the Distribution CGU, a reasonable change in any of the valuation parameters would not result in the recoverable value falling below the carrying amount.

12.3.1.3 Goodwill allocated to the Energy Services International CGU

The total amount of goodwill allocated to the Energy Services International CGU was €1,156 million at December 31, 2015. The Energy Services International CGU groups together activities covering the entire energy services value chain (with the exception of engineering services) which are located outside of the France & Benelux region. These include energy services activities related to energy efficiency and the management/maintenance of industrial and tertiary sites, as well as the generation, operation and distribution of renewable energy sources, and the operation of collective heating and cooling systems in urban areas. These activities are primarily carried out in Continental Europe (Austria, the Czech Republic, Germany, Italy, Poland, Portugal, Spain, Switzerland, the United Kingdom), the United States, Latin America (Brazil, Chile), Southeast Asia (Thailand, Malaysia, Singapore) and Australia.

Value-in-use was calculated using the cash flow projections drawn up on the basis of the 2016 budget and of the 2017-2021 medium-term business plan, as approved by the Group Management Committee and the Board of Directors. A terminal value was calculated by extrapolating the cash flows beyond that period using a long-term growth rate of 1.8%.

The main assumptions and key estimates primarily include the discount rates, changes in gross margin and the overall level of renewal and maintenance investments, as well as the growth perspectives of each activity in its respective market. The discount rates applied range between 5.4% and 10.9%, and differ primarily in accordance with the risk premiums assigned to the countries in which the Group operates.

An increase of 50 basis points in the discount rate used would have a negative 26% impact on the excess of the recoverable amount over the carrying amount of the goodwill CGU. However, the recoverable value would remain above the carrying amount. A reduction of 50 basis points in the discount rate used would have a positive 31% impact on this calculation.

An increase of 25 basis points in the long-term growth rate used would have a positive 11% impact on the excess of the recoverable amount over the carrying amount of the goodwill CGU. A decrease of 25 basis points in the long-term growth rate used would have a negative 10% impact on this calculation. However, the recoverable amount would remain above the carrying amount.

12.3.2 Other significant CGUs

The table below sets out the assumptions used to determine the recoverable amount of the other main CGUs.

CGU	Operating segment	Measurement	Discount rate
Energy - United Kingdom - Turkey	Energy International	DCF + DDM	6.4% - 12.2%
Energy - North America	Energy International	DCF + DDM	5.1% - 10.4%
Storage	Infrastructures	DCF	4.7% - 8%

DDM refers to the discounted dividend model.

12.4 Goodwill segment information

The carrying amount of goodwill can be analyzed as follows by operating segment:

In millions of euros	Dec. 31, 2015
Energy International	2,618
Energy Europe	8,400
Global Gas & LNG	378
Infrastructures	5,324
Energy Services	2,182
Other [(1)]	123
TOTAL	**19,024**

(1) Goodwill in the amount of €123 million included in the Other business line corresponds to provisional goodwill recognized in respect of the acquisition of Solairedirect (see Note 4.2).

NOTE 13 Intangible assets

13.1 Movements in intangible assets

In millions of euros	Intangible rights arising on concession contracts	Capacity entitlements	Other	Total
GROSS AMOUNT				
At January 1, 2014	**2,702**	**2,445**	**9,250**	**14,397**
Acquisitions	225	-	510	735
Disposals	(40)	-	(47)	(87)
Translation adjustments	32	-	209	241
Changes in scope of consolidation	(91)	-	791	700
Other	(2)	48	(191)	(145)
At December 31, 2014	**2,825**	**2,493**	**10,523**	**15,841**
Acquisitions	241	-	644	886
Disposals	(4)	-	(246)	(251)
Translation adjustments	(2)	-	163	162
Changes in scope of consolidation	27	-	(175)	(149)
Transfers to "Assets classified as held for sale"	-	-	(16)	(16)
Other	21	52	19	92
AT DECEMBER 31, 2015	**3,108**	**2,545**	**10,912**	**16,565**
ACCUMULATED AMORTIZATION AND IMPAIRMENT				
At January 1, 2014	**(1,063)**	**(1,586)**	**(4,705)**	**(7,355)**
Amortization	(97)	(60)	(569)	(726)
Impairment	-	-	(221)	(222)
Disposals	37	-	35	72
Translation adjustments	(8)	-	(76)	(84)
Changes in scope of consolidation	65	-	11	77
Other	4	-	(38)	(35)
At December 31, 2014	**(1,062)**	**(1,646)**	**(5,564)**	**(8,272)**
Amortization	(101)	(71)	(565)	(737)
Impairment	(7)	-	(940)	(947)
Disposals	4	-	207	211
Translation adjustments	1	-	(74)	(73)
Changes in scope of consolidation	(2)	-	211	209
Transfers to "Assets classified as held for sale"	-	-	3	3
Other	(3)	-	56	53
AT DECEMBER 31, 2015	**(1,171)**	**(1,716)**	**(6,666)**	**(9,553)**
CARRYING AMOUNT				
At December 31, 2014	**1,763**	**847**	**4,959**	**7,569**
AT DECEMBER 31, 2015	**1,938**	**828**	**4,247**	**7,013**

In 2015, impairment losses on intangible assets amounted to €947 million, and primarily related to the corporate brand GDF Gaz de France (€455 million) and to the France customer relations portfolio (€95 million) as well as exploration licenses in Australia (€257 million) and in Qatar (€87 million) (*see Note 7.2 "Impairment losses")*.

Changes in the scope of consolidation in 2014 were mainly due to the acquisition of control over Gaztransport & Technigaz (GTT) following its initial public offering.

13.1.1 Intangible rights arising on concession contracts

This item primarily includes the right to bill users of public services recognized in accordance with the intangible asset model as set out in IFRIC 12. Acquisitions are mainly carried out by the Energy Services business line.

13.1.2 Capacity entitlements

The Group has acquired capacity entitlements from power stations operated by third parties. These power station capacity rights were acquired in connection with transactions or within the scope of the Group's involvement in financing the construction of certain power stations. In consideration, the Group received the right to purchase a share of the production over the useful life of the underlying assets. These rights are amortized over the useful life of the underlying assets, not to exceed 40 years. The Group currently holds entitlements in the Chooz B and Tricastin power plants in France and in the virtual power plant (VPP) in Italy.

13.1.3 Other

At December 31, 2015, this caption notably relates to licenses and intangible assets acquired as a result of the merger with Gaz de France. In light of market conditions and changes that took place in 2015, as described in Note 7.2 "Impairment losses" an impairment loss of €455 million was recognized against the GDF Gaz de France brand. The brand's residual carrying amount of €71 million will be amortized over a period of five years. The carrying amount of intangible assets that are not amortized (due to their indefinite useful life) therefore amounts to €116 million at December 31, 2015 (compared to €674 million at December 31, 2014).

The exploration and production licenses presented under "Other" in the table above are detailed in Note 20 "Exploration-production activities".

13.2 Information regarding research and development costs

Research and development activities primarily relate to various studies regarding technological innovation, improvements in plant efficiency, safety, environmental protection, service quality, and the use of energy resources.

Research and development costs, excluding technical assistance costs, totaled €190 million in 2015, of which €22 million in expenses related to in-house projects in the development phase that meet the criteria for recognition as an intangible asset as defined in IAS 38.

NOTE 14 Property, plant and equipment

14.1 Movements in property, plant and equipment

In millions of euros	Land	Buildings	Plant and equipment	Vehicles	Dismantling costs	Assets in progress	Other	Total
GROSS AMOUNT								
At January 1, 2014	**1,202**	**3,988**	**90,110**	**373**	**1,926**	**8,619**	**991**	**107,209**
Acquisitions	13	48	669	38	-	4,214	45	5,028
Disposals	(295)	(33)	(2,983)	(38)	(11)	(13)	(63)	(3,435)
Translation adjustments	22	69	1,800	7	(3)	261	8	2,163
Changes in scope of consolidation	(15)	(15)	(1,510)	3	(13)	(19)	18	(1,552)
Other	18	403	4,745	6	243	(5,436)	55	33
At December 31, 2014	**944**	**4,460**	**92,831**	**390**	**2,141**	**7,626**	**1,053**	**109,446**
Acquisitions	4	31	541	70	-	4,874	68	5,589
Disposals	(147)	(117)	(320)	(17)	(2)	(199)	(61)	(862)
Translation adjustments	(5)	76	409	6	5	202	2	695
Changes in scope of consolidation	(3)	-	(28)	6	(4)	(19)	(3)	(51)
Transfers to "Assets classified as held for sale"	(82)	1	(5,588)	(20)	(18)	(138)	(5)	(5,850)
Other	44	542	5,356	1	196	(5,917)	60	282
AT DECEMBER 31, 2015	**755**	**4,993**	**93,201**	**437**	**2,318**	**6,428**	**1,115**	**109,248**
ACCUMULATED DEPRECIATION AND IMPAIRMENT								
At January 1, 2014	**(387)**	**(1,830)**	**(37,527)**	**(246)**	**(786)**	**(2,596)**	**(725)**	**(44,098)**
Depreciation	(8)	(137)	(3,516)	(42)	(219)	-	(83)	(4,004)
Impairment	(11)	(32)	(402)	-	(42)	(213)	(2)	(702)
Disposals	280	(8)	2,810	34	8	32	59	3,214
Translation adjustments	-	(6)	(613)	(3)	2	(26)	(4)	(650)
Changes in scope of consolidation	1	32	769	-	5	(14)	(7)	786
Other	(21)	(170)	(1,147)	(2)	(7)	1,395	(7)	41
At December 31, 2014	**(147)**	**(2,151)**	**(39,627)**	**(258)**	**(1,039)**	**(1,422)**	**(770)**	**(45,414)**
Depreciation	(17)	(136)	(3,528)	(47)	(190)	-	(93)	(4,011)
Impairment	(14)	(12)	(3,066)	-	(35)	(1,653)	(3)	(4,784)
Disposals	52	64	240	14	2	1	53	427
Translation adjustments	7	(10)	(126)	(3)	2	(36)	(1)	(166)
Changes in scope of consolidation	3	3	(2)	(4)	2	-	-	3
Transfers to "Assets classified as held for sale"	-	-	1,709	8	-	1	-	1,719
Other	2	10	(977)	(23)	-	977	(22)	(33)
AT DECEMBER 31, 2015	**(113)**	**(2,231)**	**(45,377)**	**(314)**	**(1,259)**	**(2,132)**	**(834)**	**(52,259)**
CARRYING AMOUNT								
At December 31, 2014	**798**	**2,309**	**53,205**	**132**	**1,102**	**6,204**	**283**	**64,032**
AT DECEMBER 31, 2015	**642**	**2,762**	**47,824**	**123**	**1,059**	**4,296**	**281**	**56,988**

Impairment losses on “Property, plant and equipment” recognized in 2015, as described in Note 7.2 “Impairment losses”, primarily relate to exploration-production assets (€2,197 million), energy generation assets of the Energy International and Energy Europe business lines (€1,980 million), as well as a regasification terminal in North America (€195 million).

Net disposals of “Property, plant and equipment” of €435 million comprised in particular the disposal of interests in exploration-production licenses in Indonesia for €197 million, as well as the disposal of real estate for €148 million.

Further to the classification of the portfolio of merchant power generation assets in the United States as assets held for sale (*see Note 4.1 “Assets classified as held for sale”)*, the carrying amount of the corresponding property, plant and equipment has been transferred to “Assets classified as held for sale” in the statement of financial position for the year ended December 31,2015.

Positive net translation adjustments of €529 million mainly relate to the US dollar (positive impact of €1,158 million), the pound sterling (positive impact of €145 million), the Brazilian real (negative impact of €706 million), and the Norwegian krone (negative impact of €98 million).

Assets relating to exploration-production included in the table above are detailed by nature in Note 20 "Exploration-production activities". Fields under development are shown under "Assets in progress", while fields in production are included in "Plant and equipment".

In 2014, the net increase in “Property, plant and equipment” mainly resulted from:

- positive exchange rate fluctuations for €1,513 million, mainly resulting from the US dollar (positive impact of €1,261 million), the pound sterling (positive impact of €186 million), the Thai baht (positive impact of €151 million), the Australian dollar (positive impact of €92 million), and the Norwegian krone (negative impact of €199 million);
- changes in scope of consolidation for a negative €766 million, mainly due to the disposal of the portfolio of power generation assets in Panama and Costa Rica, as well as the disposal of 50% of the portfolio of wind farm assets in the United Kingdom;
- impairment losses amounting to €702 million, mainly related to exploration-production assets in the North Sea (€252 million), as well as thermal power plants in Europe (€228 million), mainly in the United Kingdom.

14.2 Pledged and mortgaged assets

Items of property, plant and equipment pledged by the Group to guarantee borrowings and debt amounted to €5,267 million at December 31, 2015 versus €5,068 million at December 31, 2014.

14.3 Contractual commitments to purchase property, plant and equipment

In the ordinary course of their operations, some Group companies have entered into commitments to purchase, and the related third parties to deliver, property, plant and equipment. These commitments relate mainly to orders for equipment, and material required for the construction of energy production units (power plants and fields under development of the exploration-production activities), and for service agreements.

Investment commitments made by the Group to purchase property, plant and equipment totaled €3,181 million at December 31, 2015 versus €3,849 million at December 31, 2014.

14.4 Other information

Borrowing costs for 2015 included in the cost of property, plant and equipment amounted to €178 million at December 31, 2015 versus €154 million at December 31, 2014.

III

NOTE 15 Financial instruments

15.1 Financial assets

The following table presents the Group’s different categories of financial assets, broken down into current and non-current items:

	Dec. 31, 2015			Dec. 31, 2014		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Available-for-sale securities	3,016	-	3,016	2,893	-	2,893
Loans and receivables at amortized cost	2,377	20,080	22,457	2,960	22,483	25,443
Loans and receivables at amortized cost (excluding trade and other receivables)	*2,377*	*731*	*3,108*	*2,960*	*925*	*3,885*
Trade and other receivables	-	*19,349*	*19,349*	-	*21,558*	*21,558*
Other financial assets at fair value	4,026	12,029	16,055	2,733	9,337	12,069
Derivative instruments	*4,026*	*10,857*	*14,883*	*2,733*	*7,886*	*10,619*
Financial assets at fair value through income	-	*1,172*	*1,172*	-	*1,450*	*1,450*
Cash and cash equivalents	-	9,183	9,183	-	8,546	8,546
TOTAL	**9,419**	**41,292**	**50,711**	**8,585**	**40,366**	**48,951**

15.1.1 Available-for-sale securities

In millions of euros	
At January 1, 2014	**3,015**
Acquisitions	279
Disposals - carrying amount excluding changes in fair value recorded in "Other comprehensive income"	(669)
Disposals - "Other comprehensive income" derecognized	(37)
Other changes in fair value recorded in equity	84
Changes in fair value recorded in income	(43)
Changes in scope of consolidation, foreign currency translation and other changes	265
At December 31, 2014	**2,893**
Acquisitions	272
Disposals - carrying amount excluding changes in fair value recorded in "Other comprehensive income"	(23)
Disposals - "Other comprehensive income" derecognized	(17)
Other changes in fair value recorded in equity	(2)
Changes in fair value recorded in income	(147)
Changes in scope of consolidation, foreign currency translation and other changes	39
AT DECEMBER 31, 2015	**3,016**

The Group's available-for-sale securities amounted to €3,016 million at December 31, 2015 breaking down as €1,593 million of listed securities and €1,423 million of unlisted securities (respectively, €1,406 million and €1,487 million at December 31, 2014).

The main changes over the period correspond to the acquisition by Synatom of money market funds and bonds as part of its investing objectives designed to cover nuclear provisions *(see Note 15.1.5)*.

In 2014, the main changes over the period corresponded to the disposal of the Group's interest in the Flemish mixed inter-municipal companies and the accounting for the Group's interest in the Walloon inter-municipal companies as available-for-sale securities *(see Note 4.4.2.2)*.

15.1.1.1 Gains and losses on available-for-sale securities recognized in equity or income

The table below shows gains and losses on available-for-sale securities recognized in equity or income:

		Post-acquisition measurement				
In millions of euros	**Dividends**	**Change in fair value**	**Foreign currency translation**	**Impairment**	**Reclassified to income**	**Net gain on disposals**
Equity [1]	-	(2)	16	-	(17)	-
Income	101	-	-	(147)	17	64
TOTAL AT DECEMBER 31, 2015	**101**	**(2)**	**16**	**(147)**	**-**	**64**
Equity [1]	-	84	2	-	(37)	-
Income	103	-	-	(43)	37	365
TOTAL AT DECEMBER 31, 2014	**103**	**84**	**2**	**(43)**	**-**	**365**

(1) Excluding tax impact.

In 2015, net disposal gains/(losses) on available-for-sale securities were not material. In 2014, net disposal gains/(losses) on available-for-sale securities mainly comprised the disposal gain recorded on the sale of the Group's interest in the Flemish mixed inter-municipal companies *(see Note 4.4.2.1)*.

15.1.1.2 Analysis of available-for-sale securities in connection with impairment tests

The Group reviewed the value of its available-for-sale securities on a case-by-case basis in order to determine whether any impairment losses should be recognized in light of the current market environment.

Among factors taken into account, an impairment indicator for listed securities is when the value of any such security falls below 50% of its historical cost or remains below its historical cost for more than 12 months.

The Group recognized impairment losses for an amount of €147 million at December 31, 2015.

Based on its analyses, the Group has not identified any evidence of material unrealized capital losses at December 31, 2015 on other securities.

15.1.2 Loans and receivables at amortized cost

In millions of euros	Dec. 31, 2015 Non-current	Current	Total	Dec. 31, 2014 Non-current	Current	Total
Loans and receivables at amortized cost (excluding trade and other receivables)	2,377	731	3,108	2,960	925	3,885
Loans granted to affiliated companies	*735*	*467*	*1,202*	*664*	*573*	*1,237*
Other receivables at amortized cost	*707*	*157*	*864*	*762*	*107*	*869*
Amounts receivable under concession contracts	*14*	*6*	*20*	*620*	*132*	*752*
Amounts receivable under finance leases	*921*	*101*	*1,021*	*913*	*113*	*1,026*
Trade and other receivables	-	19,349	19,349	-	21,558	21,558
TOTAL	**2,377**	**20,080**	**22,457**	**2,960**	**22,483**	**25,443**

The table below shows impairment losses on loans and receivables at amortized cost:

In millions of euros	Dec. 31, 2015 Gross	Allowances and impairment	Net	Dec. 31, 2014 Gross	Allowances and impairment	Net
Loans and receivables at amortized cost (excluding trade and other receivables)	3,369	(261)	3,108	4,186	(301)	3,885
Trade and other receivables	20,412	(1,063)	19,349	22,479	(921)	21,558
TOTAL	**23,781**	**(1,324)**	**22,457**	**26,664**	**(1,222)**	**25,443**

Information on the age of receivables past due but not impaired and on counterparty risk associated with loans and receivables at amortized cost (including trade and other receivables) are provided in Note 16.2 "Counterparty risk".

Net gains and losses recognized in the consolidated income statement with regard to loans and receivables at amortized cost (including trade and other receivables) break down as follows:

In millions of euros	Interest income	Post-acquisition measurement: Foreign currency translation	Impairment
At December 31, 2015	110	(4)	(195)
At December 31, 2014	111	(5)	(63)

Loans and receivables at amortized cost (excluding trade and other receivables)

At December 31, 2015, the Group recognized an impairment loss against receivables granted to a joint venture commissioned to build an offshore storage and regasification LNG terminal *(see Note 7.2.3)*.

At December 31, 2014, no material impairment losses had been recognized against loans and receivables at amortized cost (excluding trade and other receivables).

Trade and other receivables

On initial recognition, trade and other receivables are recorded at fair value, which generally corresponds to their nominal value. Impairment losses are recorded based on the estimated risk of non-recovery. The carrying amount of trade and other receivables in the consolidated statement of financial position represents a reasonable estimate of the fair value.

Impairment losses recognized against trade and other receivables are stable, at €1,063 million at December 31, 2015 (€921 million at December 31, 2014).

15.1.3 Other financial assets at fair value through income

	Dec. 31, 2015			Dec. 31, 2014		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Derivative instruments	**4,026**	**10,857**	**14,883**	**2,733**	**7,886**	**10,619**
Derivatives hedging borrowings	*1,174*	*240*	*1,413*	*978*	*165*	*1,143*
Derivatives hedging commodities	*1,962*	*10,510*	*12,472*	*716*	*7,653*	*8,369*
Derivatives hedging other items (1)	*890*	*107*	*998*	*1,038*	*68*	*1,107*
Financial assets at fair value through income (excluding margin calls)	**-**	**797**	**797**	**-**	**808**	**808**
Financial assets qualifying as at fair value through income	-	*779*	*779*	-	*795*	*795*
Financial assets designated as at fair value through income	-	*17*	*17*	-	*13*	*13*
Margin calls on derivatives hedging borrowings - assets	**-**	**375**	**375**	**-**	**643**	**643**
TOTAL	**4,026**	**12,029**	**16,055**	**2,733**	**9,337**	**12,069**

(1) Derivatives hedging other items mainly include the interest rate component of interest rate derivatives (not qualifying as hedges or qualifying as cash flow hedges) that are excluded from net debt, as well as net investment hedge derivatives.

