CONSOLIDATED FINANCIAL INFORMATION

AS OF DECEMBER 31, 2015

www.legrand.com

legrand®

LEGRAND

STATUTORY AUDITORS' REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine cedex

Deloitte & Associés
185, avenue Charles-de-Gaulle
92200 Neuilly-sur-Seine

Statutory Auditors' Report on the Consolidated Financial Statements
For the Year ended December 31, 2015

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English speaking users.

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

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

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

To the Shareholders

LEGRAND
Société anonyme
128, avenue du Maréchal de Lattre de Tassigny
87000 Limoges

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

- the audit of the accompanying consolidated financial statements of Legrand;
- the justification of our assessments;
- the specific verification required by law.

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

I - Opinion on the consolidated financial statements

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

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

II - Justification of our assessments

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

Goodwill and intangible assets represent respectively € 2.776,3 million and € 1.822,0 million of the total consolidated assets of your Company and have been recorded as a result of the acquisition of Legrand France in 2002 and of other subsidiaries since 2005. As mentioned in notes 3.1 and 3.2 of the consolidated financial statements, your Company performs, each year, an impairment test of the value of goodwill and intangible assets with indefinite useful lives; and assesses whether changes or circumstances relating to long term assets, which could lead to an impairment loss, have occurred during the year. We have reviewed the methods by which the impairment tests are performed as well as the projected cash flow and assumptions used for these impairment tests and verified that information disclosed in notes 3.1 and 3.2 of the consolidated financial statements is appropriate.

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

III - Specific verification

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

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

Neuilly-sur-Seine, February 10, 2016

The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
Edouard Sattler	Jean-Marc Lumet

legrand®

LEGRAND
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015

Contents

Consolidated key figures	2
Consolidated statement of income	3
Consolidated balance sheet	4
Consolidated statement of cash flows	6
Consolidated statement of changes in equity	7
Notes to the consolidated financial statements	8

Consolidated key figures

(in € millions)	Legrand 2015	Legrand 2014	Change
Net sales	4,809.9	4,499.1	+6.9%
Adjusted operating profit(1)	930.4	880.4	+5.7%
As % of net sales	*19.3%* *19.4% before Acquisitions**	*19.6%*	
Operating profit	886.7	847.5	
As % of net sales	*18.4%*	*18.8%*	
Net income excluding minorities	550.6	531.7	+3.6%
As % of net sales	*11.4%*	*11.8%*	
Normalized free cash flow(2)	617.2	607.5	+1.6%
As % of net sales	*12.8%*	*13.5%*	
Free cash flow(3)	666.0	607.4	+9.6%
As % of net sales	*13.8%*	*13.5%*	
Net financial debt at December 31(4)	802.7	855.6	

*At 2014 scope of consolidation.

(1) Adjusted operating profit is defined as operating profit adjusted for amortization of revaluation of intangible assets at the time of acquisitions and for expense and income relating to acquisitions and, where applicable, for impairment of goodwill.

(2) Normalized free cash flow is defined as the sum of net cash from operating activities - based on a working capital requirement representing 10% of the last 12 month's sales and whose change at constant scope of consolidation and exchange rates is adjusted for the period considered - and net proceeds of sales from fixed and financial assets, less capital expenditure and capitalized development costs.

(3) Free cash flow is defined as the sum of net cash from operating activities and net proceeds from sales of fixed and financial assets, less capital expenditure and capitalized development costs.

(4) Net financial debt is defined as the sum of short-term borrowings and long-term borrowings, less cash and cash equivalents and marketable securities.

Consolidated statement of income

(in € millions)	Legrand 12 months ended December 31, 2015	 2014
Net sales (Notes 2.1 et 2.3.1)	**4,809.9**	**4,499.1**
Operating expenses (Note 2.4)		
Cost of sales	(2,333.5)	(2,197.2)
Administrative and selling expenses	(1,310.3)	(1,214.4)
Research and development costs	(216.1)	(193.2)
Other operating income (expenses)	(63.3)	(46.8)
Operating profit	**886.7**	**847.5**
Financial expense	(93.7)	(85.9)
Financial income	11.0	8.6
Exchange gains (losses)	6.0	1.5
Financial profit (loss)	(76.7)	(75.8)
Profit before tax	**810.0**	**771.7**
Income tax expense (Note 2.5)	(258.0)	(238.4)
Profit for the period	**552.0**	**533.3**
Of which:		
– Net income excluding minorities	**550.6**	**531.7**
– Minority interests	**1.4**	**1.6**
Basic earnings per share *(euros)* (Note 4.1.3)	2.067	2.001
Diluted earnings per share *(euros)* (Note 4.1.3)	2.046	1.976