Financial assets qualifying as at fair value through income (excluding margin calls) are mainly money market funds held for trading purposes and held to be sold in the near term. They are included in the calculation of the Group's net debt *(see Note 15.3 "Net debt")*.

Gains on financial assets qualifying as at fair value through income (excluding derivatives) held for trading purposes totaled €9 million in 2015 versus €10 million in 2014.

Gains and losses on financial assets designated as at fair value through income in 2015 and 2014 were not material.

15.1.4 Cash and cash equivalents

Cash and cash equivalents totaled €9,183 million at December 31, 2015 (€8,546 million at December 31, 2014).

This amount included funds raised in 2014 relating to the green bond issue, that remain unallocated to the funding of eligible projects for an amount of €786 million at December 31, 2015 (see the Registration Document).

This amount also included €258 million in cash and cash equivalents subject to restrictions (€236 million at December 31, 2014). Cash and cash equivalents subject to restrictions include notably €134 million of cash equivalents set aside to cover the repayment of borrowings and debt as part of project financing arrangements in certain subsidiaries.

Gains recognized in respect of "Cash and cash equivalents" amounted to €121 million at December 31, 2015 compared to €96 million at December 31, 2014.

15.1.5 Financial assets set aside to cover the future costs of dismantling nuclear facilities and managing radioactive fissile material

As indicated in Note 18.2 "Nuclear dismantling liabilities", the Belgian law of April 11, 2003, amended by the law of April 25, 2007, granted the Group's wholly-owned subsidiary Synatom responsibility for managing and investing funds received from operators of nuclear power plants in Belgium and designed to cover the costs of dismantling nuclear power plants and managing radioactive fissile material.

Pursuant to the law, Synatom may lend up to 75% of these funds to operators of nuclear plants provided that they meet certain financial criteria – particularly in terms of credit quality. The funds that cannot be lent to operators are either lent to entities meeting the credit quality criteria set by the law or invested in financial assets such as bonds and money market funds.

Loans to entities outside the Group and other cash investments are shown in the table below:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Loans to third parties	**594**	**602**
Loan to Eso/Elia	454	454
Loan to Ores	82	82
Loan to Sibelga	58	66
Other cash investments	**1,193**	**1,086**
Bond portfolio	-	145
Money market funds	1,193	941
TOTAL	**1,787**	**1,688**

Loans to entities outside the Group are shown in the statement of financial position as "Loans and receivables at amortized cost". Bonds and money market funds held by Synatom are shown as "Available-for-sale securities".

15.1.6 Transfer of financial assets

At December 31, 2015, the outstanding amount of transferred financial assets (as well as the risks to which the Group remains exposed following the transfer of those financial assets) as part of transactions leading to either (i) all or part of those assets being retained in the statement of financial position, or (ii) their full deconsolidation while retaining a continuing involvement in these financial assets, was not material in terms of the Group's aggregates.

At December 2015, the Group carried out disposals without recourse of financial assets as part of transactions leading to full deconsolidation, for an outstanding amount of €856 million.

15.1.7 Financial assets and equity instruments pledged as collateral for borrowings and debt

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Financial assets and equity instruments pledged as collateral	4,348	3,647

This item mainly includes the carrying amount of equity instruments pledged as collateral for borrowings and debt.

15.2 Financial liabilities

Financial liabilities are recognized either:

- as "Liabilities at amortized cost" for borrowings and debt, trade and other payables, and other financial liabilities;
- as "Financial liabilities at fair value through income" for derivative instruments or financial liabilities designated as derivatives.

The following table presents the Group's different financial liabilities at December 31, 2015, broken down into current and non-current items:

	Dec. 31, 2015			Dec. 31, 2014		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Borrowings and debt	28,123	11,032	39,155	28,024	10,297	38,321
Derivative instruments	4,216	8,642	12,858	3,020	5,895	8,915
Trade and other payables	-	17,101	17,101	-	18,799	18,799
Other financial liabilities	237	-	237	286	-	286
TOTAL	**32,577**	**36,775**	**69,352**	**31,329**	**34,991**	**66,320**

15.2.1 Borrowings and debt

	Dec. 31, 2015			Dec. 31, 2014		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Bond issues	21,912	2,057	23,969	21,155	1,705	22,860
Bank borrowings	4,694	1,765	6,459	4,977	1,116	6,093
Commercial paper	-	5,378	5,378	-	5,219	5,219
Drawdowns on credit facilities	95	10	105	640	48	688
Liabilities under finance leases	517	95	611	423	92	515
Other borrowings	319	80	399	552	458	1,010
TOTAL BORROWINGS	**27,537**	**9,385**	**36,922**	**27,748**	**8,639**	**36,387**
Bank overdrafts and current accounts	-	603	603	-	469	469
OUTSTANDING BORROWINGS AND DEBT	**27,537**	**9,988**	**37,525**	**27,748**	**9,108**	**36,855**
Impact of measurement at amortized cost	276	107	383	(80)	510	430
Impact of fair value hedges	310	23	333	356	47	403
Margin calls on derivatives hedging borrowings - liabilities	-	914	914	-	633	633
BORROWINGS AND DEBT	**28,123**	**11,032**	**39,155**	**28,024**	**10,297**	**38,321**

The fair value of gross borrowings and debt amounted to €40,920 million at December 31, 2015, compared with a carrying amount of €39,155 million.

Financial income and expenses relating to borrowings and debt are detailed in Note 8 “Net financial income/(loss)”.

Borrowings and debt are analyzed in Note 15.3 “Net debt”.

15.2.2 Derivative instruments

Derivative instruments recorded in liabilities are evaluated at fair value and broken down as follows:

	Dec. 31, 2015			Dec. 31, 2014		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Derivatives hedging borrowings	278	100	377	226	175	401
Derivatives hedging commodities	2,528	8,493	11,022	945	5,619	6,564
Derivatives hedging other items (1)	1,410	49	1,459	1,849	101	1,950
TOTAL	**4,216**	**8,642**	**12,858**	**3,020**	**5,895**	**8,915**

(1) Derivatives hedging other items mainly include the interest rate component of interest rate derivatives (not qualifying as hedges or qualifying as cash flow hedges), that are excluded from net debt, as well as net investment hedge derivatives.

15.2.3 Trade and other payables

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Trade payables	16,280	17,957
Payable on fixed assets	821	842
TOTAL	**17,101**	**18,799**

The carrying amount of these financial liabilities represents a reasonable estimate of their fair value.

15.2.4 Other financial liabilities

At December 31, 2015, other financial liabilities amounted to €237 million (compared to €286 million at December 31, 2014) mainly corresponding to debt resulting from:

- purchase obligations (put options on non-controlling interests) granted by the Group notably for:
  - 41.01% of the shares of La Compagnie du Vent, which is fully consolidated;
  - 3.45% of the shares of Solairedirect, which is fully consolidated.

  These commitments to purchase equity instruments have been recognized under financial liabilities *(see Note 1.4.11.2 "Financial liabilities")*;
- uncalled share capital of entities accounted for using the equity method, notably Cameron LNG.

15.3 Net debt

15.3.1 Net debt by type

	Dec. 31, 2015			Dec. 31, 2014		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Borrowings and debt outstanding	27,537	9,988	37,525	27,748	9,108	36,855
Impact of measurement at amortized cost	276	107	383	(80)	510	430
Impact of fair value hedge (1)	310	23	333	356	47	403
Margin calls on derivatives hedging borrowings - liabilities	-	914	914	-	633	633
BORROWINGS AND DEBT	**28,123**	**11,032**	**39,155**	**28,024**	**10,297**	**38,321**
Derivatives hedging borrowings - carried in liabilities (2)	278	100	377	226	175	401
GROSS DEBT	**28,401**	**11,132**	**39,533**	**28,249**	**10,472**	**38,722**
Assets related to financing	(37)	-	(37)	(55)	(16)	(71)
ASSETS RELATED TO FINANCING	**(37)**	**-**	**(37)**	**(55)**	**(16)**	**(71)**
Financial assets at fair value through income (excluding margin calls)	-	(797)	(797)	-	(808)	(808)
Margin calls on derivatives hedging borrowings - carried in assets	-	(375)	(375)	-	(643)	(643)
Cash and cash equivalents	-	(9,183)	(9,183)	-	(8,546)	(8,546)
Derivatives hedging borrowings - carried in assets (2)	(1,174)	(240)	(1,413)	(978)	(165)	(1,143)
NET CASH	**(1,174)**	**(10,595)**	**(11,768)**	**(978)**	**(10,162)**	**(11,140)**
NET DEBT	**27,190**	**537**	**27,727**	**27,216**	**295**	**27,511**
Borrowings and debt outstanding	27,537	9,988	37,525	27,748	9,108	36,855
Assets related to financing	(37)	-	(37)	(55)	(16)	(71)
Financial assets at fair value through income (excluding margin calls)	-	(797)	(797)	-	(808)	(808)
Cash and cash equivalents	-	(9,183)	(9,183)	-	(8,546)	(8,546)
NET DEBT EXCLUDING THE IMPACT OF DERIVATIVE INSTRUMENTS, CASH COLLATERAL AND AMORTIZED COST	**27,500**	**8**	**27,508**	**27,693**	**(262)**	**27,430**

(1) This item corresponds to the revaluation of the interest rate component of debt in a qualified fair value hedging relationship.
(2) This item represents the fair value of debt-related derivatives irrespective of whether or not they are qualified as hedges.

15.3.2 Main events of the period

15.3.2.1 Impact of changes in the scope of consolidation and in exchange rates on net debt

In 2015, changes in exchange rates resulted in a €512 million increase in net debt (including €483 million in relation to the US dollar, €83 million in relation to the pound sterling and an €85 million decrease in relation to the Brazilian real).

Changes in the scope of consolidation led to a €434 million decrease in net debt, reflecting:

- the change of consolidation method of Solféa, which reduced net debt by €539 million;
- the reclassification of the Group's portfolio of US merchant power generation assets to "Assets held for sale", which resulted in a €193 million decrease in net debt;
- the acquisition of Solairedirect, which increased net debt by €206 million;

- acquisitions carried out by the Energy Services business line (mainly Desa Australia, TSC Group, IMA, Nexilis and Vandewalle), which increased net debt by €101 million.

15.3.2.2 Financing and refinancing transactions

The Group carried out the following transactions in 2015:

On March 4, 2015, ENGIE SA issued bonds for a total amount of €2.5 billion, including:

- a €500 million tranche maturing in 2017 with a 0.0% coupon;
- a €750 million tranche maturing in 2022 with a 0.5% coupon;
- a €750 million tranche maturing in 2026 with a 1.0% coupon;
- a €500 million tranche maturing in 2035 with a 1.5% coupon.

From September to December 2015, ENGIE SA carried out private placements in euros (€600 million), Australian dollars (AUD 115 million), US dollars (USD 50 million) and yen (JPY 20 billion) that will mature within 2 to 30 years.

ENGIE SA also took out a loan for USD 300 million (€273 million) that will mature on December 18, 2020.

In addition, on September 4, 2015, Glow Energy Plc. issued THB 4 billion (€105 million) worth of bonds maturing in 2025 with a 3.95% coupon.

Swaps were set up on some of these borrowings in line with the interest rate management policy defined in Note 16 “Risks arising from financial instruments”.

On November 18, 2015, the Group drew down €267 million from European Investment Bank credit lines.

On June 5, 2015, the Group launched an offer to buy back bonds for an aggregate nominal amount of €635 million, including:

- €91 million in bonds maturing in February 2023 with a 3% coupon;
- €44 million in bonds maturing in October 2022 with a 3.5% coupon;
- €203 million in bonds maturing in July 2022 with a 2.625% coupon;
- GBP 216 million (€297 million) in bonds maturing in February 2021 with a 6.125% coupon.

Finally, the Group redeemed the following amounts maturing in 2015:

- €750 million worth of ENGIE SA bonds with a coupon of 5% which matured on February 23, 2015;
- €454 million worth of Electrabel bonds with a coupon of 4.75% which matured on April 10, 2015;
- €451 million worth of Belgelec Finance bonds with a coupon of 5.125% which matured on June 24, 2015;
- GBP 400 million (€568 million) worth of debt which matured on August 20, 2015.

15.4 Fair value of financial assets by level in the fair value hierarchy

15.4.1 Financial assets

The table below shows the allocation of financial instruments carried in assets to the different levels in the fair value hierarchy:

	Dec. 31, 2015				Dec. 31, 2014			
In millions of euros	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Available-for-sale securities	3,016	1,593	-	1,423	2,893	1,406	-	1,487
Loans and receivables at amortized cost (excluding trade and other receivables) used in designated fair value hedges	-	-	-	-	780	-	780	-
Derivative instruments	14,883	67	14,753	63	10,619	106	10,449	63
Derivatives hedging borrowings	*1,413*	-	*1,413*	-	*1,143*	-	*1,143*	-
Derivatives hedging commodities - relating to portfolio management activities	*3,485*	*67*	*3,354*	*63*	*2,728*	*105*	*2,561*	*62*
Derivatives hedging commodities - relating to trading activities	*8,987*	-	*8,987*	-	*5,641*	*1*	*5,639*	*1*
Derivatives hedging other items	*998*	-	*998*	-	*1,107*	-	*1,107*	-
Financial assets at fair value through income (excluding margin calls)	797	1	796	-	808	15	792	-
Financial assets qualifying as at fair value through income	*779*	*1*	*779*	-	*795*	*15*	*779*	-
Financial assets designated as at fair value through income	*17*	-	*17*	-	*13*	-	*13*	-
TOTAL	**18,696**	**1,661**	**15,549**	**1,486**	**15,099**	**1,528**	**12,022**	**1,550**

A definition of these three levels is presented in Note 1.4.11.3 “Derivatives and hedge accounting”.

Available-for-sale securities

Listed securities – measured at their market price at the end of the reporting date – are included in level 1.

Unlisted securities – measured using valuation models based primarily on recent market transactions, the present value of future dividends/cash flows or net asset value – are included in level 3.

At December 31, 2015, changes in level 3 available-for-sale securities can be analyzed as follows:

In millions of euros	Available-for-sale securities
At December 31, 2014	**1,487**
Acquisitions	120
Disposals - carrying amount excluding changes in fair value recorded in “Other comprehensive income”	(23)
Disposals - “Other comprehensive income” derecognized	(17)
Other changes in fair value recorded in equity	(37)
Changes in fair value recorded in income	(147)
Changes in scope of consolidation, foreign currency translation and other changes	39
At December 31, 2015	**1,423**
Gains/(losses) recorded in income relating to instruments held at the end of the period	(52)

A 10% gain or loss in the market price of unlisted shares would generate a gain or loss (before tax) of around €142 million on the Group’s comprehensive income.

Loans and receivables at amortized cost (excluding trade and other receivables)

Loans and receivables at amortized cost (excluding trade and other receivables) in a designated fair value hedging relationship are presented in level 2 in the above table. Only the interest rate component of these items is remeasured, with fair value determined by reference to observable data.

Derivative instruments

Derivative instruments included in level 1 are mainly futures traded on organized markets with clearing houses. They are measured at fair value based on their quoted price.

The measurement at fair value of derivative instruments included in level 3 is based on non-observable inputs and internal assumptions, usually because the maturity of the instruments exceeds the observable period of the underlying forward price, or because certain inputs such as the volatility of the underlying were not observable at the measurement date.

The measurement at fair value of other derivative instruments is based on commonly-used models in the trading environment, and includes directly or indirectly observable inputs. These instruments are included in level 2 of the fair value hierarchy.

Financial assets qualifying or designated as at fair value through income

Financial assets qualifying as at fair value through income for which the Group has regular net asset value data are included in level 1. If net asset values are not available on a regular basis, these instruments are included in level 2.

Financial assets designated as at fair value through income are included in level 2.

15.4.2 Financial liabilities

The table below shows the allocation of financial instruments carried in liabilities to the different levels in the fair value hierarchy:

	Dec. 31, 2015				Dec. 31, 2014			
In millions of euros	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Borrowings used in designated fair value hedges	7,294	-	7,294	-	5,634	-	5,634	-
Borrowings not used in designated fair value hedges	33,626	18,803	14,823	-	35,240	20,190	15,050	-
Derivative instruments	12,858	139	12,667	52	8,915	161	8,724	30
Derivatives hedging borrowings	*377*	*-*	*377*	*-*	*401*	*-*	*401*	*-*
Derivatives hedging commodities - relating to portfolio management activities	*3,897*	*135*	*3,714*	*48*	*3,163*	*159*	*2,980*	*24*
Derivatives hedging commodities - relating to trading activities	*7,125*	*4*	*7,117*	*4*	*3,401*	*2*	*3,393*	*6*
Derivatives hedging other items	*1,459*	*-*	*1,459*	*-*	*1,950*	*-*	*1,950*	*-*
TOTAL	**53,778**	**18,942**	**34,785**	**52**	**49,789**	**20,351**	**29,408**	**30**

Borrowings used in designated fair value hedges

This caption includes bonds in a designated fair value hedging relationship which are presented in level 2 in the above table. Only the interest rate component of the bonds is remeasured, with fair value determined by reference to observable data.

Borrowings not used in designated fair value hedges

Listed bond issues are included in level 1.

Other borrowings not used in a designated hedging relationship are presented in level 2 in the above table. The fair value of these borrowings is determined on the basis of future discounted cash flows and relies on directly or indirectly observable data.

Derivative instruments

The classification of derivative financial instruments in the fair value hierarchy is detailed in Note 15.4.1 “Financial assets”.

15.5 Offsetting of financial derivative instrument assets and liabilities

The net amount of financial derivative instruments after taking into account enforceable master netting arrangements or similar agreements, whether or not they are set off in accordance with section 42 of IAS 32, are presented in the table below:

AT DECEMBER 31, 2015

In millions of euros		Gross amount	Net amount recognized in the statement of financial position (1)	Other offsetting agreements (2)	Total net amount
Assets	Derivatives hedging commodities	12,836	12,472	(8,939)	3,533
	Derivatives hedging borrowings and other items	2,411	2,411	(717)	1,694
Liabilities	Derivatives hedging commodities	(11,386)	(11,022)	10,268	(754)
	Derivatives hedging borrowings and other items	(1,837)	(1,837)	127	(1,710)

(1) Net amount recognized in the statement of financial position after taking into account offsetting agreements that meet the criteria set out in Section 42 of IAS 32.
(2) Other offsetting agreements include collateral and other guarantee instruments, as well as offsetting agreements that do not meet the criteria set out in Section 42 of IAS 32.

AT DECEMBER 31, 2014

In millions of euros		Gross amount	Net amount recognized in the statement of financial position (1)	Other offsetting agreements (2)	Total net amount
Assets	Derivatives hedging commodities	8,626	8,369	(6,140)	2,229
	Derivatives hedging borrowings and other items	2,250	2,250	(616)	1,634
Liabilities	Derivatives hedging commodities	(6,821)	(6,564)	6,526	(38)
	Derivatives hedging borrowings and other items	(2,351)	(2,351)	579	(1,772)

(1) Net amount recognized in the statement of financial position after taking into account offsetting agreements that meet the criteria set out in Section 42 of IAS 32.
(2) Other offsetting agreements include collateral and other guarantee instruments, as well as offsetting agreements that do not meet the criteria set out in Section 42 of IAS 32.

NOTE 16 Risks arising from financial instruments

The Group mainly uses derivative instruments to manage its exposure to market risks. Financial risk management procedures are set out in chapter 2 "Risk factors" of the Registration Document.

16.1 Market risks

16.1.1 Commodity risk

Commodity risk arises primarily from the following activities:

- portfolio management; and
- trading.

The Group has identified two types of commodity risks: price risk resulting from fluctuations in market prices, and volume risk inherent to the business.

In the ordinary course of its operations, the Group is exposed to commodity risks on natural gas, electricity, coal, oil and oil products, other fuels, CO_2 and other "green" products. The Group is active on these energy markets either for supply purposes or to optimize and secure its energy production chain and its energy sales. The Group also uses derivatives to offer hedging instruments to its clients and to hedge its own positions.

16.1.1.1 Portfolio management activities

Portfolio management seeks to optimize the market value of assets (power plants, gas and coal supply contracts, energy sales and gas storage and transmission) over various time frames (short-, medium- and long-term). Market value is optimized by:

- guaranteeing supply and ensuring the balance between needs and physical resources;
- managing market risks (price, volume) to unlock optimum value from portfolios within a specific risk framework.

The risk framework aims to safeguard the Group's financial resources over the budget period and smooth out medium-term earnings (over three or five years, depending on the maturity of each market). It encourages portfolio managers to take out economic hedges on their portfolio.