Consolidated statement of comprehensive income

(in € millions)	Legrand 12 months ended December 31, 2015	 2014
Profit for the period	552.0	533.3
Items that may be reclassified subsequently to profit or loss		
Translation reserves (Note 4.3.2)	5.5	119.2
Income tax relating to components of other comprehensive income	11.1	12.2
Items that will not be reclassified to profit or loss		
Actuarial gains and losses (Note 4.5.1.1)	(5.6)	(22.4)
Deferred taxes on actuarial gains and losses	3.6	6.2
Comprehensive income for the period	**566.6**	**648.5**
Attributable to:		
– Legrand	**565.4**	**646.7**
– Minority interests	**1.2**	**1.8**

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

Consolidated balance sheet

(in € millions)	Legrand December 31, 2015	Legrand December 31, 2014*
ASSETS		
Non-current assets		
Intangible assets (Note 3.1)	1,822.0	1,853.3
Goodwill (Note 3.2)	2,776.3	2,563.7
Property, plant and equipment (Note 3.3)	562.2	556.6
Other investments	18.3	0.9
Other non-current assets	6.4	3.1
Deferred tax assets (Note 4.7)	114.9	92.4
Total non-current assets	**5,300.1**	**5,070.0**
Current assets		
Inventories (Note 3.4)	680.3	622.7
Trade receivables (Note 3.5)	545.4	500.4
Income tax receivables	28.6	60.0
Other current assets (Note 3.6)	170.0	152.1
Marketable securities	2.5	3.1
Other current financial assets	0.7	0.6
Cash and cash equivalents (Note 3.7)	1,085.9	726.0
Total current assets	**2,513.4**	**2,064.9**
Total Assets	**7,813.5**	**7,134.9**

** Restated comparative data at December 31, 2014 (see Note 1.2.1.1).*

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

(in € millions)	Legrand December 31, 2015	 December 31, 2014*
EQUITY AND LIABILITIES		
Equity		
Share capital (Note 4.1)	1,067.7	1,065.4
Retained earnings (Notes 4.2 and 4.3.1)	3,006.2	2,764.4
Translation reserves (Note 4.3.2)	(276.1)	(281.8)
Equity attributable to equity holders of Legrand	3,797.8	3,548.0
Minority interests	9.6	10.4
Total equity	**3,807.4**	**3,558.4**
Non-current liabilities		
Long-term provisions (Notes 4.4 and 4.5.2)	108.8	113.9
Provisions for post-employment benefits (Note 4.5.1)	170.6	177.0
Long-term borrowings (Note 4.6.1)	1,823.2	1,513.3
Other non-current liabilities	0.4	0.8
Deferred tax liabilities (Note 4.7)	656.4	658.6
Total non-current liabilities	**2,759.4**	**2,463.6**
Current liabilities		
Trade payables	531.3	481.8
Income tax payables	41.0	15.0
Short-term provisions (Note 4.4)	104.8	86.6
Other current liabilities (Note 4.8)	501.3	457.7
Short-term borrowings (Note 4.6.2)	67.9	71.4
Other current financial liabilities	0.4	0.4
Total current liabilities	**1,246.7**	**1,112.9**
Total Equity and Liabilities	**7,813.5**	**7,134.9**