Sensitivities of the commodity-related financial derivatives portfolio used as part of the portfolio management activities as at December 31, 2015 are detailed in the table below. They are not representative of future changes in consolidated earnings and equity, insofar as they do not include the sensitivities relating to the purchase and sale contracts for the underlying commodities.

SENSITIVITY ANALYSIS (1)

		Dec. 31, 2015		Dec. 31, 2014	
In millions of euros	Changes in price	Pre-tax impact on income	Pre-tax impact on equity	Pre-tax impact on income	Pre-tax impact on equity
Oil-based products	+USD 10/bbl	329	96	252	10
Natural gas	+€3/MWh	(70)	(98)	117	(241)
Electricity	+€5/MWh	17	(9)	(114)	(37)
Coal	+USD 10/ton	97	1	115	14
Greenhouse gas emission rights	+€2/ton	96	-	101	2
EUR/USD	+10%	(206)	(9)	(244)	(27)
EUR/GBP	+10%	(7)	1	28	2
GBP/USD	+10%	1	-	2	-

(1) The sensitivities shown above apply solely to financial commodity derivatives used for hedging purposes as part of the portfolio management activities.

16.1.1.2 Trading activities

The Group's trading activities are primarily conducted within GDF SUEZ Trading and GDF SUEZ Energy Management Trading. The purpose of these wholly-owned companies is to (i) assist Group entities in optimizing their asset portfolios; (ii) create and implement energy price risk management solutions for internal and external customers.

Revenues from trading activities total €389 million for the year ended December 31, 2015 (€360 million in 2014).

The use of Value at Risk (VaR) to quantify market risk arising from trading activities provides a transversal measure of risk taking all markets and products into account. VaR represents the maximum potential loss on a portfolio of assets over a specified holding period based on a given confidence interval. It is not an indication of expected results but is back-tested on a regular basis.

The Group uses a one-day holding period and a 99% confidence interval to calculate VaR, as well as stress tests, in accordance with banking regulatory requirements.

The VaR shown below corresponds to the global VaR of the Group's trading entities.

VALUE AT RISK

In millions of euros	Dec. 31, 2015	2015 average (1)	2015 maximum (2)	2015 minimum (2)	2014 average (1)
Trading activities	10	7	14	2	5

(1) Average daily VaR.
(2) Maximum and minimum daily VaR observed in 2015.

16.1.2 Hedges of commodity risks

The Group enters into cash flow hedges as defined by IAS 39, using derivative instruments (firm or options contracts) contracted over-the-counter or on organized markets. These instruments may be settled net or involve physical delivery of the underlying.

The fair values of commodity derivatives at December 31, 2015 and December 31, 2014 are indicated in the table below:

	Dec. 31, 2015				Dec. 31, 2014			
	Assets		Liabilities		Assets		Liabilities	
In millions of euros	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Derivative instruments relating to portfolio management activities	1,962	1,522	(2,528)	(1,369)	716	2,012	(945)	(2,218)
Cash flow hedges	*242*	*496*	*(217)*	*(326)*	*207*	*422*	*(125)*	*(309)*
Other derivative instruments	*1,720*	*1,026*	*(2,312)*	*(1,042)*	*509*	*1,590*	*(820)*	*(1,909)*
Derivative instruments relating to trading activities	-	8,987	-	(7,125)	-	5,641	-	(3,401)
TOTAL	**1,962**	**10,510**	**(2,528)**	**(8,493)**	**716**	**7,653**	**(945)**	**(5,619)**

See also Notes 15.1.3 "Other financial assets at fair value through income" and 15.2.2 "Derivative instruments".

The fair values shown in the table above reflect the amounts for which assets could be exchanged, or liabilities settled, at the end of the reporting period. They are not representative of expected future cash flows insofar as positions (i) are sensitive to changes in prices; (ii) can be modified by subsequent transactions; and (iii) can be offset by future cash flows arising on the underlying transactions.

16.1.2.1 Cash flow hedges

The fair values of cash flow hedges by type of commodity are as follows:

	Dec. 31, 2015				Dec. 31, 2014			
	Assets		Liabilities		Assets		Liabilities	
In millions of euros	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Natural gas	128	326	(40)	(105)	108	237	(29)	(100)
Electricity	26	17	(20)	(34)	17	111	(29)	(105)
Coal	-	-	(1)	(7)	-	-	(5)	(70)
Oil	9	29	(129)	(148)	-	2	(31)	(7)
Other [1]	79	124	(26)	(32)	83	72	(31)	(27)
TOTAL	**242**	**496**	**(217)**	**(326)**	**207**	**422**	**(125)**	**(309)**

(1) Includes mainly foreign currency hedges on commodities.

Notional amounts and maturities of cash flow hedges are as follows:

NOTIONAL AMOUNTS (NET) [1]

	Unit	Total at Dec. 31, 2015	2016	2017	2018	2019	2020	Beyond 5 years
Natural gas	GWh	(27,346)	(39,649)	9,577	1,841	571	190	124
Electricity	GWh	1,183	(150)	1,097	484	(133)	(115)	-
Coal	Thousands of tons	148	82	30	36	-	-	-
Oil-based products	Thousands of barrels	14,696	5,008	9,081	607	-	-	-
Greenhouse gas emission rights	Thousands of tons	2,584	693	540	513	820	18	-

(1) Long/(short) position.

At December 31, 2015, a gain of €148 million was recognized in equity in respect of cash flow hedges, versus a gain of €231 million at December 31, 2014. A gain of €143 million was reclassified from equity to income in 2015, compared to a loss of €89 million reclassified in 2014.

Gains and losses arising from the ineffective portion of hedges are taken to income. A gain of €1 million was recognized in income in 2015, compared to a gain of €3 million in 2014.

16.1.2.2 Other commodity derivatives

Other commodity derivatives include embedded derivatives, commodity purchase and sale contracts which were not entered into within the ordinary course of business at the statement of financial position date, as well as derivative financial instruments not eligible for hedge accounting in accordance with IAS 39.

16.1.3 Currency risk

The Group is exposed to currency risk, defined as the impact on its statement of financial position and income statement of fluctuations in exchange rates affecting its operating and financing activities. Currency risk comprises (i) transaction risk arising in the ordinary course of business, (ii) specific transaction risk related to investments, mergers-acquisitions or disposal projects, (iii) translation risk related to assets outside the Eurozone, and (iv) risk arising on the consolidation in euros of subsidiaries' financial statements with a functional currency other than the euro. This risk chiefly concerns subsidiaries in Brazil, Thailand, Norway, the United Kingdom, Australia, the United States and assets considered to be dollar based.

16.1.3.1 Analysis of financial instruments by currency

The following tables present a breakdown by currency of outstanding gross debt and net debt, before and after hedging:

OUTSTANDING GROSS DEBT

	Dec. 31, 2015		Dec. 31, 2014	
	Before hedging	After hedging	Before hedging	After hedging
EUR	65%	69%	64%	71%
USD	15%	14%	15%	11%
GBP	8%	5%	10%	5%
Other currencies	12%	12%	11%	13%
TOTAL	**100%**	**100%**	**100%**	**100%**

NET DEBT

	Dec. 31, 2015		Dec. 31, 2014	
	Before hedging	After hedging	Before hedging	After hedging
EUR	61%	67%	60%	69%
USD	18%	17%	18%	13%
GBP	10%	7%	13%	6%
Other currencies	11%	9%	9%	12%
TOTAL	**100%**	**100%**	**100%**	**100%**

16.1.3.2 Currency risk sensitivity analysis

Sensitivity was analyzed based on the Group's net debt position (including the impact of interest rate and foreign currency derivatives) and financial instruments qualified as net investment hedges at the reporting date.

For currency risk, sensitivity corresponds to a 10% rise or fall in exchange rates of foreign currencies against the euro compared to closing rates.

Impact on income after currency hedges

Changes in exchange rates against the euro only affect income via gains and losses on liabilities denominated in a currency other than the functional currency of companies carrying the liabilities on their statements of financial position, and when the liabilities in question do not qualify as net investment hedges. The impact of a uniform appreciation (or depreciation) of 10% in foreign currencies against the euro would ultimately be a gain (or loss) of €39 million.

Impact on equity

For financial instruments (debt and derivatives) designated as net investment hedges, a depreciation of 10% in foreign currencies against the euro would have a positive impact of €423 million on equity. An appreciation of 10% in foreign currencies against the euro would have a negative impact of €424 million on equity. These impacts are countered by the offsetting change in the net investment hedged.

16.1.4 Interest rate risk

The Group seeks to manage its borrowing costs by limiting the impact of interest rate fluctuations on its income statement. It does this by ensuring a balanced interest rate structure in the medium-term (five years). The Group's aim is therefore to use a mix of fixed rates, floating rates and capped floating rates for its net debt. The interest rate mix may shift around this balance in line with market trends.

In order to manage the interest rate structure for its net debt, the Group uses hedging instruments, particularly interest rate swaps and options. At December 31, 2015, the Group had a portfolio of interest rate options (caps) protecting it from a rise in short-term interest rates for the euro.

Between 2013 and 2014, the Group contracted 2016, 2018 and 2019 forward interest rate pre-hedges with 10, 20 and 18 year maturities in order to protect the refinancing interest rate on a portion of its debt.

16.1.4.1 Analysis of financial instruments by type of interest rate

The following tables present a breakdown by type of interest rate of outstanding gross debt and net debt before and after hedging.

OUTSTANDING GROSS DEBT

	Dec. 31, 2015		Dec. 31, 2014	
	Before hedging	After hedging	Before hedging	After hedging
Floating rate	34%	38%	36%	40%
Fixed rate	66%	62%	64%	60%
TOTAL	**100%**	**100%**	**100%**	**100%**

NET DEBT

	Dec. 31, 2015		Dec. 31, 2014	
	Before hedging	After hedging	Before hedging	After hedging
Floating rate	12%	17%	15%	20%
Fixed rate	88%	83%	85%	80%
TOTAL	**100%**	**100%**	**100%**	**100%**

16.1.4.2 Interest rate risk sensitivity analysis

Sensitivity was analyzed based on the Group's net debt position (including the impact of interest rate and foreign currency derivatives relating to net debt) at the reporting date.

For interest rate risk, sensitivity corresponds to a 100-basis-point rise or fall in the yield curve compared with year-end interest rates.

Impact on income after hedging

A uniform rise of 100 basis points in short-term interest rates (across all currencies) on the nominal amount of floating-rate net debt and the floating-rate leg of derivatives, would increase net interest expense by €40 million. A fall of 100 basis points in short-term interest rates would reduce net interest expense by €41 million.

In the income statement, a uniform rise of 100 basis points in interest rates (across all currencies) on derivative instruments not qualifying for hedge accounting would result in a gain of €67 million attributable to changes in the fair value of derivatives. However, a fall of 100 basis points in interest rates would generate a loss of €63 million. The asymmetrical impacts are attributable to the interest rate options portfolio.

Impact on equity

A uniform rise of 100 basis points in interest rates (across all currencies) would generate a gain of €514 million on equity, attributable to changes in the interest rate impact of the fair value of derivative instruments designated as cash flow and net investment hedges recognized in the statement of financial position. However, a fall of 100 basis points in interest rates would have a negative impact of €628 million.

16.1.4.3 Currency and interest rate hedges

The fair values of derivatives (excluding commodity instruments) at December 31, 2015 and December 31, 2014 are indicated in the table below:

	Dec. 31, 2015				Dec. 31, 2014			
	Assets		Liabilities		Assets		Liabilities	
In millions of euros	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Derivatives hedging borrowings	1,174	240	(278)	(100)	978	165	(226)	(175)
Fair value hedges	*575*	*115*	*(34)*	*-*	*465*	*38*	*(51)*	*-*
Cash flow hedges	*509*	*-*	*(33)*	*(1)*	*286*	*35*	*(20)*	*-*
Derivative instruments not qualifying for hedge accounting	*90*	*125*	*(211)*	*(99)*	*228*	*93*	*(155)*	*(175)*
Derivatives hedging other items	890	107	(1,410)	(49)	1,038	68	(1,849)	(101)
Fair value hedges	*-*	*-*	*-*	*-*	*-*	*30*	*-*	*(30)*
Cash flow hedges	*56*	*72*	*(742)*	*(9)*	*11*	*4*	*(938)*	*(35)*
Net investment hedges	*22*	*-*	*(87)*	*-*	*28*	*-*	*(88)*	*-*
Derivative instruments not qualifying for hedge accounting	*813*	*35*	*(580)*	*(41)*	*999*	*35*	*(823)*	*(36)*
TOTAL	**2,064**	**347**	**(1,688)**	**(149)**	**2,017**	**233**	**(2,075)**	**(276)**

See also Notes 15.1.3 “Other financial assets at fair value through income” and 15.2.2 “Derivative instruments”.

The fair values shown in the table above reflect the amounts for which assets could be exchanged, or liabilities settled, at the end of the reporting period. They are not representative of expected future cash flows insofar as positions (i) are sensitive to changes in prices, (ii) can be modified by subsequent transactions, and (iii) can be offset by future cash flows arising on the underlying transactions.

The table below shows the fair values and notional amounts of financial instruments designated as currency or interest rate hedges:

CURRENCY DERIVATIVES

	Dec. 31, 2015		Dec. 31, 2014	
In millions of euros	Fair value	Nominal amount	Fair value	Nominal amount
Fair value hedges	115	124	20	312
Cash flow hedges	370	4,628	(23)	5,678
Net investment hedges	(65)	4,919	(60)	7,210
Derivative instruments not qualifying for hedge accounting	(234)	10,659	(212)	12,003
TOTAL	**185**	**20,329**	**(276)**	**25,202**

INTEREST RATE DERIVATIVES

	Dec. 31, 2015		Dec. 31, 2014	
In millions of euros	Fair value	Nominal amount	Fair value	Nominal amount
Fair value hedges	541	9,413	432	4,088
Cash flow hedges	(518)	4,532	(635)	3,578
Derivative instruments not qualifying for hedge accounting	366	21,408	378	26,849
TOTAL	**389**	**35,353**	**175**	**34,515**

The fair values shown in the table above are positive for an asset and negative for a liability.

The Group qualifies foreign currency derivatives hedging firm foreign currency commitments and interest rate swaps transforming fixed-rate debt into floating-rate debt as fair value hedges.

Cash flow hedges are mainly used to hedge future foreign currency cash flows as well as floating-rate debt.

Net investment hedging instruments are mainly cross currency swaps.

Derivative instruments not qualifying for hedge accounting correspond to instruments that do not meet the definition of hedges from an accounting perspective, even though they are used as economic hedges of borrowings and foreign currency commitments.

Fair value hedges

At December 31, 2015, the net impact of fair value hedges recognized in the income statement is a loss of €8 million.

Cash flow hedges

Foreign currency and interest rate derivatives designated as cash flow hedges can be analyzed as follows by maturity:

AT DECEMBER 31, 2015

In millions of euros	Total	2016	2017	2018	2019	2020	Beyond 5 years
Fair value of derivatives by maturity date	(149)	36	98	(20)	(43)	(49)	(170)

At December 31, 2015, a loss of €263 million was recognized in equity.

The amount reclassified from equity to income in the period was a gain of €13 million.

The ineffective portion of cash flow hedges recognized in income was not significant at December 31, 2015.

AT DECEMBER 31, 2014

In millions of euros	Total	2015	2016	2017	2018	2019	Beyond 5 years
Fair value of derivatives by maturity date	(658)	(10)	(34)	(12)	(18)	(52)	(533)

Net investment hedges

The ineffective portion of net investment hedges recognized in income was not significant at December 31, 2015.

16.2 Counterparty risk

The Group is exposed to counterparty risk from customers, suppliers, partners, intermediaries and banks on its operating and financing activities, when such parties are unable to honor their contractual obligations. Counterparty risk results from a combination of payment risk (failure to pay for services or deliveries carried out), delivery risk (failure to deliver services or products paid for) and the risk of replacing contracts in default (known as mark-to-market exposure – i.e. the cost of replacing the contract in conditions other than those initially agreed).

16.2.1 Operating activities

Counterparty risk arising on operating activities is managed via standard mechanisms such as third-party guarantees, netting agreements and margin calls, using dedicated hedging instruments or special prepayment and debt recovery procedures, particularly for retail customers.

Under the Group's policy, each business line is responsible for managing counterparty risk, although the Group continues to manage the biggest counterparty exposures.

The credit quality of large- and mid-sized counterparties with which the Group has exposures above a certain threshold is measured based on a specific rating process, while a simplified credit scoring process is used for commercial customers with which the Group has fairly low exposures. These processes are based on formally documented, consistent methods across the Group. Consolidated exposures are monitored by counterparty and by segment (credit quality, sector, etc.) using current exposure (payment risk, mark-to-market exposure).

The Group's Energy Market Risk Committee consolidates and monitors the Group's exposure to its main energy counterparties on a quarterly basis and ensures that the exposure limits set for these counterparties are respected.

TRADE AND OTHER RECEIVABLES

Past-due trade and other receivables are analyzed below:

	Past due assets not impaired at the reporting date				Impaired assets	Assets neither impaired nor past due	
In millions of euros	0-6 months	6-12 months	Beyond 1 year	Total	Total	Total	Total
At December 31, 2015	877	225	315	1,418	1,218	17,776	20,412
At December 31, 2014	857	241	507	1,605	1,249	19,624	22,478

The age of receivables that are past due but not impaired may vary significantly depending on the type of customer with which the Group does business (private corporations, individuals or public authorities). The Group decides whether or not to recognize impairment on a case-by-case basis according to the characteristics of the customer categories concerned. The Group does not consider that it is exposed to any material concentration of risk in respect of receivables.

Commodity derivatives

In the case of commodity derivatives, counterparty risk arises from positive fair value. Counterparty risk is taken into account when calculating the fair value of these derivative instruments.

	Dec. 31, 2015		Dec. 31, 2014	
In millions of euros	Investment Grade (3)	Total	Investment Grade (3)	Total
Gross exposure (1)	11,191	12,472	7,514	8,369
Net exposure (2)	3,216	3,548	2,011	2,259
% of credit exposure to “Investment Grade” counterparties	90.6%		89.0%	

(1) Corresponds to the maximum exposure, i.e. the value of the derivatives shown under assets (positive fair value).
(2) After taking into account the liability positions with the same counterparties (negative fair value), collateral, netting agreements and other credit enhancement techniques.
(3) Investment Grade corresponds to transactions with counterparties that are rated at least BBB- by Standard & Poor’s, Baa3 by Moody’s, or equivalent by Dun & Bradstreet. “Investment Grade” is also determined based on an internal rating tool that is rolled out within the Group, and covers its main counterparties.

16.2.2 Financing activities

For its financing activities, the Group has put in place procedures for managing and monitoring risk based on (i) the accreditation of counterparties according to external credit ratings, objective market data (credit default swaps, market capitalization) and financial structure, and (ii) counterparty risk exposure limits.

To reduce its counterparty risk exposure, the Group drew increasingly on a structured legal framework based on master agreements (including netting clauses) and collateralization contracts (margin calls).

The oversight procedure for managing counterparty risk arising from financing activities is managed by a middle office that operates independently of the Group’s Treasury department and reports to the Finance division.

16.2.2.1 Counterparty risk arising from loans and receivables at amortized cost (excluding trade and other receivables)

LOANS AND RECEIVABLES AT AMORTIZED COST (EXCLUDING TRADE AND OTHER RECEIVABLES)

The balance of outstanding past due loans and receivables at amortized cost (excluding trade and other receivables) is analyzed below:

	Past due assets not impaired at the reporting date				Impaired assets	Assets neither impaired nor past due	
In millions of euros	0-6 months	6-12 months	Beyond 1 year	Total	Total	Total	Total
At December 31, 2015	-	-	24	24	397	2,921	3,343
At December 31, 2014	17	9	102	129	360	3,595	4,084

The balance of outstanding loans and receivables carried at amortized cost (excluding trade and other receivables) presented in the above table does not include the impact of impairment losses or changes in fair value and the application of amortized cost, which totaled a negative €235 million, at December 31, 2015 (compared to a negative €199 million, at December 31, 2014). Changes in these items are presented in Note 15.1.2, "Loans and receivables at amortized cost".

16.2.2.2 Counterparty risk arising from investing activities and the use of derivative financial instruments

The Group is exposed to counterparty risk arising from investments of surplus cash and from the use of derivative financial instruments. In the case of financial instruments at fair value through income, counterparty risk arises on instruments with a positive fair value. Counterparty risk is taken into account when calculating the fair value of these derivative instruments.

At December 31, 2015, total outstandings exposed to credit risk amounted to €10,167 million.

	Dec. 31, 2015				Dec. 31, 2014			
In millions of euros	Total	Investment Grade (1)	Unrated (2)	Non Investment Grade (2)	Total	Investment Grade (1)	Unrated (2)	Non Investment Grade (2)
Exposure	10,167	90.0%	3.0%	7.0%	9,354	96.0%	3.0%	1.0%

(1) Counterparties that are rated at least BBB- by Standard & Poor's and Baa3 by Moody's.
(2) Most of these two exposures is carried by consolidated companies that include non-controlling interests, or by Group companies that operate in emerging countries, where cash cannot be pooled and is therefore invested locally.