** Restated comparative data at December 31, 2014 (see Note 1.2.1.1).*

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

Consolidated statement of cash flows

(in € millions)	Legrand 12 months ended December 31, 2015	 2014
Profit for the period	**552.0**	**533.3**
Adjustments for non-cash movements in assets and liabilities:		
– Depreciation and impairment of tangible assets (Note 2.4)	97.4	94.5
– Amortization and impairment of intangible assets (Note 2.4)	43.2	40.5
– Amortization and impairment of capitalized development costs (Note 2.4)	29.1	30.5
– Amortization of financial expense	2.2	2.1
– Impairment of goodwill (Note 3.2)	0.0	0.0
– Changes in long-term deferred taxes	2.3	(5.0)
– Changes in other non-current assets and liabilities (Notes 4.4 and 4.5)	18.8	20.4
– Unrealized exchange (gains)/losses	3.4	11.6
– Other adjustments	0.3	0.8
– (Gains)/losses on sales of assets, net	1.3	0.0
Changes in working capital requirement:		
– Inventories (Note 3.4)	(36.0)	40.2
– Trade receivables (Note 3.5)	(22.2)	1.9
– Trade payables	21.3	(16.5)
– Other operating assets and liabilities (Notes 3.6 and 4.8)	83.1	(27.9)
Net cash from operating activities	**796.2**	**726.4**
– Net proceeds from sales of fixed and financial assets	3.2	6.3
– Capital expenditure (Notes 3.1 and 3.3)	(106.0)	(96.3)
– Capitalized development costs	(27.4)	(29.0)
– Changes in non-current financial assets and liabilities	3.5	(0.4)
– Acquisitions of subsidiaries, net of cash acquired (Note 1.3.2)	(237.1)	(100.7)
Net cash from investing activities	**(363.8)**	**(220.1)**
– Proceeds from issues of share capital and premium (Note 4.1)	20.1	33.6
– Net sales (buybacks) of treasury shares and transactions under the liquidity contract (Note 4.1)	(39.9)	(87.5)
– Dividends paid to equity holders of Legrand*	(293.1)	(279.3)
– Dividends paid by Legrand subsidiaries	(1.7)	(3.8)
– Proceeds from new borrowings and drawdowns (Note 4.6.1)	300.0	4.2
– Repayment of borrowings (Note 4.6.1)	(12.6)	(60.0)
– Debt issuance costs	(3.7)	(1.1)
– Net sales (buybacks) of marketable securities	0.6	0.3
– Increase (reduction) in bank overdrafts	(24.7)	22.9
– Acquisitions of ownership interests with no gain of control (Note 1.3.2)	(15.8)	(28.7)
Net cash from financing activities	**(70.8)**	**(399.4)**
Effect of exchange rate changes on cash and cash equivalents	(1.7)	16.3
Increase (decrease) in cash and cash equivalents	**359.9**	**123.2**
Cash and cash equivalents at the beginning of the period	726.0	602.8
Cash and cash equivalents at the end of the period (Note 3.7)	**1,085.9**	**726.0**
Items included in cash flows:		
– Free cash flow (Note 2.2)	666.0	607.4
– Interest paid** during the period	78.7	69.8
– Income taxes paid during the period	166.4	216.5

** See consolidated statement of changes in equity*

*** Interest paid is included in the net cash from operating activities*

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

Consolidated statement of changes in equity

	Equity attributable to equity holders of Legrand					Minority interests	Total equity
(in € millions)	Share capital	Retained earnings	Translation reserves	Actuarial gains and losses**	Total		
As of December 31, 2013	**1,062.4**	**2,608.8**	**(400.8)**	**(33.0)**	**3,237.4**	**11.3**	**3,248.7**
IFRIC 21 Restatements*		2.5			2.5		2.5
Profit for the period		531.7			531.7	1.6	533.3
Other comprehensive income		12.2	119.0	(16.2)	115.0	0.2	115.2
Total comprehensive income		*543.9*	*119.0*	*(16.2)*	*646.7*	*1.8*	*648.5*
Dividends paid		(279.3)			(279.3)	(3.8)	(283.1)
Issues of share capital and premium	6.2	27.4			33.6		33.6
Cancellation of shares acquired under the share buyback program	(3.2)	(34.3)			(37.5)		(37.5)
Net sales (buybacks) of treasury shares and transactions under the liquidity contract		(50.0)			(50.0)		(50.0)
Change in scope of consolidation***		(15.2)			(15.2)	1.1	(14.1)
Current taxes on share buybacks		(0.2)			(0.2)		(0.2)
Share-based payments		10.0			10.0		10.0
As of December 31, 2014	**1,065.4**	**2,813.6**	**(281.8)**	**(49.2)**	**3,548.0**	**10.4**	**3,558.4**
Profit for the period		550.6			550.6	1.4	552.0
Other comprehensive income		11.1	5.7	(2.0)	14.8	(0.2)	14.6
Total comprehensive income		561.7	5.7	(2.0)	565.4	1.2	566.6
Dividends paid		(293.1)			(293.1)	(1.7)	(294.8)
Issues of share capital and premium (Note 4.1.1)	3.9	16.2			20.1		20.1
Cancellation of shares acquired under the share buyback program (Note 4.1.1)	(1.6)	(16.8)			(18.4)		(18.4)
Net sales (buybacks) of treasury shares and transactions under the liquidity contract (Note 4.1.2)		(21.5)			(21.5)		(21.5)
Change in scope of consolidation***		(8.6)			(8.6)	(0.3)	(8.9)
Current taxes on share buybacks		(0.5)			(0.5)		(0.5)
Share-based payments (Note 4.2)		6.4			6.4		6.4
As of December 31, 2015	**1,067.7**	**3,057.4**	**(276.1)**	**(51.2)**	**3,797.8**	**9.6**	**3,807.4**