At December 31, 2015, no single counterparty represented more than 25% of cash investments.

16.3 Liquidity risk

In the context of its operating activities, the Group is exposed to a risk of having insufficient liquidity to meet its contractual obligations. As well as the risks inherent in managing working capital, margin calls are required in certain market activities.

The Group has set up a quarterly committee tasked with managing and monitoring liquidity risk throughout the Group, based on maintaining a broad range of investments and sources of financing, preparing forecasts of cash investments and divestments, and performing stress tests on the margin calls put in place when commodity, interest rate and currency derivatives are negotiated.

The Group centralizes virtually all financing needs and cash flow surpluses of the companies it controls, as well as most of their medium- and long-term external financing requirements. Centralization is provided by financing vehicles (long-term and short-term) and by dedicated Group cash pooling vehicles based in France, Belgium and in Luxembourg.

Surpluses held by these structures are managed in accordance with a uniform policy. Unpooled cash surpluses are invested in instruments selected on a case-by-case basis in light of local financial market imperatives and the financial strength of the counterparties concerned.

The onslaught of successive financial crises since 2008 and the ensuing rise in counterparty risk prompted the Group to tighten its investment policy with the aim of keeping an extremely high level of liquidity and protecting invested capital (99% of cash pooled at December 31, 2015 was invested in overnight bank deposits and standard money market funds with daily liquidity). Performance and counterparty risks are monitored on a daily basis for both investment types, allowing the Group to take immediate action where required in response to market developments.

The Group's financing policy is based on:

- centralizing external financing;
- diversifying sources of financing between credit institutions and capital markets;
- achieving a balanced debt repayment profile.

The Group seeks to diversify its sources of financing by carrying out public or private bond issues within the scope of its Euro Medium Term Notes program. It also issues commercial paper in France and in the United States.

At December 31, 2015, bank loans accounted for 21% of gross debt (excluding overdrafts and the impact of derivatives and amortized cost), while the remaining debt was raised on capital markets (including €23,969 million in bonds, or 65% of gross debt).

Outstanding short-term commercial paper issues represented 15% of gross debt, or €5,378 million at December 31, 2015. As commercial paper is relatively inexpensive and highly liquid, it is used by the Group in a cyclical or structural fashion to finance its short-term cash requirements. However, all outstanding commercial paper is backed by confirmed bank lines of credit so that the Group could continue to finance its activities if access to this financing source were to dry up.

Available cash, comprising cash and cash equivalents and financial assets measured at fair value through income (excluding margin calls), totaled €9,980 million at December 31, 2015, of which 79% was invested in the Eurozone.

The Group also has access to confirmed credit lines. These facilities are appropriate for the scale of its operations and for the timing of contractual debt repayments. Confirmed credit facilities had been granted for a total of €14,103 million at December 31, 2015, of which €13,998 million was available. 91% of available credit facilities are centralized. None of these centralized facilities contains a default clause linked to covenants or minimum credit ratings.

At December 31, 2015, all the entities of the Group whose debt is consolidated comply with the covenants and declarations included in their financial disclosures, except for a subsidiary of the Energy International division for non-compliance with certain commitments; adequate waivers are currently under discussion.

16.3.1 Undiscounted contractual payments relating to financial activities

At December 31, 2015, undiscounted contractual payments on net debt (excluding the impact of derivatives, margin calls and amortized cost) break down as follows by maturity:

AT DECEMBER 31, 2015

In millions of euros	Total	2016	2017	2018	2019	2020	Beyond 5 years
Bond issues	23,969	2,057	3,334	1,689	919	2,489	13,481
Bank borrowings	6,459	1,765	952	606	299	738	2,098
Commercial paper	5,378	5,378	-	-	-	-	-
Drawdowns on credit facilities	105	10	81	4	1	1	8
Liabilities under finance leases	611	95	86	83	71	7	270
Other borrowings	399	80	195	25	38	13	48
Bank overdrafts and current accounts	603	603	-	-	-	-	-
OUTSTANDING BORROWINGS AND DEBT	**37,525**	**9,988**	**4,649**	**2,407**	**1,328**	**3,249**	**15,904**
Assets related to financing	(37)	(3)	-	-	-	(1)	(33)
Financial assets at fair value through income (excluding margin calls)	(797)	(797)	-	-	-	-	-
Cash and cash equivalents	(9,183)	(9,183)	-	-	-	-	-
NET DEBT EXCLUDING THE IMPACT OF DERIVATIVE INSTRUMENTS, MARGIN CALLS AND AMORTIZED COST	**27,508**	**5**	**4,649**	**2,407**	**1,328**	**3,248**	**15,872**

AT DECEMBER 31, 2014

In millions of euros	Total	2015	2016	2017	2018	2019	Beyond 5 years
OUTSTANDING BORROWINGS AND DEBT	**36,855**	**9,108**	**3,747**	**3,668**	**2,432**	**1,380**	**16,521**
Assets related to financing, financial assets at fair value through income (excluding margin calls) and cash and cash equivalents	(9,425)	(9,370)	(2)	-	-	-	(53)
NET DEBT EXCLUDING THE IMPACT OF DERIVATIVE INSTRUMENTS, MARGIN CALLS AND AMORTIZED COST	**27,430**	**(262)**	**3,745**	**3,668**	**2,432**	**1,380**	**16,468**

At December 31, 2015, undiscounted contractual interest payments on outstanding borrowings and debt break down as follows by maturity:

AT DECEMBER 31, 2015

In millions of euros	Total	2016	2017	2018	2019	2020	Beyond 5 years
Undiscounted contractual interest flows on outstanding borrowings and debt	10,874	1,044	935	824	756	681	6,634

AT DECEMBER 31, 2014

In millions of euros	Total	2015	2016	2017	2018	2019	Beyond 5 years
Undiscounted contractual interest flows on outstanding borrowings and debt	11,879	1,163	1,021	938	818	732	7,206

At December 31, 2015, undiscounted contractual payments on outstanding derivatives (excluding commodity instruments) recognized in assets and liabilities break down as follows by maturity (net amounts):

AT DECEMBER 31, 2015

In millions of euros	Total	2016	2017	2018	2019	2020	Beyond 5 years
Derivatives (excluding commodity instruments)	(1,645)	(416)	(191)	(18)	(38)	(78)	(904)

AT DECEMBER 31, 2014

In millions of euros	Total	2015	2016	2017	2018	2019	Beyond 5 years
Derivatives (excluding commodity instruments)	(579)	98	(128)	(80)	(19)	(11)	(440)

To better reflect the economic substance of these transactions, the cash flows linked to the derivatives recognized in assets and liabilities shown in the table above relate to net positions.

The maturities of the Group's undrawn credit facility programs are analyzed in the table below:

AT DECEMBER 31, 2015

In millions of euros	Total	2016	2017	2018	2019	2020	Beyond 5 years
Confirmed undrawn credit facility programs	13,998	972	1,317	429	205	10,972	102

Of these undrawn programs, an amount of €5,378 million is allocated to covering commercial paper issues.

At December 31, 2015, no single counterparty represented more than 6% of the Group's confirmed undrawn credit lines.

AT DECEMBER 31, 2014

In millions of euros	Total	2015	2016	2017	2018	2019	Beyond 5 years
Confirmed undrawn credit facility programs	13,288	1,049	1,283	1,094	4,572	5,021	269

16.3.2 Undiscounted contractual payments relating to operating activities

The table below provides an analysis of undiscounted fair values due and receivable in respect of commodity derivatives recorded in assets and liabilities at the statement of financial position date.

LIQUIDITY RISK

The Group provides an analysis of residual contractual maturities for commodity derivative instruments included in its portfolio management activities. Derivative instruments relating to trading activities are considered to be liquid in less than one year, and are presented under current items in the statement of financial position.

AT DECEMBER 31, 2015

In millions of euros	Total	2016	2017	2018	2019	2020	Beyond 5 years
Derivative instruments carried in liabilities							
relating to portfolio management activities	*(3,923)*	*(1,381)*	*(1,524)*	*(722)*	*(206)*	*(67)*	*(24)*
relating to trading activities	*(7,125)*	*(7,125)*	-	-	-	-	-
Derivative instruments carried in assets							
relating to portfolio management activities	*3,491*	*1,527*	*1,493*	*376*	*60*	*16*	*19*
relating to trading activities	*8,988*	*8,988*	-	-	-	-	-
TOTAL AT DECEMBER 31, 2015	**1,431**	**2,010**	**(31)**	**(345)**	**(146)**	**(51)**	**(5)**

AT DECEMBER 31, 2014

In millions of euros	Total	2015	2016	2017	2018	2019	Beyond 5 years
Derivative instruments carried in liabilities							
relating to portfolio management activities	*(3,159)*	*(2,259)*	*(655)*	*(190)*	*(42)*	*(8)*	*(6)*
relating to trading activities	*(3,401)*	*(3,401)*	-	-	-	-	-
Derivative instruments carried in assets							
relating to portfolio management activities	*2,750*	*2,053*	*586*	*71*	*1*	*21*	*18*
relating to trading activities	*5,641*	*5,641*	-	-	-	-	-
TOTAL AT DECEMBER 31, 2014	**1,832**	**2,035**	**(69)**	**(119)**	**(40)**	**13**	**12**

16.3.3 Commitments relating to commodity purchase and sale contracts entered into within the ordinary course of business

In the ordinary course of their business, some Group operating companies entered into long-term contracts, some of which include "take-or-pay" clauses. These consist of firm commitments to purchase (sell) specified quantities of gas, electricity and steam and related services, in exchange for a firm commitment from the other party to deliver (purchase) said quantities and services. These contracts were documented as falling outside the scope of IAS 39. The table below shows the main future commitments arising from contracts entered into by the Global Gas & LNG, Energy Europe and Energy International business lines (expressed in TWh):

In TWh	Total at Dec. 31, 2015	2016	2017-2020	Beyond 5 years	Total at Dec. 31, 2014
Firm purchases	(6,950)	(885)	(2,659)	(3,405)	(7,738)
Firm sales	1,784	443	661	680	1,694

16.3.4 Equity risk

At December 31, 2015, available-for-sale securities held by the Group amounted to €3,016 million *(see Note 15.1.1 "Available-for-sale securities")*.

A fall of 10% in the market price of listed shares would have a negative impact (before tax) of around €159 million on the Group's comprehensive income.

The Group's main unlisted security corresponds to its 9% interest in the Nordstream pipeline, which is measured by reference to the Discounted Dividend Method (DDM).

The Group's portfolio of listed and unlisted securities is managed within the context of a specific investment procedure and its performance is reported on a regular basis to Executive Management.

NOTE 17 Equity

17.1 Share capital

	Number of shares			Value *(in millions of euros)*		
	Total	Treasury stock	Outstanding	Share capital	Additional paid-in capital	Treasury stock
AT DECEMBER 31, 2013	**2,412,824,089**	**(52,543,021)**	**2,360,281,068**	**2,413**	**32,207**	**(1,109)**
Capital increase	22,460,922	-	22,460,922	22	301	-
Other movements	-	-	-	-	(3)	-
Purchase/disposal of treasury stock	-	7,713,224	7,713,224	-	-	152
AT DECEMBER 31, 2014	**2,435,285,011**	**(44,829,797)**	**2,390,455,214**	**2,435**	**32,506**	**(957)**
Purchase/disposal of treasury stock	-	5,422,256	5,422,256	-	-	135
AT DECEMBER 31, 2015	**2,435,285,011**	**(39,407,541)**	**2,395,877,470**	**2,435**	**32,506**	**(822)**

Changes in the number of shares during 2015 reflect mainly the delivery of treasury stock for 5 million shares as part of bonus share plans.

Changes in the number of shares during 2014 resulted from:

- employee share issuances as part of the "LINK 2014" worldwide employee share plan. In the end, 22.2 million shares were subscribed and 0.3 million bonus shares were awarded under employee contribution schemes, representing a total of 22.5 million shares, bringing the total value of the December 11, 2014 capital increase to €324 million;
- net disposals of shares carried out in connection with the liquidity agreement amounting to 7 million treasury shares;
- and the delivery of treasury stock for 1 million shares as part of stock purchase option or bonus share plans.

17.1.1 Potential share capital and instruments providing a right to subscribe for new ENGIE SA shares

At December 31, 2015 only two stock subscription option plans remain in force as described in Note 23.1 "Stock option plans".

Shares to be allocated under bonus share plans, performance share award plans as well as the stock purchase option plans, described in Note 23 "Share-based payments", will be covered by existing ENGIE SA shares.

17.1.2 Treasury stock

The Group has a stock repurchase program as a result of the authorization granted to the Board of Directors by the Ordinary and Extraordinary Shareholders' Meeting of April 28, 2015. This program provides for the repurchase of up to 10% of the shares comprising the share capital of ENGIE SA at the date of said Shareholders' Meeting. The aggregate amount of acquisitions net of expenses under the program may not exceed the sum of €9.7 billion, and the purchase price must be less than €40 per share excluding acquisition costs.

At December 31, 2015, the Group held 39.4 million treasury shares, allocated in full to cover the Group's share commitments to employees and corporate officers.

The liquidity agreement signed with an investment service provider assigns to the latter the role of operating on the market on a daily basis, to buy or sell ENGIE SA shares, in order to ensure liquidity and an active market for the shares on the Paris and Brussels stock exchanges. The resources allocated to the implementation of this agreement amounted to €150.0 million.

17.2 Other disclosures concerning additional paid-in capital, consolidated reserves and issuance of deeply-subordinated perpetual notes (Group share)

Total additional paid-in capital, consolidated reserves and issuance of deeply-subordinated perpetual notes (including net income for the financial year), amounted to €41,403 million at December 31, 2015, including €32,506 million of additional paid-in capital.

Consolidated reserves include the cumulated income of the Group, the legal and statutory reserves of the company ENGIE SA and the cumulative actuarial differences net of tax.

Under French law, 5% of the net income of French companies must be allocated to the legal reserve until the latter reaches 10% of share capital. This reserve can only be distributed to shareholders in the event of liquidation. The ENGIE SA legal reserve amounts to €244 million.

The cumulative actuarial differences Group share represent losses of €2,538 million at December 31, 2015 (losses of €2,933 million at December 31, 2014); deferred taxes on these actuarial differences amount to €778 million at December 31, 2015 (€909 million at December 31, 2014).

17.2.1 Issuance of deeply-subordinated perpetual notes

ENGIE SA carried out two issues of deeply-subordinated perpetual notes, the first on July 3, 2013 and the second on May 22, 2014. These transactions were divided into several tranches, offering an average coupon of 3.4% (2014) and 4.4% (2013).

In accordance with the provisions of IAS 32 – *Financial Instruments – Presentation*, and given their characteristics, these instruments were accounted for in equity in the Group's consolidated financial statements for a total amount of €1,907 million in 2014 and €1,657 million in 2013.

The coupons ascribed to the owners of these notes, for which €145 million was paid in 2015, are accounted for as a deduction from equity in the Group's consolidated financial statements; the relating tax saving is accounted for in the income statement.

17.2.2 Distributable capacity of ENGIE SA

ENGIE SA's distributable capacity totaled €36,690 million at December 31, 2015 (compared with €38,690 million at December 31, 2014), including €32,506 million of additional paid-in capital.

17.2.3 Dividend

The table below shows the dividends and interim dividends paid by ENGIE SA in respect of 2014 and 2015.

	Amount distributed *(in millions of euros)*	Net dividend per share *(in euros)*
In respect of 2014		
Interim dividend (paid on October 15, 2014)	1,184	0.50
Remaining dividend in respect of 2014 (paid on May 5, 2015)	1,196	0.50
In respect of 2015		
Interim dividend (paid on October 15, 2015)	1,196	0.50

The additional 3% contribution, set up by the 2012 Finance Act, payable in respect of the dividend and interim dividend distributed in May and October 2015, amounts to €72 million (€86 million for the payments carried out in 2014) and is accounted for in the income statement.

The Shareholders' Meeting of April 28, 2015 approved the distribution of a total dividend of €1 per share in respect of 2014. As an interim dividend of €0.50 per share was paid on October 15, 2014, for an amount of €1,184 million, ENGIE SA settled in cash the remaining dividend balance of €0.50 per share on May 5, 2015, for an amount of €1,196 million. In addition, the Board of Directors' Meeting of July 29, 2015 approved the payment of an interim dividend of €0.50 per share payable on October 15, 2015 for a total amount of €1,196 million.

Proposed dividend in respect of 2015

Shareholders at the Shareholders' Meeting convened to approve the ENGIE financial statements for the year ended December 31, 2015, will be asked to approve a dividend of €1 per share, representing a total payout of €2,394 million based on the number of shares outstanding at December 31, 2015. An interim dividend of €0.50 per share was paid on October 15, 2015, representing a total amount of €1,196 million.

Subject to approval by the Shareholders' Meeting, this dividend, net of the interim dividend paid, will be detached on May 5, 2016 and paid on May 9, 2016. It is not recognized as a liability in the financial statements at December 31, 2015, since the financial statements at the end of 2015 are presented before the appropriation of earnings.

17.3 Total gains and losses recognized in equity (Group share)

All the items shown in the table below correspond to cumulative gains and losses (Group share) at December 31, 2015 and December 31, 2014, which are recyclable to income in subsequent periods.

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Available-for-sale securities	443	462
Net investment hedges	(561)	(197)
Cash flow hedges (excl. commodity instruments)	(641)	(904)
Commodity cash flow hedges	193	195
Deferred taxes on the items above	146	163
Share of entities accounted for using the equity method in recyclable items, net of tax	(509)	(347)
Translation adjustments	990	191
TOTAL RECYCLABLE ITEMS	**62**	**(436)**

17.4 Capital management

ENGIE SA looks to optimize its financial structure at all times by pursuing an optimal balance between its net debt and its EBITDA. The Group's key objective in managing its financial structure is to maximize value for shareholders, reduce the cost of capital, while at the same time ensuring that the Group has the financial flexibility required to continue its expansion. The Group manages its financial structure and makes any necessary adjustments in light of prevailing economic conditions. In this context, it may choose to adjust the amount of dividends paid to shareholders, reimburse a portion of capital, carry out share buybacks *(see Note 17.1.2 "Treasury stock")*, issue new shares, launch share-based payment plans, recalibrate its investment budget, or sell assets in order to scale back its net debt.

The Group's policy is to maintain an "A" rating by the rating agencies. To achieve this, it manages its financial structure in line with the indicators usually monitored by these agencies, namely the Group's operating profile, financial policy and a series of financial ratios. One of the most commonly used ratios is the ratio where the numerator includes operating cash flows less net financial expense and taxes paid, and the denominator includes adjusted net financial debt. Net debt is mainly adjusted for nuclear provisions, provisions for unfunded pension plans and operating lease commitments.

The Group's objectives, policies and processes for managing capital have remained unchanged over the past few years.

ENGIE SA is not obliged to comply with any minimum capital requirements except those provided for by law.

NOTE 18 Provisions

In millions of euros	Dec. 31, 2014	Additions	Reversals (utilizations)	Reversals (surplus provisions)	Changes in scope of consolidation	Impact of unwinding discount adjustments	Translation adjustments	Other	Dec. 31, 2015
Post-employment and other long-term benefits	6,233	252	(366)	(8)	5	140	(12)	(458)	5,785
Back-end of the nuclear fuel cycle	4,491	61	(22)	-	-	215	-	-	4,744
Dismantling of plant and equipment (1)	3,911	343	(16)	-	(2)	182	4	55	4,476
Site rehabilitation	1,345	-	(12)	(9)	-	24	(8)	133	1,474
Litigations, claims, and tax risks	891	189	(123)	(321)	1	4	17	4	663
Other contingencies	1,668	514	(456)	(116)	12	24	8	41	1,694
TOTAL PROVISIONS	**18,539**	**1,358**	**(996)**	**(454)**	**16**	**589**	**9**	**(225)**	**18,836**

(1) Of which €3,629 million in provisions for dismantling nuclear facilities at December 31, 2015, versus €3,467 million at December 31, 2014.

The impact of unwinding discounting adjustments in respect of post-employment benefit obligations and other long-term benefits relates to the interest expense on the pension obligations, net of the expected return on plan assets.

The "Other" column mainly comprises actuarial gains and losses arising on post-employment benefit obligations in 2015 which are recorded in "Other comprehensive income" as well as provisions recorded against a dismantling or site-rehabilitation asset.

Additions, reversals and the impact of unwinding discounting adjustments are presented as follows in the consolidated income statement:

In millions of euros	Dec. 31, 2015
Income/(loss) from operating activities	(237)
Other financial income and expenses	(589)
Income taxes	329
TOTAL	**(497)**

The different types of provisions and the calculation principles applied are described below.

18.1 Post-employment benefits and other long-term benefits

See Note 19 "Post-employment benefits and other long-term benefits".