** Restated comparative data at December 31, 2014 (see Note 1.2.1.1).*

*** Net of deferred taxes*

**** Changes in scope of consolidation correspond mainly to acquisitions of additional shares in companies already consolidated and to puts on minority interests*

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

legrand®

Notes to the consolidated financial statements

Note 1 – Basis of preparation of the consolidated financial statements 9

1.1 General information 9

1.2 Accounting policies 9

1.3 Scope of consolidation 15

Note 2 – Results for the year 17

2.1 Net sales 17

2.2 Information by geographical segment 18

2.3 Quarterly data – non-audited 20

2.4 Operating expenses 23

2.5 Income tax expense 24

Note 3 – Details on non-current and current assets 25

3.1 Intangible assets 25

3.2 Goodwill 28

3.3 Property, plant and equipment 30

3.4 Inventories 33

3.5 Trade receivables 34

3.6 Other current assets 35

3.7 Cash and cash equivalents 35

Note 4 – Details on non-current and current liabilities 36

4.1 Share capital and earnings per share 36

4.2 Stock option plans and performance share plans 39

4.3 Retained earnings and translation reserves 43

4.4 Provisions 44

4.5 Provision for post-employment benefits and other long-term employee benefits 45

4.6 Long-term and short-term borrowings 50

4.7 Deferred taxes 53

4.8 Other current liabilities 54

Note 5 – Other information 55

5.1 Financial instruments and management of financial risks 55

5.2 Related-party information 60

5.3 Off-balance sheet commitments and contingent liabilities 61

5.4 Subsequent events 62

Note 1 – Basis of preparation of the consolidated financial statements

1.1 General information

Legrand ("the Company") along with its subsidiaries (together "Legrand" or "the Group") is the global specialist in electrical and digital building infrastructures.
The Group has manufacturing and/or distribution subsidiaries and offices in nearly 90 countries, and sells its products in about 180 countries. Its key markets are France, Italy, the United States/Canada, the Rest of Europe and the Rest of the World, which correspond to the Group's reporting segments.
The Company is a French *société anonyme* incorporated and domiciled in France. Its registered office is located at 128, avenue du Maréchal de Lattre de Tassigny – 87000 Limoges (France).

The 2014 Registration Document was filed with the AMF on April 15, 2015 under no. D. 15-0352.

The consolidated financial statements were approved by the Board of Directors on February 10, 2016.

All amounts are presented in millions of euros unless otherwise specified. Some totals may include rounding differences.

1.2 Accounting policies

As a company incorporated in France, Legrand is governed by French company laws, including the provisions of the *Code de commerce* (French Commercial Code).

The consolidated financial statements cover the 12 months ended December 31, 2015. They have been prepared in accordance with the International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee interpretations adopted by the European Union* and applicable or authorized for early adoption from January 1, 2015. None of the IFRS issued by the International Accounting Standards Board (IASB) that have not been adopted for use in the European Union are applicable to the Group.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.
The areas involving a specific degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 1.2.3.

The consolidated financial statements have been prepared using the historical cost convention, except for some classes of assets and liabilities in accordance with IFRS. The classes concerned are mentioned in Note 5.1.1.2.

** The IFRS adopted by the European Union as of December 31, 2015 can be downloaded from the "IFRS financial statements" page on the following website: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.*

1.2.1 New standards, amendments and interpretations that may impact the Group's financial statements

1.2.1.1 New standards, amendments and interpretations with mandatory application from January 1, 2015 that have an impact on the Group's financial statements

IFRIC 21 – Levies

IFRIC 21 – Levies aims to clarify the trigger event for the provisioning for all taxes other than income taxes.