18.2 Nuclear power generation activities

In the context of its nuclear power generation activities, the Group assumes obligations relating to the processing of spent nuclear fuel and the dismantling of nuclear facilities.

18.2.1 Legal framework

The Belgian law of April 11, 2003, amended by the law of April 25, 2007, granted Group subsidiary Synatom responsibility for managing provisions set aside to cover the costs of dismantling nuclear power plants and managing radioactive fissile material from such plants. The tasks of the Commission for Nuclear Provisions set up pursuant to the above-mentioned law is to oversee the process of computing and managing these provisions. The Commission also issues opinions on the maximum percentage of funds that Synatom can lend to operators of nuclear plants and on the types of assets in which Synatom may invest its outstanding funds.

To enable the Commission for Nuclear Provisions to carry out its work in accordance with the above-mentioned law, Synatom is required to submit a report every three years describing the core inputs used to measure these provisions.

Synatom submitted its triennial report to the Commission for Nuclear Provisions on September 18, 2013. The Commission issued its opinion on November 18, 2013 based on the favorable opinion given by ONDRAF, the Belgian agency for radioactive waste and enriched fissile materials.

For 2015, core inputs for measuring provisions including management scenarios, implementation program and timetable, detailed technical analyses (physical and radiological inventories), estimation methods and timing of expenditures, as well as discount rates, correspond to those which have been approved by the Commission for Nuclear Provisions and the Group has made sure that these assumptions remain reasonable. As in the previous year, changes in provisions in 2015 therefore mainly relate to recurring items linked to the passage of time (the unwinding of discounting adjustments) and provisions for fuel spent during the year.

The provisions set aside take into account all existing or planned environmental regulatory requirements on a European, national and regional level. If additional legislation were to be introduced in the future, the cost estimates used as a basis for the calculations could vary. However, the Group is not aware of additional planned legislation on this matter which could materially impact the value of the provisions.

The estimated provision amounts include margins for contingencies and other risks that may arise in connection with dismantling and fuel management procedures. These margins are estimated by the Group for each cost category. The contingency margins relating to the disposal of waste are determined by ONDRAF and built into its tariffs.

The provisions recognized by the Group at December 31, 2015 were measured taking into account the prevailing contractual and legal framework, which sets the operating life of the Tihange 1 reactor at 50 years and the other reactors at 40 years.

An extension of the operating lives of one or more nuclear reactors would give rise to the postponement of the dismantling schedule. This could result in less efficient coordination of tasks compared to dismantling all the facilities at the same time and the deferral over time of the related expenditure. The changes to these provisions – subject to certain conditions – would be recognized against the assets concerned.

18.2.2 Provisions for nuclear fuel processing and storage

When spent nuclear fuel is removed from a reactor, it remains radioactive and requires processing. Two different procedures for managing radioactive spent fuel exist, being either reprocessing or conditioning without reprocessing. The Belgian government has not yet decided which scenario will be made compulsory in Belgium.

The Commission for Nuclear Provisions has adopted a “mixed” scenario in which around one-quarter of total fuel is reprocessed, and the rest disposed of directly without reprocessing.

The Group books provisions to cover all of the costs linked to this “mixed” scenario, including on-site storage, transportation, reprocessing by an accredited facility, conditioning, storage and removal.

Provisions for nuclear fuel processing and storage are calculated based on the following principles and parameters:

- storage costs primarily comprise the costs of building and operating storage pools, along with the costs of purchasing containers. These costs are mainly incurred between 2016 and 2030;
- part of the spent fuel is transferred for reprocessing. Reprocessing operations are scheduled to take place between 2019 and 2030. It is assumed that the plutonium resulting from this process will be sold to third parties;
- spent fuel that has not been reprocessed is to be conditioned between 2035 and 2052, which requires conditioning facilities to be built according to ONDRAF’s approved criteria;
- the reprocessing residues and conditioned spent fuel will be transferred to ONDRAF until 2053;
- the fuel will be buried in a deep geological repository between 2085 and 2095. The cost of this operation is estimated by ONDRAF. The principal cash outflows will be spread over the period until 2058;
- the long-term obligation is calculated using estimated internal costs and external costs assessed based on offers received from third parties or fee proposals from independent organizations;
- the 4.8% discount rate used (actual rate of 2.8% and an inflation rate of 2.0%) is based on an analysis of average, past and prospective changes in benchmark long-term rates;
- allocations to the provision are computed based on the average unit cost of quantities used up to the end of the operating life of the plant;
- an annual allocation is also recognized with respect to unwinding the discount on the provision.

The costs effectively incurred in the future may differ from the estimates in terms of their nature and timing of payment. The provisions may be adjusted in line with future changes in the above-mentioned parameters. However, these parameters are based on information and estimates which the Group deems reasonable to date and which have been approved by the Commission for Nuclear Provisions.

Belgium’s current legal framework does not prescribe methods for managing nuclear waste. The reprocessing of spent fuel was suspended following a resolution adopted by the House of Representatives in 1993. The scenario adopted is based on the assumption that the Belgian government will allow Synatom to reprocess uranium and that an agreement will be reached between Belgium and France designating Areva as responsible for these reprocessing operations.

A scenario assuming the direct disposal of waste without reprocessing would lead to a decrease in the provision compared to the provision resulting from the “mixed” scenario approved by the Commission for Nuclear Provisions.

The Belgian government has not yet taken a decision as to whether the waste should be buried in a deep geological repository or stored over the long term. In accordance with the European Directive, in 2015 the government drew up its national program for the management of spent fuel and radioactive waste. The program remains subject to approval by a ministerial order. The scenario adopted by the Commission for Nuclear Provisions is based on the assumption that the waste will be buried in a deep geological repository as recommended in ONDRAF’s waste management program. To date, there is no accredited site in Belgium. However, ONDRAF considers that by 2020 it will be able to confirm that Boom’s clay facility can accept nuclear waste.

18.2.3 Provisions for dismantling nuclear facilities

Nuclear power plants have to be dismantled at the end of their operating life. Provisions are set aside in the Group's accounts to cover all costs relating to (i) the shutdown phase, which involves removing radioactive fuel from the site and (ii) the dismantling phase, which consists of decommissioning and cleaning up the site.

Provisions for dismantling nuclear facilities are calculated based on the following principles and parameters:

- costs payable over the long term are calculated by reference to the estimated costs for each nuclear facility, based on a study conducted by independent experts under the assumption that the facilities will be dismantled progressively;
- an inflation rate of 2.0% is applied until the dismantling obligations expire in order to determine the value of the future obligation;
- a discount rate of 4.8% (including 2.0% inflation) is applied to determine the present value (NPV) of the obligation. This rate is the same as the one used to calculate the provision for processing spent nuclear fuel;
- the operating life is 50 years for Tihange 1 and 40 years for the other facilities;
- it generally takes three to four years to shut down a reactor. The start of the technical shut-down procedures depends on the facility concerned and on the timing of operations for the nuclear reactor as a whole. The shutdown procedures are immediately followed by dismantling operations, which last from 9 to 13 years;
- the present value of the obligation when the facilities are commissioned represents the initial amount of the provision. The matching entry is an asset recognized for the same amount within the corresponding property, plant and equipment category. This asset is depreciated over the remaining operating life as from the commissioning date;
- annual allocation to the provision, reflecting the interest cost on the provision carried in the books at the end of the previous year, is calculated at the discount rate used to estimate the present value of future cash flows.

The costs effectively incurred in the future may differ from the estimates in terms of their nature and timing of payment. The provisions may be adjusted in line with future changes in the above-mentioned parameters.

However, these parameters are based on information and estimates which the Group deems reasonable to date and which have been approved by the Commission for Nuclear Provisions.

The scenario adopted is based on a dismantling program and on timetables that have to be approved by nuclear safety authorities.

Provisions are also recognized for the Group's share of the expected dismantling costs for the nuclear facilities in which it has drawing rights.

18.2.4 Sensitivity to discount rates

Based on currently applied parameters for estimating costs and the timing of payments, a change of 10 basis points in the discount rate used could lead to an adjustment of around €100 million in dismantling and nuclear fuel processing and storage provisions. A fall in discount rates would lead to an increase in outstanding provisions, while a rise in discount rates would reduce the provision amount.

Changes arising as a result of the review of the dismantling provision would not have an immediate impact on income, since the matching entry under certain conditions would consist in adjusting the corresponding assets accordingly.

Sensitivity to discount rates as presented above in accordance with the applicable standards, is an automatic calculation and should therefore be interpreted with appropriate caution in view of the variety of other inputs – some of which may be interdependent – included in the evaluation. The frequency with which these provisions are reviewed by the Commission for Nuclear Provisions in accordance with applicable regulations ensures that the overall obligation is measured accurately.

18.3 Dismantling obligations arising on other plant and equipment

Certain plant and equipment, including conventional power stations, transmission and distribution pipelines, storage facilities and LNG terminals, have to be dismantled at the end of their operational lives. This obligation is the result of prevailing environmental regulations in the countries concerned, contractual agreements, or an implicit Group commitment.

Based on estimates of proven and probable reserves through 2260 using current production levels, dismantling provisions for gas infrastructures in France have a present value near zero.

18.4 Site rehabilitation

18.4.1 Exploration-production activities

The Group also sets aside a provision for its obligations in terms of rehabilitating exploration-production facilities.

The provision reflects the present value of the estimated rehabilitation costs until the operating activities are completed. This provision is computed based on the Group's internal assumptions regarding estimated rehabilitation costs and the timing of the rehabilitation work. The timing of the rehabilitation work used as the basis for the provision may vary depending on the time when production is considered no longer economically viable. This consideration is itself closely related to fluctuations in future gas and oil prices.

The provision is recognized with a matching entry to property, plant and equipment.

18.5 Contingencies and tax risks

This caption includes essentially provisions for commercial contingencies, and claims and tax disputes.

NOTE 19 Post-employment benefits and other long-term benefits

19.1 Description of the main pension plans

The Group's main pension plans are described below.

19.1.1 Companies belonging to the Electricity and Gas Industries sector in France

Since January 1, 2005, the CNIEG (*Caisse Nationale des Industries Électriques et Gazières*) has operated the pension, disability, death, occupational accident and occupational illness benefit plans for electricity and gas industry (hereinafter "EGI") companies in France. The CNIEG is a social security legal entity under private law placed under the joint responsibility of the ministries in charge of social security and budget.

Employees and retirees of EGI sector companies have been fully affiliated to the CNIEG since January 1, 2005. The main affiliated Group entities are ENGIE SA, GRDF, GRTgaz, ELENGY, STORENGY, ENGIE Thermique France, CPCU, CNR and SHEM.

Following the funding reform of the special EGI pension plan introduced by Act No. 2004-803 of August 9, 2004 and its implementing decrees, specific benefits (pension benefits on top of the standard benefits payable under ordinary law) already vested at December 31, 2004 ("past specific benefits") were allocated between the various EGI entities. Past specific benefits (benefits vested at December 31, 2004) relating to regulated transmission and distribution businesses ("regulated past specific benefits") are funded by the levy on gas and electricity transmission and distribution services (*Contribution Tarifaire d'Acheminement*) and therefore no longer represent an obligation for the ENGIE Group. Unregulated past specific benefits (benefits vested at December 31, 2004) are funded by EGI sector entities to the extent defined by decree No. 2005-322 of April 5, 2005.

The special EGI pension plan is a legal pension plan available to new entrants.

The specific benefits vested under the plan since January 1, 2005 are wholly financed by EGI sector companies in proportion to their respective weight in terms of payroll costs within the EGI sector.

As this plan represents a defined benefit plan, the Group has set aside a pension provision in respect of specific benefits payable to employees of unregulated activities and specific benefits vested by employees of regulated activities since January 1, 2005. This provision also covers the Group's early retirement obligations. The provision amount may be subject to fluctuations based on the weight of the Group's companies within the EGI sector.

Pension benefit obligations and other "mutualized" obligations are assessed by the CNIEG.

At December 31, 2015, the projected benefit obligation in respect of the special pension plan for EGI sector companies amounted to €3.2 billion (€3.3 billion at December 31, 2014). This decrease is mainly due to the increase in discount rates.

The duration of the pension benefit obligation relating to the EGI pension plan is 18 years.

19.1.2 Companies belonging to the electricity and gas sector in Belgium

In Belgium, the rights of employees in electricity and gas sector companies, principally Electrabel, Electrabel Customer Solutions (ECS), Laborelec, ENGIE CC and some GDF SUEZ Energy Management Trading employee categories, are governed by collective bargaining agreements.

These agreements, applicable to "wage-rated" employees recruited prior to June 1, 2002 and managerial staff recruited prior to May 1, 1999, specify the benefits entitling employees to a supplementary pension equivalent to 75% of their most recent annual income, for a full career and in addition to the statutory pension. These top-up pension payments provided under defined benefit plans are partly reversionary. In practice, the benefits are paid in the form of a lump sum for the majority of plan participants. Most of the obligations resulting from these pension plans are financed through pension funds set up for the electricity and gas sector and by certain insurance companies. Pre-funded pension plans are financed by employer and employee contributions. Employer contributions are calculated annually based on actuarial assessments.

The projected benefit obligation relating to these plans represented around 13% of total pension obligations and related liabilities at December 31, 2015. The average duration is 11 years.

"Wage-rated" employees recruited after June 1, 2002 and managerial staff recruited after May 1, 1999 are covered under defined contribution plans. However, for contributions paid from January 1, 2004, the law specifies a minimum average annual return (3.75% on wage contributions and 3.25% on employer's contributions) when savings are liquidated.

The law on supplementary pensions, approved on December 18, 2015 and enforced on January 1, 2016, amends the guaranteed return rates based on the actual performance of obligations. The Group has determined that these changes do not have a material impact on the amount of the obligation.

An expense of €24 million was recognized in 2015 in respect of these defined contribution plans (€21 million at December 31, 2014).

19.1.3 Multi-employer plans

Employees of some Group companies are affiliated to multi-employer pension plans.

Under multi-employer plans, risks are pooled to the extent that the plan is funded by a single contribution rate determined for all affiliated companies and applicable to all employees.

Multi-employer plans are particularly common in the Netherlands, where employees are normally required to participate in a compulsory industry-wide plan. These plans cover a significant number of employers, thereby limiting the impact of potential default by an affiliated company. In the event of default, the vested rights are maintained in a special compartment and are not transferred to the other members. Refinancing plans may be set up to ensure the funds are balanced.

The ENGIE Group accounts for multi-employer plans as defined contribution plans.

An expense of €71 million was recognized in 2015 in respect of multi-employer pension plans (€73 million at December 31, 2014).

19.1.4 Other pension plans

Most other Group companies also grant their employees retirement benefits. In terms of financing, pension plans within the Group are almost equally split between defined benefit and defined contribution plans.

The Group's main pension plans outside France, Belgium and the Netherlands concern:

- United Kingdom: the large majority of defined benefit pension plans is now closed to new entrants and future benefits no longer vest under these plans. All entities run a defined contribution scheme. The pension obligations of International Power's subsidiaries in the United Kingdom are covered by the special Electricity Supply Pension Scheme (ESPS). The assets of this defined benefit scheme are invested in separate funds. Since June 1, 2008, the scheme has been closed and a defined contribution plan was set up for new entrants;
- Germany: the Group's German subsidiaries have closed their defined benefit plans to new entrants and now offer defined contribution plans;
- Brazil: Tractebel Energia operates its own pension scheme. This scheme has been split into two parts, one for the (closed) defined benefit plan, and the other for the defined contribution plan that has been available to new entrants since the beginning of 2005.

19.2 Description of other post-employment benefit obligations and other long-term benefits

19.2.1 Other benefits granted to current and former EGI sector employees

Other benefits granted to EGI sector employees are:

Post-employment benefits:

- reduced energy prices;
- end-of-career indemnities;
- bonus leave;
- immediate bereavement benefits.

Long-term benefits:

- allowances for occupational accidents and illnesses;
- temporary and permanent disability allowances;
- long-service awards.

The Group's main obligations are described below.

19.2.1.1 Reduced energy prices

Under Article 28 of the national statute for electricity and gas industry personnel, all employees (current and former employees, provided they meet certain length-of-service conditions) are entitled to benefits in kind which take the form of reduced energy prices known as "employee rates".

This benefit entitles employees to electricity and gas supplies at a reduced price. For retired employees, this provision represents a post-employment defined benefit. Retired employees are only entitled to the reduced rate if they have completed at least 15 years' service within EGI sector companies.

In accordance with the agreements signed with EDF in 1951, ENGIE provides gas to all current and former employees of ENGIE and EDF, while EDF supplies electricity to these same beneficiaries. ENGIE pays (or benefits from) the balancing contribution payable in respect of its employees as a result of energy exchanges between the two utilities.

The obligation to provide energy at a reduced price to current and former employees is measured as the difference between the energy sale price and the preferential rates granted.

The provision set aside in respect of reduced energy prices amounts to €2.7 billion at December 31, 2015. The duration of the obligation is 20 years.

19.2.1.2 End-of-career indemnities

Retiring employees (or their dependents in the event of death during active service) are entitled to end-of-career indemnities which increase in line with the length of service within the EGI sector.

19.2.1.3 Compensation for occupational accidents and illnesses

EGI sector employees are entitled to compensation for accidents at work and occupational illnesses. These benefits cover all employees or the dependents of employees who die as a result of occupational accidents or illnesses, or injuries suffered on the way to work.

The amount of the obligation corresponds to the likely present value of the benefits to be paid to current beneficiaries, taking into account any reversionary annuities.

19.2.2 Other benefits granted to employees of the gas and electricity sector in Belgium

Electricity and gas sector companies also grant other employee benefits such as the reimbursement of medical expenses, electricity and gas price reductions, as well as length-of-service awards and early retirement schemes. These benefits are not prefunded, with the exception of the special "*allocation transitoire*" termination indemnity, considered as an end-of-career indemnity.

19.2.3 Other collective agreements

Most other Group companies also grant their staff post-employment benefits (early retirement plans, medical coverage, benefits in kind, etc.) and other long-term benefits such as jubilee and length-of-service awards.

19.3 Defined benefit plans

19.3.1 Amounts presented in the statement of financial position and statement of comprehensive income

In accordance with IAS 19, the information presented in the statement of financial position relating to post-employment benefit obligations and other long-term benefits results from the difference between the gross projected benefit obligation and the fair value of plan assets. A provision is recognized if this difference is positive (net obligation), while a prepaid benefit cost is recorded in the statement of financial position when the difference is negative, provided that the conditions for recognizing the prepaid benefit cost are met.

Changes in provisions for post-employment benefits and other long-term benefits, plan assets and reimbursement rights recognized in the statement of financial position are as follows:

In millions of euros	Provisions	Plan assets	Reimbursement rights
AT JANUARY 1, 2014	**(4,390)**	**72**	**167**
Exchange rate differences	(12)	-	-
Changes in scope of consolidation and other	34	(85)	-
Actuarial gains and losses	(1,784)	22	6
Periodic pension cost	(497)	28	6
Asset ceiling	(4)	-	-
Contributions/benefits paid	420	5	(3)
AT DECEMBER 31, 2014	**(6,232)**	**41**	**176**
Exchange rate differences	13	-	-
Changes in scope of consolidation and other	45	(48)	-
Actuarial gains and losses	448	38	(11)
Periodic pension cost	(458)	15	3
Asset ceiling	(41)	-	-
Contributions/benefits paid	441	16	-
AT DECEMBER 31, 2015	**(5,785)**	**62**	**167**

Plan assets and reimbursement rights are presented in the statement of financial position under "Other non-current assets" or "Other current assets".

The cost recognized for the period in the income statement amounts to €442 million in 2015 (€469 million in 2014). The components of this defined benefit cost in the period are set out in Note 19.3.4 "Components of the net periodic pension cost".

The Eurozone represents 94% of the Group's net obligation at December 31, 2015 (compared to 94% at December 31, 2014).

Cumulative actuarial gains and losses recognized in equity amounted to €2,730 million at December 31, 2015, compared to €3,138 million at December 31, 2014.

Net actuarial differences arising in the period and presented on a separate line in the statement of comprehensive income represented a net actuarial gain totaling €446 million in 2015 and a net actuarial loss of €1,762 million in 2014.