The main impact of IFRIC 21 is to account for the provision of certain taxes for their full amount as soon as the trigger event occurred (in this case, the liability to pay a levy), instead of recognizing this amount gradually over the year.

In June 2014, IFRIC 21 was adopted by the European Union, with mandatory application for annual periods beginning on or after June 17, 2014. Therefore, this interpretation has been applied by the Group from January 1, 2015.

The comparable financial information has been restated for material amounts (which concern only France).

IFRIC 21 has no impact on the Group's full-year operating profit or free cash flow.

Adjustments between the consolidated balance sheet reported for the period ended December 31, 2014 and the one presented on pages 4 and 5 may be analyzed as follows:

(in € millions)	**Published**	**IFRIC 21 Restatements**	**Restated**
Non-current assets			
Intangible assets	1,853.3		1,853.3
Goodwill	2,563.7		2,563.7
Property, plant and equipment	556.6		556.6
Other investments	0.9		0.9
Other non-current assets	3.1		3.1
Deferred tax assets	93.7	(1.3)	92.4
Total non-current assets	**5,071.3**	**(1.3)**	**5,070.0**
Total current assets	**2,064.9**		**2,064.9**
Total Assets	**7,136.2**	**(1.3)**	**7,134.9**

(in € millions)	Published	IFRIC 21 Restatements	Restated
Equity			
Share capital	1,065.4		1,065.4
Retained earnings	2,761.9	2.5	2,764.4
Translation reserves	(281.8)		(281.8)
Equity attributable to equity holders of Legrand	3,545.5	2.5	3,548.0
Minority interests	10.4		10.4
Total equity	**3,555.9**	**2.5**	**3,558.4**
Total non-current liabilities	**2,463.6**		**2,463.6**
Current liabilities			
Trade payables	481.8		481.8
Income tax payable	15.0		15.0
Short-term provisions	86.6		86.6
Other current liabilities	461.5	(3.8)	457.7
Short-term borrowings	71.4		71.4
Other current financial liabilities	0.4		0.4
Total current liabilities	**1,116.7**	**(3.8)**	**1,112.9**
Total Equity and Liabilities	**7,136.2**	**(1.3)**	**7,134.9**

1.2.1.2 New standards, amendments and interpretations adopted by the European Union not applicable to the Group until future periods

Amendments to IAS 19 – Employee Benefits

In November 2013, the International Accounting Standards Board (IASB) issued Amendments to IAS 19 - Employee Benefits to clarify the recognition of contributions from employees when accounting for defined benefit plans, depending on whether the contributions are set out in the formal terms of the plan and whether they are linked to periods of service.

The amendments specify that only contributions set out in the formal terms of the plan that are not linked to periods of service do not reduce the service cost.

This amendment is effective for reporting periods beginning on or after January 1, 2016.

Annual Improvements to IFRS 2010-2012 Cycle

In December 2013, the IASB issued a collection of amendments as part of its Annual Improvements to IFRS 2010-2012 Cycle. Two of these amendments may concern the Group in particular and are described below. These amendments are effective for reporting periods beginning on or after January 1, 2016.

Amendment to IFRS 2 – Share-based Payment

This amendment provides guidance on the performance conditions set out in share-based payment plans. In particular, any performance condition whose period extends beyond the period of the service condition is deemed to be a non-vesting condition. Consequently, this type of condition is reflected in the estimation of the fair value of the plan at the grant date, but will have no subsequent impact on the IFRS 2 charge to be recognized over the vesting period.

This amendment should be prospectively applied to share-based payment plans for which the grant date is on or after July 1, 2014.

Amendment to IFRS 8 – Operating Segments

This amendment requires disclosing the judgments made by management in applying the aggregation criteria to operating segments. In particular, a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics should be disclosed in the notes to the financial statements.

The Group reviewed these amendments, to determine their possible impacts on the consolidated financial statements and related disclosures. There should be no material impact for the Group from these amendments.

1.2.1.3 New standards, amendments and interpretations not yet adopted by the European Union not applicable to the Group until future periods

IFRS 9 – Financial Instruments

In July 2014, the IASB published the complete version of IFRS 9 – Financial Instruments, which replaces most of the guidance in IAS 39 – Financial Instruments: Recognition and Measurement. The complete standard covers three main topics: classification and measurement, impairment and hedge accounting.

IFRS 9 introduces a single model for determining whether financial assets should be measured at amortized cost or at fair value. This model supersedes the various models set out in IAS 39. The IFRS 9 model is dependent on the entity's business model objective for managing financial assets and the contractual cash flow characteristics of the financial assets. As under IAS 39, all financial liabilities are eligible for measurement at amortized cost, except for financial liabilities held for trading, which must be measured at fair value through profit or loss.

In addition, IFRS 9 introduces a single impairment model that supersedes the various models set out in IAS 39 and also includes a simplified approach for financial assets that fall within the scope of IFRS 15 – Revenue from Contracts with Customers. This model is based in particular on the notion of expected credit losses, which applies regardless of the financial assets' credit quality.

Lastly, whereas most of the IAS 39 hedge accounting rules still apply, IFRS 9 allows more types of hedge relationships to qualify for hedge accounting, in addition to derivatives.

This standard, which has not yet been adopted by the European Union, is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers, which replaces IAS 18 – Revenue and IAS 11 – Construction Contracts.

IFRS 15 sets out the requirements for recognizing revenue arising from all contracts with customers (except for contracts that fall within the scope of other standards). In addition, the standard requires the reporting entity to disclose certain contract information, particularly in the case of contracts that are expected to extend beyond one year, and to describe the assumptions used by the entity to calculate the revenue amounts to be reported.

This standard, which has not yet been adopted by the European Union, is effective for annual periods beginning on or after January 1, 2018.

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 – Leases, which supersedes IAS 17.
IFRS 16 provides a single lessee accounting model for the majority of leases with a term of more than 12 months. This model requires the lessee to recognize a right-of-use asset and a financial liability in the balance sheet when a lease contract conveys the right to control the use of an identified asset. In addition, the standard requires the lessee to recognize the lease expense partly as a depreciation charge within operating expenses and partly as an interest expense within financial expense.

This standard, which has not yet been adopted by the European Union, is effective for annual periods beginning on or after January 1, 2019.

The Group is reviewing these standards, to determine their possible impacts on the consolidated financial statements and related disclosures.

1.2.2 Basis of consolidation

Subsidiaries controlled by the Group are fully consolidated. The Group controls an entity when it has power over the entity, i.e., it has substantive rights to govern the entity's key operations, is exposed to variable returns from its involvement with the entity, and has the ability to affect those returns. Subsidiaries are consolidated from the date when effective control is transferred to the Group. They are deconsolidated from the date on which control ceases.

Entities consolidated under the equity method are entities over which the Group has significant influence but not control. Significant influence is generally considered to be exercised when the Group holds 20 to 50% of the voting rights. Investments in such entities are initially recognized at cost and are subsequently accounted for by the equity method.

As of December 31, 2015, the Group does not consolidate any entity under the equity method.

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in euros, which is the Company's functional and presentation currency.

1.2.3 Use of judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that are reflected in the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events, and are believed to be reasonable under the circumstances.

1.2.3.1 Impairment of goodwill and intangible assets

Trademarks with indefinite useful lives and goodwill are tested for impairment at least once a year and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.
Intangible assets with finite useful lives are amortized over their estimated useful lives and are tested for impairment when there is any indication that their recoverable amount may be less than their carrying amount.

Future events could cause the Group to conclude that evidence exists that certain intangible assets acquired in a business combination are impaired. Any resulting impairment loss could have a material adverse effect on the Group's consolidated financial statements and in particular on the Group's operating profit.

Discounted cash flow estimates (used for impairment tests on goodwill and trademarks with indefinite useful lives) are based on management's estimates of key assumptions, especially discount rates, long term growth and profitability rates and royalty rates for trademarks with indefinite useful lives.

1.2.3.2 Accounting for income taxes

As part of the process of preparing the consolidated financial statements, the Group is required to estimate income taxes in each of the jurisdictions in which it operates. This involves estimating the actual current tax exposure and assessing temporary differences resulting from differing treatment of items such as deferred revenue or prepaid expenses for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are reported in the consolidated balance sheet.

The Group must then assess the probability that deferred tax assets will be recovered from future taxable profit.
Deferred tax assets are recognized only when it is probable that sufficient taxable profit will be available, based on management-approved taxable profit forecasts.

The Group has not recognized all of its deferred tax assets because it is not probable that some of them will be recovered before they expire. The amounts involved mainly concern operating losses carried forward and foreign income tax credits. The assessment is based on estimates of future taxable profit by jurisdiction in which the Group operates and the period over which the deferred tax assets are recoverable.