19.3.2 Change in benefit obligations and plan assets

The table below shows the amount of the Group's projected benefit obligations and plan assets, changes in these items during the periods presented, and their reconciliation with the amounts reported in the statement of financial position:

		Dec. 31, 2015				Dec. 31, 2014			
In millions of euros		Pension benefit obligations (1)	Other post-employment benefit obligations (2)	Long-term benefit obligations (3)	Total	Pension benefit obligations (1)	Other post-employment benefit obligations (2)	Long-term benefit obligations (3)	Total
A - CHANGE IN PROJECTED BENEFIT OBLIGATION									
Projected benefit obligation at January 1		**(7,580)**	**(3,393)**	**(564)**	**(11,537)**	**(6,363)**	**(2,383)**	**(531)**	**(9,276)**
Service cost		(267)	(64)	(46)	(376)	(229)	(32)	(40)	(301)
Interest expense		(196)	(70)	(9)	(276)	(251)	(88)	(16)	(355)
Contributions paid		(13)	-	-	(13)	(13)	-	-	(13)
Amendments		8	16	-	24	10	1	3	14
Changes in scope of consolidation		2	(1)	-	1	(85)	-	-	(85)
Curtailments/settlements		19	-	-	19	16	-	-	16
Non-recurring items		(2)	(6)	-	(7)	(3)	(4)	-	(7)
Financial actuarial gains and losses		292	294	33	619	(941)	(1,036)	(36)	(2,014)
Demographic actuarial gains and losses		140	(280)	9	(131)	(36)	58	10	32
Benefits paid		373	109	48	530	361	92	47	500
Other (of which translation adjustments)		25	-	-	25	(47)	(2)	-	(48)
Projected benefit obligation at December 31	**A**	**(7,197)**	**(3,394)**	**(530)**	**(11,120)**	**(7,580)**	**(3,393)**	**(564)**	**(11,537)**
B - CHANGE IN FAIR VALUE OF PLAN ASSETS									
Fair value of plan assets at January 1		**5,349**	**3**	**-**	**5,351**	**4,955**	**5**	**-**	**4,960**
Interest income on plan assets		148	-	-	148	201	-	-	201
Financial actuarial gains and losses		40	-	-	40	195	(2)	-	193
Contributions received		271	17	-	288	270	14	-	284
Changes in scope of consolidation		(1)	-	-	(1)	36	-	-	36
Settlements		(15)	(1)	-	(17)	(12)	(1)	-	(13)
Benefits paid		(332)	(17)	-	(349)	(333)	(14)	-	(347)
Other (of which translation adjustments)		(14)	-	-	(14)	36	-	-	36
Fair value of plan assets at December 31	**B**	**5,445**	**1**	**-**	**5,446**	**5,349**	**3**	**-**	**5,351**
FUNDED STATUS	**A+B**	**(1,752)**	**(3,393)**	**(530)**	**(5,674)**	**(2,231)**	**(3,391)**	**(564)**	**(6,185)**
Asset ceiling		(48)	-	-	(48)	(6)	-	-	(6)
NET BENEFIT OBLIGATION		**(1,800)**	**(3,393)**	**(530)**	**(5,722)**	**(2,237)**	**(3,391)**	**(564)**	**(6,191)**
ACCRUED BENEFIT LIABILITY		**(1,862)**	**(3,393)**	**(530)**	**(5,785)**	**(2,278)**	**(3,391)**	**(564)**	**(6,233)**
PREPAID BENEFIT COST		**62**	**-**	**-**	**62**	**41**	**-**	**-**	**41**

(1) Pensions and retirement bonuses.
(2) Reduced energy prices, healthcare, gratuities and other post-employment benefits.
(3) Length-of-service awards and other long-term benefits.

19.3.3 Change in reimbursement rights

Changes in the fair value of reimbursement rights relating to plan assets managed by Contassur are as follows:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Fair value at January 1	**176**	**167**
Interest income on plan assets	*3*	*7*
Financial actuarial gains and losses	*(11)*	*6*
Actual return	(9)	13
Curtailments/settlements	-	(1)
Employer contributions	16	13
Employee contributions	1	2
Benefits paid	(17)	(18)
FAIR VALUE AT DECEMBER 31	**167**	**176**

19.3.4 Components of the net periodic pension cost

The net periodic cost recognized in respect of defined benefit obligations for the years ended December 31, 2015 and 2014 breaks down as follows:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Current service cost	376	301
Net interest expense	128	153
Actuarial gains and losses (1)	(42)	27
Plan amendments	(24)	(14)
Gains or losses on pension plan curtailments, terminations and settlements	(2)	(5)
Non-recurring items	7	7
TOTAL	**442**	**469**
o/w recorded in current operating income after share in net income of entities accounted for using the equity method	*314*	*315*
o/w recorded in net financial income/(loss)	*128*	*153*

(1) On long-term benefit obligation.

19.3.5 Funding policy and strategy

When defined benefit plans are funded, the related plan assets are invested in pension funds and/or with insurance companies, depending on the investment practices specific to the country concerned. The investment strategies underlying these defined benefit plans are aimed at striking the right balance between return on investment and acceptable levels of risk.

The objectives of these strategies are twofold: to maintain sufficient liquidity to cover pension and other benefit payments; and as part of risk management, to achieve a long-term rate of return higher than the discount rate or, where appropriate, at least equal to future required returns.

When plan assets are invested in pension funds, investment decisions and the allocation of plan assets are the responsibility of the fund management concerned. For French companies, where plan assets are invested with an insurance company, the latter manages the investment portfolio for unit-linked policies or euro-denominated policies. These diversified funds are actively managed by reference to composite indexes and adapted to the long-term profile of the liabilities, taking into account Eurozone government bonds and shares in front-ranking companies within and outside the Eurozone.

For euro-denominated funds, the insurer's sole obligation is to ensure a fixed minimum return on assets.

The funding of these obligations at December 31 for each of the periods presented can be analyzed as follows:

In millions of euros	Projected benefit obligation	Fair value of plan assets	Asset ceiling	Total net obligation
Underfunded plans	(5,777)	4,469	(48)	(1,356)
Overfunded plans	(923)	977	-	55
Unfunded plans	(4,421)	-	-	(4,421)
AT DECEMBER 31, 2015	**(11,120)**	**5,446**	**(48)**	**(5,722)**
Underfunded plans	(7,385)	4,872	(6)	(2,519)
Overfunded plans	(438)	479	-	41
Unfunded plans	(3,714)	-	-	(3,714)
AT DECEMBER 31, 2014	**(11,537)**	**5,351**	**(6)**	**(6,191)**

The allocation of plan assets by principal asset category can be analyzed as follows:

In %	Dec. 31, 2015	Dec. 31, 2014
Equity investments	31	31
Sovereign bond investments	16	20
Corporate bond investments	34	29
Money market securities	8	9
Real estate	4	4
Other assets	7	7
TOTAL	**100**	**100**

All plan assets are quoted on an active market at December 31, 2015.

The actual return on assets of EGI sector companies stood at 4% in 2015.

The actual return on plan assets of Belgian entities amounted to approximately 3% in group insurance and 2% in pension funds.

The allocation of plan assets categories by geographic area of investment can be analyzed as follows:

In %	Europe	North America	Latin America	Asia - Oceania	Rest of the World	Total
Equity investments	62	23	1	11	4	100
Sovereign bond investments	76	1	22	1	-	100
Corporate bond investments	81	12	1	4	1	100
Money market securities	87	5	4	3	1	100
Real estate	87	-	2	11	-	100
Other assets	46	14	21	15	4	100

19.3.6 Actuarial assumptions

Actuarial assumptions are determined individually by country and company in conjunction with independent actuaries. Weighted discount rates for main actuarial assumptions are presented below:

	Pension benefit obligations		Other post-employment benefit obligations		Long-term benefit obligations		Total benefit obligations	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Discount rate	2.9%	2.8%	2.5%	2.1%	2.1%	1.8%	2.7%	2.5%
Inflation rate	1.8%	2.0%	1.7%	1.7%	1.7%	1.8%	1.8%	1.9%
Average remaining working years of participating employees	14 years	15 years	16 years	16 years	16 years	16 years	15 years	15 years

19.3.6.1 Discount and inflation rate

The discount rate applied is determined based on the yield, at the date of the calculation, on top-rated corporate bonds with maturities mirroring the term of the plan.

The rates were determined for each monetary area (Eurozone and United Kingdom) based on data for AA corporate bonds yields (Bloomberg and iBoxx), extrapolated on the basis of government bond yields for long maturities.

According to the Group's estimates, a 100-basis-point increase or decrease in the discount rate would result in a change of approximately 16% in the projected benefit obligation.

The inflation rates were determined for each monetary area. A 100-basis-point increase or decrease in the inflation rate (with an unchanged discount rate) would result in a change of approximately 15% in the projected benefit obligation.

19.3.6.2 Other assumptions

The medical costs (including inflation) increase rate was estimated at 3%.

A 100-basis-point change in the assumed increase in healthcare costs would have the following impacts:

In millions of euros	100-basis-point increase	100-basis-point decrease
Impact on expenses	4	(3)
Impact on pension obligations	59	(43)

19.3.7 Estimated employer contributions payable in 2016 under defined benefit plans

The Group expects to pay around €192 million in contributions into its defined benefit plans in 2016, including €97 million for EGI sector companies. Annual contributions in respect of EGI sector companies will be made by reference to rights vested in the year, taking into account the funding level for each entity in order to even out contributions over the medium term.

19.4 Defined contribution plans

In 2015, the Group recorded a €134 million expense in respect of amounts paid into Group defined contribution plans (€139 million in 2014). These contributions are recorded under "Personnel costs" in the consolidated income statement.

NOTE 20 Exploration-production activities

20.1 Exploration-production assets

Exploration-production assets break down into the following three categories: exploration-production licenses, presented under "Intangible assets" in the statement of financial position, fields under development, shown under "Assets in development phase", and fields in production, shown under "Assets in production phase", which are included in "Property, plant and equipment" in the statement of financial position.

In millions of euros	Licenses	Assets in development phase	Assets in production phase	Total
A. GROSS AMOUNT				
At January 1, 2014	**1,043**	**1,443**	**7,841**	**10,327**
Change in scope of consolidation	-	(39)	(147)	(186)
Acquisitions	24	805	178	1,007
Disposals	-	(12)	(99)	(111)
Translation adjustments	108	94	(216)	(14)
Other	(69)	(885)	999	45
At December 31, 2014	**1,106**	**1,406**	**8,555**	**11,067**
Change in scope of consolidation	(174)	-	(10)	(185)
Acquisitions	37	951	128	1,115
Disposals	(124)	(198)	-	(322)
Translation adjustments	105	105	(155)	54
Other	60	(106)	126	81
AT DECEMBER 31, 2015	**1,009**	**2,158**	**8,643**	**11,810**
B. ACCUMULATED AMORTIZATION, DEPRECIATION AND IMPAIRMENT LOSSES				
At January 1, 2014	**(361)**	**(35)**	**(4,053)**	**(4,450)**
Change in scope of consolidation	-	-	96	96
Amortization, depreciation and impairment losses	(33)	-	(920)	(953)
Translation adjustments	(44)	(1)	62	17
Other	-	33	(33)	-
At December 31, 2014	**(438)**	**(4)**	**(4,847)**	**(5,289)**
Change in scope of consolidation	174	-	10	185
Amortization, depreciation	-	-	(664)	(664)
Impairment losses	(349)	(1,146)	(1,041)	(2,536)
Disposals	88	-	-	88
Translation adjustments	(48)	(26)	77	3
Other	-	-	-	-
AT DECEMBER 31, 2015	**(573)**	**(1,176)**	**(6,464)**	**(8,213)**
C. CARRYING AMOUNT				
At December 31, 2014	**668**	**1,402**	**3,708**	**5,778**
AT DECEMBER 31, 2015	**437**	**982**	**2,179**	**3,597**

Acquisitions in 2015 notably include developments carried out over the year on the Cygnus field in the United Kingdom, the Jangkrik field in Indonesia and the Touat field in Algeria. Disposals mainly include the disposal of a 11.67% interest in the Jangkrik field in Indonesia.

Acquisitions in 2014 notably included developments performed on the Cygnus field in the United Kingdom and on the Jangkrik field in Indonesia.

Impairment losses recorded at December 31, 2015 and December 31, 2014 are described in Note 7.2.

20.2 Capitalized exploration costs

The following table provides a breakdown of the net change in capitalized exploration costs:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
At January 1	**430**	**599**
Capitalized exploration costs for the year	129	162
Amounts recognized in expenses for the period	(145)	(236)
Other	(54)	(95)
AT DECEMBER 31	**359**	**430**

Capitalized exploration costs are reported in the statement of financial position within "Other assets".

20.3 Investments during the period

Investments for the exploration-production business amounted to €1,027 million and €1,094 million, respectively, in 2015 and 2014. Investments are included in "Acquisitions of property, plant and equipment and intangible assets" in the statement of cash flows.

NOTE 21 Finance leases

21.1 Finance leases for which ENGIE acts as lessee

The carrying amounts of property, plant and equipment held under finance leases are broken down into different categories depending on the type of asset concerned.

The main finance lease agreements entered into by the Group primarily concern the Energy International business line power plants (mostly Enersur – Peru) and Cofely's cogeneration plants.

The present values of future minimum lease payments break down as follows:

	Future minimum lease payments at Dec. 31, 2015		Future minimum lease payments at Dec. 31, 2014	
In millions of euros	Undiscounted value	Present value	Undiscounted value	Present value
Year 1	102	99	100	98
Years 2 to 5 included	292	259	391	367
Beyond year 5	275	253	70	50
TOTAL FUTURE MINIMUM LEASE PAYMENTS	**669**	**611**	**561**	**515**

The following table provides a reconciliation of liabilities under finance leases as reported in the statement of financial position *(see Note 15.2.1 "Borrowings and debt")* with undiscounted future minimum lease payments by maturity:

In millions of euros	Total	Year 1	Years 2 to 5 included	Beyond year 5
Liabilities under finance leases	611	95	247	270
Impact of discounting future repayments of principal and interest	57	7	45	5
UNDISCOUNTED FUTURE MINIMUM LEASE PAYMENTS	**669**	**102**	**292**	**275**

21.2 Finance leases for which ENGIE acts as lessor

These leases fall mainly within the scope of IFRIC 4 guidance on the interpretation of IAS 17. They concern (i) energy purchase and sale contracts where the contract conveys an exclusive right to use a production asset; and (ii) certain contracts with industrial customers relating to assets held by the Group.

The Group has recognized finance lease receivables, notably for cogeneration plants for Wapda and NTDC (Uch - Pakistan), Bowin (Glow - Thailand) and Lanxess (Electrabel - Belgium).

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Undiscounted future minimum lease payments	1,167	1,180
Unguaranteed residual value accruing to the lessor	42	38
TOTAL GROSS INVESTMENT IN THE LEASE	**1,209**	**1,218**
Unearned financial income	**172**	**192**
NET INVESTMENT IN THE LEASE (STATEMENT OF FINANCIAL POSITION)	**1,037**	**1,026**
o/w present value of future minimum lease payments	*1,007*	*999*
o/w present value of unguaranteed residual value	*30*	*28*

Amounts recognized in the statement of financial position, in connection with finance leases, are detailed in Note 15.1.2 "Loans and receivables at amortized cost".

Undiscounted future minimum lease payments receivable under finance leases can be analyzed as follows:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Year 1	108	122
Years 2 to 5 included	444	401
Beyond year 5	616	657
TOTAL	**1,167**	**1,180**

NOTE 22 Operating leases

22.1 Operating leases for which ENGIE acts as lessee

The Group has entered into operating leases mainly in connection with LNG tankers, and miscellaneous buildings and fittings.

Operating lease income and expenses for 2015 and 2014 can be analyzed as follows:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Minimum lease payments	(886)	(905)
Contingent lease payments	(18)	(18)
Sub-letting income	76	87
Sub-letting expenses	(27)	(39)
Other operating lease expenses	(238)	(206)
TOTAL	**(1,093)**	**(1,081)**

Future minimum lease payments under non-cancelable operating leases can be analyzed as follows:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Year 1	620	642
Years 2 to 5 included	1,398	1,601
Beyond year 5	1,281	1,465
TOTAL	**3,300**	**3,708**

22.2 Operating leases for which ENGIE acts as lessor

These leases fall mainly within the scope of IFRIC 4 guidance on the interpretation of IAS 17. They primarily concern power plants operated by the Energy International business line.

Operating lease income for 2015 and 2014 can be analyzed as follows:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Minimum lease payments	556	579
Contingent lease payments	76	113
TOTAL	**632**	**692**

Lease income is recognized in revenues.

Future minimum lease payments receivable under non-cancelable operating leases can be analyzed as follows:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Year 1	403	550
Years 2 to 5 included	694	1,351
Beyond year 5	27	19
TOTAL	**1,125**	**1,919**

NOTE 23 Share-based payments

Expenses recognized in respect of share-based payments break down as follows:

		Expense for the year	
In millions of euros	Note	Dec. 31, 2015	Dec. 31, 2014
Employee share issues [1]	23.2	15	11
Bonus/performance share plans	23.3	34	10
Other Group plans		1	1
TOTAL		**50**	**22**

(1) Including Share Appreciation Rights set up within the scope of employee share issues in certain countries.

23.1 Stock option plans[(1)]

No new ENGIE stock option grants were approved by the Group's Board of Directors in either 2015 or 2014.

At December 2015, all stock option plans in force are stock purchase plans that are already vested, with no expense recognized anymore. The characteristics of these plans are the following:

Plan	Date of authorizing General Shareholders' Meeting	Vesting date	Adjusted exercise price *(in euros)*	Number of beneficiaries per plan	Number of options granted to members of the Executive Committee	Outstanding options at Dec. 31, 2014	Options cancelled or expired	Outstanding options at Dec. 31, 2015	Expiration date	Residual life
01/17/2007	04/27/2004	01/17/2007	36.6	2,173	1,218,000	5,607,859	5,607,859	-	01/16/2015	-
11/14/2007	05/04/2007	11/14/2007	41.8	2,107	804,000	4,357,575	4,357,575	-	11/13/2015	-
11/12/2008 (1)	07/16/2008	11/12/2012	32.7	3,753	2,615,000	5,999,064	30,000	5,969,064	11/11/2016	0.9
11/10/2009 (1)	05/04/2009	11/10/2013	29.4	4,036	-	4,858,725	50,710	4,808,015	11/09/2017	1.9
TOTAL					**4,637,000**	**20,823,223**	**10,046,144**	**10,777,079**		

(1) Plans exercisable at December 31, 2015.

The stock subscription plans issued in 2007 expired in 2015, and 10 million options were cancelled.

23.2 Employee share issues

23.2.1 2015 Employee share issue

In 2015, the French State made 13 million existing ENGIE shares available to the Group's employees and former employees for purchase. The share issue featured a matching employer contribution under the terms and conditions described below:

- based on their subscription, participating French employees were entitled to 449,345 bonus ENGIE shares, representing a €8.8 million expense;
- for employees in other countries, ENGIE shares were granted through a 86,437 bonus share award plan, available on February 27, 2020, subject to a condition requiring employees to be employed with the Group on December 31, 2019. The cost of this plan amounts to €1 million, will be recognized over a five-year period.

23.2.2 Link 2014

The cost of cash-settled *Share Appreciation Rights* issued as part of LINK 2014 subscription plan amounted to €5 million in 2015, resulting from the fair value of warrants hedging the liability towards employees.

(1) The terms and conditions of plans set up in the past are described in previous Registration Documents prepared by SUEZ and subsequently GDF SUEZ.

23.3 Bonus shares and performance shares

23.3.1 New awards in 2015

ENGIE Performance Share plan of December 16, 2015

On December 16, 2015, the Board of Directors approved the allocation of 3.3 million performance shares to members of the Group's executive and senior management into two tranches:

- performance shares vesting on March 14, 2019, subject to a further two-year non-transferability period; and
- performance shares vesting on March 14, 2020, without a non-transferability period.

In addition to a condition requiring employees to be employed with the Group at the vesting date, each tranche is made up of instruments subject to two different conditions:

- a market performance condition relating to ENGIE's total share return compared to that of the Eurostoxx Utilities Eurozone index, as assessed between November 2015 and January 2019;
- an internal performance condition relating to Group net recurring income Group share in 2017 and 2018.

As part of this plan, performance shares without conditions were also awarded to the winners of the Innovation and Incubation programs (21,600 allocated shares).

23.3.2 Fair value of bonus share plans with or without performance conditions

The following assumptions were used to calculate the fair value of the new plans awarded by ENGIE in 2015:

Allocation date	Vesting date	End of the lock-up period	Price at the award date	Expected dividend	Financing cost for the employee	Non-transferability cost	Market-related performance condition	Fair value per unit
December 16, 2015	March 14, 2019	March 14, 2021	€16.0	€1.0	5.9%	€1.1	yes	€9.7
December 16, 2015	March 14, 2020	March 14, 2020	€16.0	€1.0	5.9%	-	yes	€9.9
Weighted fair value of the December 16, 2015 plan								**€9.8**

23.3.3 Review of internal performance conditions applicable to the plans

In addition to the condition of continuing employment within the Group, eligibility for certain bonus share and performance share plans is subject to an internal performance condition. When this condition is not fully met, the number of bonus shares granted to employees is reduced in accordance with the plans' regulations, leading to a decrease in the total expense recognized in relation to the plans in accordance with IFRS 2.

Performance conditions are reviewed at each reporting date. Due to a failure to meet performance criteria, the volume of December 2011 performance share plans was amended, and the Group recorded income of €11 million.

23.3.4 Free share plans with or without performance conditions in force at December 31, 2015, and impact on income

The expense recorded during the year on plans in effect was as follows:

	Expense for the year	
(In millions of euros)	**Dec. 31, 2015**	**Dec. 31, 2014**
Bonus share plans	17	23
Performance share plans	17	(13)
of which expense for the period	*28*	*27*
of which reversal for performance conditions not achieved	*(11)*	*(40)*
TOTAL	**34**	**10**

NOTE 24 Related party transactions

This note describes material transactions between the Group and related parties.

Compensation payable to key management personnel is disclosed in Note 25 “Executive compensation”.

Transactions with joint ventures and associates are described in Note 3 “Investments in entities accounted for using the equity method”.

Only material transactions are described below.

24.1 Relations with the French State and with entities owned or partly owned by the French State

24.1.1 Relations with the French State

The French State owns 32.76% of ENGIE and appoints five representatives to the Group’s 19-member Board of Directors.

The French State holds a golden share aimed at protecting France’s critical interests and ensuring the continuity and safeguarding of supplies in the energy sector. The golden share is granted to the French State indefinitely and entitles it to veto decisions taken by ENGIE if it considers they could harm France’s interests.

Public service engagements in the energy sector are defined by the law of January 3, 2003.

On November 6, 2015, the French State and ENGIE renewed the public service contract which sets out how such engagements are implemented, the Group’s public service obligations and the conditions for rate regulation in France:

- as part of its public service obligations, the Group reaffirmed its commitments in terms of security of supply, quality of customer relations, solidarity and assistance to low-income customers, sustainable development and protection of the environment, as well as in terms of research;
- regarding the conditions for rate regulation in France, the contract confirms the overall regulatory framework for setting and changing natural gas tariffs in France, according to the Decree of December 18, 2009, which notably forecasts rate changes based on costs incurred, while also defining the transitional framework following the elimination of regulated natural gas tariffs for business customers.

Transmission rates on the GRTgaz transportation network and the gas distribution network in France, as well as rates for accessing the French LNG terminals, are all regulated.

24.1.2 Relations with EDF

Following the creation on July 1, 2004 of the French gas and electricity distribution network operator (EDF Gaz de France Distribution), Gaz de France SA and EDF entered into an agreement on April 18, 2005 setting out their relationship as regards the distribution business. The December 7, 2006 law on the energy sector reorganized the natural gas and electricity distribution networks. ERDF SA, a subsidiary of EDF SA, and GRDF SA, a subsidiary of ENGIE SA, were created on January 1, 2007 and January 1, 2008, respectively, and act in accordance with the agreement previously signed by the two incumbent operators.

24.2 Relations with the CNIEG (Caisse Nationale des Industries Électriques et Gazières)

The Group’s relations with the CNIEG, which manages all old-age, death and disability benefits for active and retired employees of the Group who belong to the special EGI pension plan, employees of EDF and Non-Nationalized Companies (*Entreprises Non Nationalisées* – ENN), are described in Note 19 “Post-employment benefits and other long-term benefits”.

NOTE 25 Executive compensation

Executive compensation presented below includes compensation for the Group's members of the Executive Committee and the Board of Directors.

The Executive Committee had 21 members in 2015 compared to 20 in 2014.

Their compensation breaks down as follows:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Short-term benefits	26	25
Post-employment benefits	5	4
Shared-based payments	1	(2)
Termination benefits	-	7
TOTAL	**33**	**33**

NOTE 26 Working capital requirements, other assets and other liabilities

26.1 Composition of change in working capital requirements

In millions of euros	Change in working capital requirements at December 31, 2015	Change in working capital requirements at December 31, 2014
Inventories	903	30
Trade and other receivables, net	2,105	64
Trade and other payables, net	(1,981)	1,168
Tax and employee-related receivables/payables	169	(776)
Margin calls and derivative instruments hedging commodities relating to trading activities	498	(1,156)
Other	(530)	(546)
TOTAL	**1,163**	**(1,216)**

26.2 Inventories

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Inventories of natural gas, net	1,547	2,269
CO_2 emission rights, green certificates and certificates of energy efficiency commitment, net	413	411
Inventories of commodities other than gas and other inventories, net	2,247	2,210
TOTAL	**4,207**	**4,891**

26.3 Other assets and other liabilities

Other current assets (€9,348 million) and other non-current assets (€503 million) mainly comprise tax receivables.

Other current liabilities (€13,782 million) and other non-current liabilities (€1,345 million) mainly include tax and employee-related liabilities.

NOTE 27 Legal and anti-trust proceedings

The Group is party to a number of legal and anti-trust proceedings with third parties or with legal and/or administrative authorities (including tax authorities) in the normal course of its business.

Provisions recorded in respect of these proceedings totaled €663 million at December 31, 2015 (€891 million at December 31, 2014).

The main legal and arbitration proceedings presented hereafter are recognized as liabilities or give rise to contingent assets or liabilities.

27.1 Legal and arbitration proceedings

27.1.1 Electrabel – Hungarian State

Electrabel, an ENGIE company, filed international arbitration proceedings against the Hungarian State before the International Center for Settlement of Investment Disputes (ICSID) for breach of obligations pursuant to the Energy Charter Treaty. The dispute mainly pertains to the termination of a long-term power purchase agreement (the "DUNAMENTI PPA") entered into between the power plant operator DUNAMENTI Erőmű (former Group subsidiary disposed of on June 30, 2014) and MVM (a company controlled by the Hungarian State) on October 10, 1995. On November 25, 2015, the arbitration court definitively dismissed the claims put forward by Electrabel.

27.1.2 Squeeze-out bid for Electrabel shares

On July 10, 2007, three shareholders, Deminor and two other funds, initiated proceedings before the Brussels Court of Appeal against SUEZ (now ENGIE) and Electrabel under which they sought additional consideration following the squeeze-out bid launched by SUEZ in June 2007 on Electrabel shares that it did not already own. The Court of Appeal dismissed the application on December 1, 2008.

Following the appeal brought by Deminor and others on May 22, 2009, the Court of Cassation overturned the ruling of the Brussels Court of Appeal on June 27, 2011. In a subpoena dated December 28, 2012, Deminor and others launched proceedings against ENGIE before the Brussels Court of Appeal, sitting in a different formation, in order for the Court to rule on their claim for additional consideration. The trial stage of the proceedings ended on October 15, 2014 and the deliberations have commenced.

A similar demand for additional consideration, submitted to the Brussels Court of Appeal by Messrs. Geenen and others, but without naming Electrabel and the FSMA (*Autorité belge des services et marchés financiers*, formerly the *Commission bancaire, financière et des assurances*) as defendants, was dismissed on December 24, 2009 on procedural grounds. Mr Geenen lodged an appeal before the Court of Cassation against the ruling of December 24, 2009 on June 2, 2010. The Court of Cassation delivered a ruling overturning the ruling of the Brussels Court of Appeal on May 3, 2012.

In a ruling dated March 26, 2015, the Brussels Court of Appeal held that the claim filed by Deminor and others for additional consideration was admissible but unfounded and ordered them to pay ENGIE SA €33,000 in costs. The Court's decision is now final.

27.1.3 La Compagnie du Vent

On November 27, 2007, ENGIE acquired a 56.84% stake in La Compagnie du Vent, with the original owner SOPER retaining a 43.16% stake. At the time of the acquisition, the founder of the company (and owner of SOPER), Jean-Michel Germa, remained the Chairman and Chief Executive Officer of La Compagnie du Vent. ENGIE currently holds a 59% stake in La Compagnie du Vent.

Since 2011, ENGIE has been involved in various disputes with Jean-Michel Germa (the owner of SOPER and the company's former Chairman and Chief Executive Officer) and SOPER (now a non-controlling shareholder): (i) the legal proceedings relating to contractual responsibility and negligence launched against ENGIE by Jean-Michel Germa, at the time when the latter was dismissed as Chairman and Chief Executive Officer of La Compagnie du Vent, before the Paris Commercial Court on February 15, 2012. These legal proceedings are still pending before the Paris Court of Appeal; (ii) the legal proceedings launched against ENGIE and the current Chairman and Chief Executive Officer of La Compagnie du Vent by SOPER on May 15, 2012, claiming that the former parties acted against the interests of La Compagnie du Vent and seeking compensation. After the Montpellier Commercial Court dismissed their claims, SOPER appealed this decision and the Montpellier Appeal Court upheld the lower court's decision on November 3, 2015, finding SOPER guilty of abuse of process. SOPER lodged an appeal before the Court of Cassation on January 4, 2016; (iii) the proceedings launched by SOPER on January 18, 2013, with a view to ordering ENGIE to pay compensation of around €214 million to SOPER as a result of the alleged breach of their agreement and of the partners' agreement signed in 2007. These legal proceedings are pending before the Créteil Commercial Court; (iv) as part of the legal proceedings launched against ENGIE and La Compagnie du Vent by SOPER and Jean-Michel Germa before the Montpellier Commercial Court on March 14, 2013, the claim seeking that the decisions taken at the La Compagnie du Vent partners' meeting of May 27, 2011 be declared null and void was rejected in a ruling dated January 26, 2015. SOPER and Jean-Michel Germa lodged an appeal against the ruling before the Montpellier Appeal Court on February 13, 2015 and the decision is pending; (v) on April 26, 2013, SOPER brought another action before the Paris Commercial Court seeking the cancellation of the expert's report and the appointment of another expert to set the price of the shares purchased by ENGIE upon the exercise of share subscription warrants. The case was brought before the Créteil Commercial Court, which approved the cancellation of the expert's report, in a ruling dated December 1, 2015. ENGIE has since appealed this decision; (vi) the proceedings launched by SOPER on May 16, 2013 with the aim that ENGIE be forbidden from exercising the share subscription warrants under the terms and conditions set out in the partners' agreement. The case has been brought before the Créteil Commercial Court.

27.1.4 Freeze of regulated natural gas tariffs in France

Legal proceedings regarding Decree No. 2013-400 of May 16, 2013 amending Decree No. 2009-1603 of December 18, 2009 relating to regulated natural gas tariffs

In July 2013, ANODE, the French national energy retailers association (*Association nationale des opérateurs détaillants en énergie*) launched an appeal with the *Conseil d'État* requesting the annulment of Decree No. 2013-400 of May 16, 2013 amending Decree No. 2009-1603 of December 18, 2009 relating to regulated natural gas tariffs.

ANODE contends that the regulated natural gas tariff framework is inconsistent with the objectives of Directive 2009/73/EC concerning common rules for the natural gas internal market, and Article 106.1 of the Treaty on the Functioning of the European Union.

On December 15, 2014, the *Conseil d'État* ordered a stay of proceedings pending the Court of Justice of the European Union's preliminary ruling on these matters.

27.1.5 Objection to the CREG's approval of Elia's injection tariffs

In December 2011, the Belgian Gas and Electricity Regulation Commission (*Commission de Régulation de l'Électricité et du Gaz* – CREG) approved the tariff proposal submitted by the electricity transmission grid operator, ELIA SYSTEM OPERATOR, for the 2012-2015 period. Electrabel objects to two main aspects of this proposal: (i) the application of injection tariffs for use of the grid and (ii) the injection tariffs for ancillary services.

Electrabel launched proceedings before the Brussels Court of Appeal to cancel the CREG's decision. On February 6, 2013, the Brussels Court of Appeal overturned the CREG's decision of December 22, 2011 in its entirety (*ex tunc* and with *erga omnes* effect). On May 24, 2013, the CREG appealed the decision handed down by the Brussels Court of Appeal on February 6, 2013 before the Court of Cassation. However, the Court of Cassation upheld the Court of Appeal's decision.

As a result of the initiation of proceedings and in the absence of regulated tariffs, ELIA submitted another tariff proposal (covering the period between 2012 and 2015) which was approved by the CREG on May 16, 2013. However, proceedings to overturn this decision by the CREG were again launched before the Brussels Court of Appeal on June 14, 2013, this time by the Federation of Belgian Industrial Energy Consumers (Febeliec). Electrabel intervened in these proceedings in order to defend the tariffs that were approved on May 16, 2013 and submitted its pleadings on October 30, 2013. The case was heard on September 17, 2014. The Court of Appeal dismissed Febeliec's claims in a decision dated March 25, 2015. Since Febeliec decided not to appeal this decision before the Court of Cassation, it can now be considered final.

27.1.6 Italy - Vado Ligure

On March 11, 2014, at the request of the Prosecutor, the court of Savona seized and closed down the VL3 and VL4 coal-fired production units at the Vado Ligure thermal power plant belonging to Tirreno Power S.p.A. (TP), a company which is 50%-owned by the ENGIE Group and accounted for using the equity method. This decision was taken as part of a criminal investigation into environmental infringements and public health risks. The investigation was closed on June 17, 2015, and the case will be referred to the court of Savona in 2016.

27.1.7 Argentina

As a reminder, prior to the stock market listing of SUEZ Environnement Company, SUEZ (now ENGIE) and SUEZ Environnement entered into an agreement providing for the economic transfer to SUEZ Environnement of the rights and obligations relating to the ownership interest held by SUEZ in Aguas Argentinas (AASA) and Aguas Provinciales de Santa Fe (APSF).

In Argentina, the Public Emergency and Exchange Regime Reform Act (Emergency Act), enacted in January 2002, froze concession contract tariff increases by preventing the application of tariff indexation clauses in the event of a loss in value of the Argentine peso against the US dollar. In 2003, SUEZ (now ENGIE) and its joint shareholders, water distribution concession operators in Buenos Aires and Santa Fe, launched two arbitration proceedings against the Argentinean State, in its capacity as concession grantor, before the ICSID. The purpose of these proceedings is to enforce concession contract clauses in accordance with the France-Argentine Bilateral Investment Protection Treaties.

These ICSID arbitration proceedings aim to obtain compensation for the loss in value of investments made since the start of the concession, as a consequence of measures taken by the Argentinean State following the adoption of the above-mentioned Emergency Act. The hearings for both proceedings took place in 2007. Alongside the ICSID proceedings, the concession operators AASA and APSF were forced to launch proceedings to terminate their concession contracts before the local administrative courts.

However, due to a decline in the financial position of the concession-holding companies since the Emergency Act, APSF announced at its Shareholders' Meeting of January 13, 2006 that it was filing for bankruptcy.

At the same time, AASA filed for *Concurso Preventivo* [(1)]. As part of this procedure, a settlement proposal involving the novation of AASA's admissible liabilities, approved by creditors and confirmed by the bankruptcy court on April 11, 2008 enabled the settlement of some of these liabilities. The proposal provides for an initial payment of 20% of these liabilities [(2)] (upon confirmation), and a second payment of 20% in the event that compensation is obtained from the Argentinean State. As controlling shareholders, ENGIE and Agbar decided to financially support AASA in making this initial payment and paid sums of USD 6.1 million and USD 3.8 million respectively, at the time of confirmation.

By two decisions dated July 30, 2010, the ICSID recognized the liability of the Argentinean State in the termination of water distribution and treatment concession contracts in Buenos Aires and Santa Fe. The amount of damages to be paid in compensation for the losses sustained will be set by experts.

Further to an expert report submitted in September 2013 regarding the concession in Buenos Aires, as well as several hearings which took place in 2014, on April 9, 2015, the ICSID ordered the Argentinean State to pay USD 405 million in respect of the termination of the water distribution and treatment concession contracts in Buenos Aires. At the beginning of August 2015, the Argentinean State filed an appeal before an ad-hoc ICSID committee seeking the annulment of this decision. An expert report on the concession in Santa Fe was submitted to the ICSID in April 2014. In a decision issued on December 4, 2015, the ICSID ordered the Argentinean State to pay USD 211 million in respect of the termination of the concession contracts in Santa Fe. The Argentinean State has the right to seek the annulment of this decision via an appeal.

27.1.8 Fos Cavaou – Construction

On January 17, 2012, Fosmax LNG [(3)], 72.5%-owned by ELENGY and 27.5%-owned by Total, submitted a request for arbitration to the ICC International Court of Arbitration against a consortium consisting of SOFREGAZ, TECNIMONT SpA and SAIPEM SA (STS).

The dispute relates to the construction of the LNG terminal belonging to Fosmax LNG to be used for LNG unloading, storage, regasification and injection in the gas transportation network.

The terminal was constructed by STS under a fixed lump-sum turnkey contract entered into on May 17, 2004, which included construction

(1) Similar to the French bankruptcy procedure.

(2) Approximately USD 40 million.

(3) Formerly Société du Terminal Méthanier de Fos Cavaou.

work and supplies. The deadline for the completion of the work was September 15, 2008, subject to late payment penalties.

The performance of the contract was marked by a series of difficulties. In view of the fact that STS refused to complete part of the works and delivered an incomplete terminal with an 18-month delay, Fosmax LNG contracted other companies to complete the construction of that part of the works in 2010.

Fosmax LNG instituted arbitration proceedings under the aegis of the ICC, seeking compensation for the losses sustained. Fosmax LNG submitted its statement of claim on October 19, 2012. STS filed its statement of defense and counterclaims on January 28, 2013. After the parties exchanged their pleadings in accordance with the procedure, the hearings took place at the arbitration court from November 18 to 22, 2013.

On February 13, 2015, the arbitration court delivered its award, according to which STS must pay Fosmax LNG: (i) late payment penalties of €48.2 million plus interest; (ii) €19.1 million in costs related to setbacks, disturbances and defects at the construction site; and (iii) €1.4 million in relation to downpayments made by Fosmax LNG. In turn, Fosmax LNG must pay STS: (i) €87.9 million plus interest for additional expenses (related to the construction of the terminal, engineering, supervision and other completion costs) incurred by STS to finish the work; (ii) €36.2 million plus interest corresponding to the amount of the first demand guarantee called by Fosmax LNG to finance the public work contract; and (iii) €3.9 million plus interest for STS invoices unpaid by Fosmax LNG. Excluding interest, Fosmax LNG must therefore settle a total net amount of €59.2 million.

The award delivered on February 13, 2015 has been enforced. Fosmax LNG paid STS net compensation (including interest) of €70 million before tax on April 30, 2015.

Fosmax LNG brought an action for annulment of this decision before the *Conseil d'État*, via a petition filed on February 18, 2015. After the parties had exchanged their pleadings and the hearing had taken place on November 18, 2015, the *Conseil d'État* referred the case to the *Tribunal des Conflits* on December 3, 2015.

At the same time, an order to enforce the award of April 7, 2015 against Fosmax LNG was issued on July 18, 2015. On August 18, 2015, Fosmax LNG filed an appeal with the Paris Court of Appeal seeking the annulment of the award and requesting that the enforcement order be declared null and void.

27.1.9 Cofely España

As part of the Punica case (an investigation into the awarding of contracts), five Cofely España employees as well as the company itself were placed under investigation by the examining judge in charge of the case. The criminal investigation is still underway.

27.1.10 Objection to Belgian nuclear contributions

The December 22, 2008 program act (*loi-programme*) provisions imposed a €250 million tax on nuclear power generators. Electrabel, an ENGIE Group company, filed an appeal with the Belgian Constitutional Court, which rejected this claim by a decision dated March 30, 2010. In addition, the tax was renewed for 2009 [(1)], 2010 [(2)] and 2011 [(3)] then doubled in 2012, 2013 and 2014. Electrabel has therefore paid a total of €2.16 billion in this respect. Pursuant to a Memorandum of Understanding signed on October 22, 2009 between the Belgian State and the Group, this tax should not have been renewed but should have been replaced by a contribution related to the extension of the period over which certain nuclear power facilities are operated.

In September 2011, Electrabel requested a reimbursement of the nuclear contributions paid between 2008 and 2011 on the grounds that they should be deemed illegal and were thus received unlawfully by the Belgian State. In April 2014, the Brussels Court of First Instance dismissed the claim filed by Electrabel, which launched an appeal against this decision before the Brussels Court of Appeal on May 20, 2014. The proceedings are currently ongoing.

On June 12, 2014, Electrabel filed an appeal with the Belgian Constitutional Court seeking the partial annulment of the law of December 26, 2013 amending the law of April 11, 2003 governing the provisions for dismantling nuclear power plants and the management of irradiated fissile materials, and in particular, the articles establishing a €481 million contribution payable by operators of nuclear plants for 2013, of which €421 million to be borne by Electrabel. On September 17, 2015, the Belgian Constitutional Court rejected Electrabel's claim.

On June 26, 2015, Electrabel filed an appeal with the Belgian Constitutional Court seeking the partial annulment of the law of December 19, 2014 amending the law of April 11, 2003 governing the provisions for dismantling nuclear power plants and the management of irradiated fissile materials, and in particular, the articles establishing a €469 million contribution payable by operators of nuclear plants for 2014, of which €407 million to be borne by Electrabel. The proceedings are currently ongoing.

Lastly, on September 5, 2014, Electrabel lodged a complaint in respect of nuclear contributions with the European Commission alleging that between 2008 and 2013, the Belgian State granted illegal State aid to power generators that were not subject to such contributions. The Commission is currently examining the complaint, which has been expanded to cover the 2014 contribution.