1.2.3.3 Other assets and liabilities based on estimates

Other assets and liabilities based on estimates include provisions for pensions and other post-employment benefits, impairment of trade receivables, inventories and financial assets, share-based payments, provisions for contingencies and charges, capitalized development costs, and any annual volume rebates offered to customers.

1.3 Scope of consolidation

1.3.1 List of main consolidated companies

The consolidated financial statements comprise the financial statements of Legrand and its 184 subsidiaries. The main fully consolidated operating subsidiaries as of December 31, 2015 are as follows:

France	
Legrand France	France
Legrand SNC	France

Italy	
Bticino Spa	Italy

Rest of Europe*	
Legrand Group Belgium	Belgium
Legrand Zrt	Hungary
Legrand Polska	Poland
Kontaktor	Russia
Firelec	Russia
Legrand Group España	Spain
Legrand Elektrik	Turkey
Inform Elektronik	Turkey
Legrand Electric	United Kingdom

USA/Canada	
Cablofil Inc.	United States
Lastar Inc.	United States
Legrand Home Systems	United States
Middle Atlantic Products Inc.	United States
Ortronics Inc.	United States
Pass & Seymour Inc.	United States
Raritan Inc.	United States
WattStopper	United States
Wiremold Company	United States

*Among these main consolidated subsidiaries, Kontaktor and Legrand Polska are not wholly owned (both subsidiaries are over 98%-owned).

Rest of the world	
Legrand Group Pty Ltd	Australia
Daneva	Brazil
GL Eletro-Eletronicos Ltda	Brazil
HDL Da Amazonia Industria Eletronica Ltda	Brazil
Electro Andina Ltda	Chile
DongGuan Rocom Electric	China
Shidean	China
TCL International Electrical	China
TCL Wuxi	China
Legrand Colombia	Colombia
EMB Electrical Industries	Egypt
Novateur Electrical and Digital Systems	India
Bticino de Mexico SA de CV	Mexico
Legrand SNC FZE	United Arab Emirates

1.3.2 Changes in the scope of consolidation

The contributions to the Group's consolidated financial statements of companies acquired since January 1, 2014 were as follows:

2014	March 31	June 30	September 30	December 31
Lastar Inc.	Balance sheet only	3 months' profit	6 months' profit	9 months' profit
Neat	Balance sheet only	Balance sheet only	7 months' profit	10 months' profit
SJ Manufacturing		Balance sheet only	Balance sheet only	7 months' profit

2015	March 31	June 30	September 30	December 31
Lastar Inc.	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Neat	3 months' profit	6 months' profit	9 months' profit	12 months' profit
SJ Manufacturing	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Valrack	Balance sheet only	Balance sheet only	Balance sheet only	10 months' profit
IME		Balance sheet only	Balance sheet only	7 months' profit
Raritan Inc.			Balance sheet only	3 months' profit
QMotion				Balance sheet only

All of these companies are fully consolidated.

The main acquisitions carried out in 2015 were as follows:

- the Group acquired Valrack, an Indian player specialized in racks, Voice-Data-Image cabinets and related products. Valrack has annual sales of under €10 million;

- the Group acquired IME, a leading Italian and European specialist in measuring electrical installation parameters. IME has annual sales of around €23 million;

- the Group acquired Raritan Inc, a North American specialist in digital infrastructure. Raritan Inc. has annual sales of around $114 million;
- the Group acquired QMotion, a specialist in natural light control for residential buildings in North America. QMotion has annual sales of around $16 million.

In all, acquisitions of subsidiaries (net of cash acquired) came to a total of €237.1 million in 2015 (plus €15.8 million for acquisitions of ownership interests without gain of control), versus €100.7 million in 2014 (plus €28.7 million for acquisitions of ownership interests without gain of control).

Note 2 – Results for the year

2.1 Net sales

In 2015, the Group's consolidated net sales came to € 4,809.9 million, up +6.9% in total compared with 2014 due to the favorable impact of exchange rates (+4.7%), and changes in scope of consolidation (+1.5%).

In 2015, the Group derived the large majority of its revenue from sales to distributors of electrical equipment. The two largest distributors accounted for approximately 22% of consolidated net sales. The Group estimates that no other distributor accounted for more than 5% of consolidated net sales.