On November 30, 2015, the Belgian State, ENGIE and Electrabel entered into an agreement to extend the operating lives of the Doel 1 and Doel 2 reactors. The agreement also covers the fees and nuclear contributions payable in respect of each year between 2015 and 2025. Its entry into force is subject to two laws, which are still to be submitted to the Belgian Parliament, also entering into force.

27.1.11 Claim by E.On regarding nuclear contributions in Germany and Belgium

On November 26, 2014, E.On Kernkraft GmbH (hereinafter "E.On") submitted a request for arbitration to the ICC International Court of Arbitration against Electrabel. E.On is seeking (i) the payment by Electrabel of a portion of the German nuclear contribution in the amount of approximately €90 million plus interest and (ii) the repayment of the Belgian nuclear contribution paid by E.On in the amount of approximately €200 million plus interest.

Electrabel disputes these claims and has filed counterclaims seeking: (i) the payment of the full amount invoiced by Electrabel for the Belgian nuclear contribution in the amount of approximately €93 million plus interest and (ii) the repayment of the German nuclear contribution paid by Electrabel in the amount of approximately €190 million plus interest.

(1) Law of December 23, 2009.

(2) Law of December 29, 2010.

(3) Law of January 8, 2012.

27.1.12 Actions relating to the operation of the Belgian nuclear reactors Tihange and Doel

On December 9, 2014, Greenpeace filed an application for interim measures to the Brussels Court of First Instance. The application claims that the Belgian State and the Federal Agency for Nuclear Control (*Agence Fédérale de Contrôle Nucléaire* – AFCN) breached some of their obligations at international level in allowing the lifetime of the Tihange 1 plant to be extended. Electrabel joined the proceedings in order to argue its position. The application for interim measures filed by Greenpeace with the Brussels Court of First Instance was heard on March 16, 2015. This application was deemed to be inadmissible in a decision of June 1, 2015, which Greenpeace has since appealed. The hearings are scheduled to take place on October 4, 2016.

On November 29, 2015, Greenpeace launched an appeal with the *Conseil d'État* requesting the suspension and annulment of the following decisions: the Royal Decree of September 27, 2015 modifying the long-term operating conditions for the Tihange 1 nuclear reactor, the Royal Decree of September 27, 2015 modifying the long-term operating conditions for the Doel 1 and Doel 2 reactors, and the two AFCN decisions of September 30, 2015 relating to the long-term operation (LTO) action plans for the Tihange 1 reactor and the Doel 1 and Doel 2 reactors respectively. Electrabel plans to be joined to these proceedings. Proceedings to suspend a decision generally last between 9 and 15 months, and proceedings to overturn a decision between two and three years.

On December 30, 2015, the campaign group *Nucléaire Stop Energie* launched proceedings seeking an environmental injunction to (i) suspend operations at the Doel 3 and Tihange 2 reactors, (ii) order an expert analysis to be carried out on the reactor vessels, and (iii) rule on the future of these reactors based on the findings of said expert analysis. The case will be heard on February 8, 2016 before the President of the Brussels Court of First Instance.

On January 5, 2016, the environmental associations Inter-environnement Wallonie and Bond Beter Leefmilieu filed an appeal with the Belgian Constitutional Court seeking the annulment of the law of June 28, 2015 providing for the extension of the operating lives of the Doel 1 and Doel 2 reactors. Electrabel plans to submit an application to be joined to the proceedings.

On February 5, 2016, the Aachen local authorities (StädteRegion Aachen) filed a petition with the Conseil d'État to set aside the AFCN's decision authorizing Electrabel to restart the Tihange 2 nuclear power plant. Electrabel will be joined to the proceedings

27.1.13 Maestrale Wind farms - Italy

On February 13, 2013, the Group, via its subsidiary International Power, disposed of 80% of IP Maestrale and its subsidiaries to the Italian company ERG.

On November 5, 2014, ERG informed International Power Consolidated Holdings Limited, an ENGIE Group company, that the Italian Ministry of Economic Development had revoked the subsidies permitted under the "Maestrale" law no. 488/1192 by a decree. Pursuant to this decree, the companies concerned must repay the subsidies that have been paid up until now, plus interest, within sixty days of notification to do so.

Further to the acquisition of the companies that benefited from said subsidies, ERG and its subsidiaries appealed a number of decisions before the Italian public and legal authorities but announced that they reserved their rights against the Group under the agreement for the sale of the companies concerned, including with respect to the repayment of the losses incurred (around €45.8 million). The claim for this repayment is currently pending.

27.1.14 Tax on facilities – Claims by the Belgian tax and energy authorities

The Belgian Energy Authority has claimed a total amount in tax of €356 million on unused facilities from Electrabel for the period between 2006 and 2011. Given the ruling issued by the Brussels Court of First Instance on February 17, 2010 regarding the tax for facilities that were not used between 2006 and 2008, which is very largely in its favor, Electrabel has filed a return for the only facility that it believes should be subject to this tax for 2009, 2010, and 2011. Meanwhile, the Authority has upheld its previous position and has assessed tax for seven facilities (including the facility declared) for each of those years. Electrabel initially opposed these taxes via an administrative claim, and then by submitting an appeal to the Brussels Court of First Instance. The Belgian State appealed the Court's decision of February 2010 in July 2014. The proceedings are currently ongoing. Electrabel has not paid the tax for 2009 and 2010, as it considered that it was assessed late. However, it has paid an amount of €6.25 million in respect of the 2011 tax for the declared facility. Electrabel has not submitted a return for 2012, 2013, 2014 or 2015, as the only facility likely to be subject to the tax on unused facilities no longer has a power generation operating license. The Belgian Energy Authority has upheld its previous position and has assessed tax for seven facilities in respect of 2012, 2013, 2014 and 2015, totaling €67.5 million for each year. Electrabel disputes these taxes every year via an administrative claim, and by appealing to the Brussels Court of First Instance. In a ruling of September 24, 2014 concerning the payment of tax on unused facilities in 2009, the Court ordered an expert testimony to be given on the technical constraints based on which these sites may be ineligible for the tax, and this testimony is underway. Electrabel and the Belgian State reached an agreement in principle that provides for the settlement of the dispute in an amount €120 million. The agreement is currently being executed.

27.1.15 Claim by the French tax authorities

In their tax deficiency notice dated September 22, 2008, the French tax authorities questioned the tax treatment of the non-recourse sale by SUEZ (now ENGIE) of a withholding tax (*précompte*) receivable in 2005 for an amount of €995 million. On July 7, 2009, they informed ENGIE SA that they maintained their position, which was confirmed on December 7, 2011. As a result, they reduced the ENGIE tax consolidation group's tax loss carry-forwards by around €710 million in a tax deficiency notice dated December 16, 2015, which ENGIE plans to dispute.

Regarding the dispute about the *précompte* itself – in respect of which the receivable was sold – in a 2014 decision that is now final, the Paris Court of Appeal followed the *Conseil d'État*'s case law by recognizing that the *précompte* was incompatible with EU law in accordance with the Court of Justice of the European Union's position. However, the court significantly reduced the amount awarded to SUEZ (now ENGIE) in respect of the 1999, 2000, and 2001 fiscal years. The Cergy Pontoise Administrative Court adopted an identical position for the amounts claimed by SUEZ in respect of the 2002/2003 and 2004 fiscal years. ENGIE SA has appealed these decisions.

At the same time, in November 2014 the European Commission formally recognized the validity of the arguments put forward by ENGIE SA and several other French taxpayers against the principles recommended by the *Conseil d'État* for calculating the amounts to be refunded. The Commission has asked the French State for clarification. The Commission's decision is expected in the first half of 2016.

27.1.16 Claim by the Dutch tax authorities

Based on a disputable interpretation of a statutory modification that came into force in 2007, the Dutch tax authorities refuse the deductibility of a portion of the interest paid on financing contracted for the acquisition of investments made in the Netherlands in 2000. The amount of tax and default interest claimed up until December 31, 2008 amounts to €127 million. An appeal has been filed against these tax claims. On December 22, 2014 and January 28, 2015, respectively, the Dutch tax authorities issued tax assessments for the 2009 and 2010 fiscal years. The amount of tax and default interest claimed in respect of the interest deductibility amounts to €53.6 million for 2009 and €29.6 million for 2010. An appeal has been filed against these tax claims. The total amount of tax and default interest assessed up until December 31, 2010 amounts to €210.2 million.

27.1.17 Total Energie Gaz

ENGIE buys natural gas from Total Energie Gaz (TEGAZ), a subsidiary of the Total Group, under an agreement entered into on October 17, 2004 (the "Agreement"), and asked for a review of the contractual price with effect from May 1, 2011. As the negotiations with TEGAZ were not successful, ENGIE submitted the dispute involving the review of the contractual price to a panel of experts, in March 2012, in accordance with the Agreement. On June 5, 2012, TEGAZ gave notice of a dispute regarding the interpretation of certain clauses in the aforementioned Agreement, which was the subject of arbitration proceedings, in accordance with the regulations of the French Arbitration Association (AFA).

After the parties exchanged their pleadings, the hearings regarding the interpretation of certain provisions of the purchase agreement (the "Agreement") took place at the arbitration court between January 27 and January 30, 2014. The award, which was delivered on May 13, 2014, dismissed all of TEGAZ's claims regarding the interpretation of the Agreement, particularly those concerning the provisions pertaining to the review of the contractual price.

The expertise proceedings in the dispute regarding the review of the contractual price have resumed. On February 7, 2015, the panel of experts gave a first favorable response to the Group's request to review the contract price of natural gas purchased from May 1, 2011 to October 31, 2014 under the natural gas supply agreement with TEGAZ. The panel of experts confirmed that the request to review the price addressed by the Group was justified and determined a new contractual pricing formula, therefore granting a price decrease to the Group.

On June 24, 2015, ENGIE, Total Gas & Power, and Total Energie Gaz signed an agreement in settlement of their disputes regarding several requests for price reviews in relation to supply agreements entered into by ENGIE with Total Energie Gaz and with Total Gas & Power.

27.1.18 Investigation by the FERC in the United States

On December 8, 2015, the Division of Investigations of the Federal Energy Regulatory Commission (FERC) notified GDF SUEZ Energy Marketing NA Inc. (GSEMNA) and GDF SUEZ Energy North America, Inc. (GSENA) of their preliminary findings with regard to a possible breach of the FERC's rules concerning "lost opportunity cost credits" accrued by GSENA with PJM Interconnection between February 2011 and September 2013. ENGIE is cooperating fully with the FERC's investigation and will issue a response to their preliminary findings to explain why it believes the Group has acted properly and lawfully at all times. The Division of Investigations will then decide whether to close the investigation, recommend that the FERC launch infringement proceedings or suggest a settlement.

27.2 Competition and concentration

27.2.1 "Accès France" proceedings

On May 22, 2008, the European Commission announced its decision to initiate formal proceedings against Gaz de France for a suspected breach of EU rules pertaining to abuse of dominant position and restrictive business practices. The proceedings relate to a combination of long-term transport capacity reservation and a network of import agreements, as well as potential underinvestment in transport and import infrastructure capacity.

On June 22, 2009, the Commission sent ENGIE, GRTgaz and ELENGY a preliminary assessment in which it alleged that ENGIE might have abused its dominant position in the gas sector by foreclosing access to gas import capacity in France. On June 24, 2009, ENGIE, GRTgaz and ELENGY offered commitments in response to the preliminary assessment, while expressing their disagreement with the conclusions it contained.

These commitments were submitted to a market test on July 9, 2009, following which the Commission informed ENGIE, GRTgaz and ELENGY of how third parties had responded. On October 21, 2009, ENGIE, GRTgaz and ELENGY filed amended commitments aimed at facilitating access to and competition on the French natural gas market. On December 3, 2009, the Commission adopted a decision that rendered these commitments legally binding. This decision by the Commission put an end to the proceedings initiated in May 2008. ENGIE, GRTgaz and ELENGY are continuing to fulfill the commitments (which are valid until 2024 and as far as 2029 in certain cases) under the supervision of a trustee (Advolis) approved by the European Commission.

27.2.2 Long-term Power Purchase Agreements in Hungary

The European Commission handed down a decision on June 4, 2008, according to which the long-term Power Purchase Agreements entered into between power generators and the Hungarian State, which were in force at the time of Hungary's accession to the European Union, in particular the agreement between DUNAMENTI Erőmű (a former group subsidiary) and MVM, constituted illegal State aid, incompatible with the Treaty on the Functioning of the European Union. It asked the Hungarian State to terminate these agreements, recover the related State aid from the power generators and, when necessary, to indemnify the parties to the agreements via a compensation mechanism for stranded costs. The set-off mechanism was approved by the European Commission on April 27, 2010. The Hungarian government then passed a law providing for the termination of the Power Purchase Agreements with effect from December 31, 2008 and the recovery of the related State aid. DUNAMENTI Erőmű brought an action before the Court of the European Union on April 28, 2009 for annulment of the Commission's decision of June 4, 2008. The hearing took place on May 15, 2013 and the European Commission's decision was upheld by the Court in its ruling of April 30, 2014. On June 30, 2014, Electrabel sold its interest in DUNAMENTI Erőmű, preserving nonetheless the rights that could arise from the appeal before the Court of Justice. On July 17, 2014, DUNAMENTI Erőmű and Electrabel appealed the decision before the Court of Justice of the European Union, which rejected the appeal on October 1, 2015.

On April 27, 2010, the European Commission handed down a decision approving the State aid payable by DUNAMENTI Erőmű and the amount of its stranded costs and allowing DUNAMENTI Erőmű to offset the State aid deemed illegal and the stranded costs. The set-off mechanism exempted DUNAMENTI Erőmű from the obligation to pay back the State aid deemed illegal. After 2015, at the initial expiration date of DUNAMENTI Erőmű's long-term Power Purchase Agreement, Hungary will recalculate the amount of stranded costs, which could result in DUNAMENTI Erőmű having to reimburse aid at that time [(1)].

Furthermore, on January 10, 2014, DUNAMENTI Erőmű and its main shareholder Electrabel filed an action before the General Court of the European Union seeking damages from the European Commission in the event that the decision of June 4, 2008 should be annulled. The Court rejected the action on November 13, 2014. Electrabel and DUNAMENTI Erőmű appealed the decision before the European Court of Justice on January 23, 2015. However, since the European Commission's decision of June 4, 2008 was definitively upheld by the Court of Justice on October 1, 2015, the action for damages has been rendered groundless.

27.2.3 Gas and electricity supply markets in France

On April 15, 2014, Direct Energie lodged a complaint with the competition authorities against ENGIE for alleged abuse of a dominant position on the gas and electricity supply markets, as well as a request for protective interim measures.

The hearing concerning the interim protective measures was held on July 9, 2014 and the competition authority rendered a decision on September 9, 2014.

As a protective interim measure and pending a decision on the merits, the authority ordered ENGIE to grant, upon request and at its own cost, to companies in possession of a ministerial authorization to provide natural gas, access to certain information regarding customers subject to regulated natural gas tariffs in objective, transparent and non-discriminatory conditions.

In the event that this order is not fulfilled by the specified date, ENGIE will be required to suspend all commercialization of its natural gas market offerings.

ENGIE appealed this decision on September 19, 2014. The hearing was held on October 9, 2014 and the Paris Court of Appeal rendered a decision on October 31, 2014. The Court of Appeal upheld the competition authority's decision, but amended the following points: the date for access to the required information has been deferred to November 13, 2014 for legal entities and to January 15, 2015 for individuals; residential customers and the professionals acting as contact person for a legal entity were informed before the information was disclosed and had five days to oppose the disclosure; the wording of the letter required to be sent to residential customers was changed slightly so as not to prejudge the decision on the merits.

ENGIE has appealed the decision handed down by the Court of Appeal before the Court of Cassation.

ENGIE has implemented the interim protective measures imposed by the authorities in order to comply with the requirements of the decision and is now providing access to the information in the files concerned to alternative suppliers at their request.

On March 27, 2015, the competition authorities informed ENGIE that a claim of alleged abuse of a dominant position by ENGIE on the gas and electricity supply markets had been referred to them by UFC-Que Choisir, a French consumer group. The investigation is currently underway and the Group is cooperating fully with the inquiries.

On October 26, 2015, the competition authorities informed ENGIE that a new claim of alleged abuse of a dominant position by ENGIE on the gas and electricity supply markets had been referred to them by Direct Energie, as well as a request for protective interim measures. The investigation is currently underway and the Group is cooperating fully with the inquiries.

NOTE 28 Subsequent events

The Group has reached agreements for the disposals of the activities and interests presented hereafter. The closing of these transactions are subject to customary approvals and regulatory consent.

Agreement on the disposal of merchant power generation assets in the United States

On February 24, 2016, the Group has signed two agreements for the sale of its portfolio of merchant power generation assets representing a total capacity of 9.9 GW (at 100%):

- an agreement was reached with PSP Investments (Public Sector Pension Investment Board) concerning the disposal of 1.4 GW hydro generation assets;
- an agreement was reached with a joint venture formed by Dynegy and ECP concerning the disposal of 8.5 GW merchant thermal assets.

All these assets are classified as "Assets held for sale" in the financial statements at December 31, 2015 *(see Note 4.1 "Assets held for sale")*.

These two transactions, expected to be completed respectively in the first and second semester 2016, will result in a reduction of the Group net debt by 4.1 billion euros.

Agreement on the disposal of the Group interests in Paiton (Indonesia) and Meenakshi (India)

On 24 February 2016, the Group has reached an agreement for the sales of its interests in the coal-fired generation capacities of Paiton and Meenakshi which represent a total installed capacity (at 100%) of 3 GW (of which 0.7 GW under construction).

The Group will sell its 40.5% stake in Paiton, which is accounted for using the equity method in the consolidated financial statements at December 31, 2015, to Nebras and a combination of some of the existing Paiton shareholders.

The Group's 89% stake in Meenakshi, which is fully consolidated, will be sold to the Indian group IPCL.

The Group expects to close this transaction in the second semester of 2016. This transaction will result in a reduction of the Group net debt by 1.4 billion euros.

(1) Refer also to Note 27.1.1 "Legal and arbitration proceedings/Electrabel – Hungarian State".

NOTE 29 Fees paid to the Statutory Auditors and to members of their networks

Pursuant to Article 222-8 of the Regulation of the Financial Market Authority, the following table presents information on the fees paid by ENGIE SA, its fully consolidated subsidiaries and joint operations to each of the auditors in charge of controlling the annual and consolidated accounts of ENGIE Group.

The Shareholders' Meeting of ENGIE SA of April 28, 2014 decided to renew the term of office of Deloitte and EY as Statutory Auditors for a six-year period covering 2014-2019.

	EY				Deloitte			
	Amount		%		Amount		%	
In millions of euros	2015	2014	2015	2014	2015	2014	2015	2014
Audit								
Statutory audit, attest engagements and review of consolidated and parent company financial statements								
• ENGIE SA	1.9	1.9	16.5%	17.7%	1.2	1.2	7.0%	8.5%
• Fully consolidated subsidiaries and joint operations	8.1	6.8	68.3%	63.6%	11.6	11.1	67.5%	76.7%
Other audit-related procedures and services								
• ENGIE SA	0.6	0.4	5.3%	3.7%	0.7	0.7	4.1%	4.5%
• Fully consolidated subsidiaries and joint operations	0.5	1.0	4.0%	9.3%	2.4	0.9	13.7%	6.1%
SUB-TOTAL	**11.1**	**10.1**	**94.2%**	**94.4%**	**15.9**	**13.8**	**92.2%**	**95.8%**
Other services								
• Tax	0.5	0.6	4.6%	5.6%	1.2	0.5	7.1%	3.2%
• Other	0.1	0.0	1.2%	0.0%	0.1	0.1	0.6%	1.0%
SUB-TOTAL	**0.7**	**0.6**	**5.8%**	**5.6%**	**1.3**	**0.6**	**7.8%**	**4.2%**
TOTAL	**11.7**	**10.7**	**100%**	**100%**	**17.2**	**14.4**	**100%**	**100%**

NOTE 30 Information regarding Luxembourg and Dutch companies exempted from the requirements to publish annual financial statements

Some companies in the Energy Europe and Other business lines do not publish annual financial statements pursuant to domestic provisions in Luxembourg law (Article 70 of the Law of December 19, 2002) and Dutch law (Article 403 of the Civil Code) relating to the exemption from the requirement to publish audited annual financial statements.

The companies exempted are: ENGIE Energie Nederland NV, ENGIE Energie Nederland Holding BV, ENGIE Nederland Retail BV, ENGIE United Consumers Energie BV, Epon Eemscentrale III BV, Epon Eemscentrale IV BV, Epon Eemscentrale V BV, Epon Eemscentrale VI BV, Epon Eemscentrale VII BV, Epon Eemscentrale VIII BV, Epon International BV, Epon Power Engineering BV, ENGIE Portfolio Management BV, GSPM NL-BEL BV, IPM Wind Power Italy BV, IPM Energy Services BV, IPM Eagle Victoria BV, Electrabel Invest Luxembourg, ENGIE Corp Luxembourg SARL, ENGIE Treasury Management SARL and ENGIE Invest International SA.

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