Revenue from the sale of goods is recognized when ownership and liability for loss or damage is transferred to the buyer, which is generally upon shipment.

The Group offers some sales incentives to customers, consisting primarily of volume rebates and cash discounts. Volume rebates are typically based on three, six, and twelve-month arrangements with customers, and rarely extend beyond one year. Based on the trade of the current period, such rebates are recognized on a monthly basis as a reduction in revenue from the underlying transactions that reflect progress by the customer towards earning the rebate, with a corresponding deduction from the customer's trade receivables balance.

Revenue is also presented net of product returns which are strictly limited by sales conditions defined on a country by country basis.

2.2 Information by geographical segment

The Group is organized for management purposes by countries grouped into geographical segments.

Hence, allocation of resources to the various segments and assessment of each segment's performance are performed by Group management on a country-by-country basis. In accordance with IFRS 8, the information by geographical segment presented below corresponds to the information used by Group management.

12 months ended December 31, 2015	Geographical segments					Items not allocated to segments	
	Europe			USA/	Rest of		
(in € millions)	France	Italy	Others	Canada	the world		Total
Net sales to third parties	**1,013.1**	**505.2**	**808.5**	**1,147.8**	**1,335.3**		**4,809.9**
Cost of sales	(390.9)	(181.1)	(461.2)	(558.0)	(742.3)		(2,333.5)
Administrative and selling expenses, R&D costs	(398.1)	(161.5)	(211.4)	(396.2)	(359.2)		(1,526.4)
Other operating income (expenses)	(12.5)	(1.3)	(14.4)	(9.8)	(25.3)		(63.3)
Operating profit	**211.6**	**161.3**	**121.5**	**183.8**	**208.5**		**886.7**
- of which acquisition-related amortization, expense and income							
• accounted for in administrative and selling expenses, R&D costs	(7.5)	(0.1)	(2.5)	(17.7)	(15.9)		(43.7)
• accounted for in other operating income (expenses)							0.0
- of which goodwill impairment							0.0
Adjusted operating profit	**219.1**	**161.4**	**124.0**	**201.5**	**224.4**		**930.4**
- of which depreciation expense	(27.2)	(19.5)	(15.2)	(9.6)	(25.3)		(96.8)
- of which amortization expense	(1.5)	(3.6)	(0.7)	(2.2)	(1.3)		(9.3)
- of which amortization of development costs	(20.4)	(8.1)	(0.2)	(0.1)	(0.3)		(29.1)
- of which restructuring costs	(10.2)	(1.0)	(4.7)	(0.3)	(11.8)		(28.0)
Net cash provided by operating activities						796.2	796.2
Net proceeds from sales of fixed and financial assets						3.2	3.2
Capital expenditure	(28.3)	(16.0)	(17.2)	(12.2)	(32.3)		(106.0)
Capitalized development costs	(19.2)	(6.5)	(0.9)	0.0	(0.8)		(27.4)
Free cash flow						**666.0**	**666.0**
Normalized free cash flow							**617.2**
Normalized free cash flow as % of sales							**12.8%**
Current operating assets excluding taxes	224.2	122.0	262.7	284.0	502.8		1,395.7
Net tangible assets	173.4	108.3	86.1	55.4	139.0		562.2
Current operating liabilities excluding taxes	361.8	177.4	114.2	162.6	321.4		1,137.4

12 months ended December 31, 2014	Geographical segments					Items not allocated to segments	Total
	Europe			USA/ Canada	Rest of the world		
(in € millions)	France	Italy	Others				
Net sales to third parties	**1,033.0**	**499.6**	**809.5**	**874.5**	**1,282.5**		**4,499.1**
Cost of sales	(385.7)	(182.8)	(458.7)	(434.9)	(735.1)		(2,197.2)
Administrative and selling expenses, R&D costs	(398.3)	(160.3)	(205.9)	(298.8)	(344.3)		(1,407.6)
Other operating income (expenses)	(3.4)	(0.4)	(12.6)	(6.6)	(23.8)		(46.8)
Operating profit	**245.6**	**156.1**	**132.3**	**134.2**	**179.3**		**847.5**
- of which acquisition-related amortization, expense and income							
• accounted for in administrative and selling expenses, R&D costs	(3.7)	0.0	(2.8)	(12.1)	(14.3)		(32.9)
• accounted for in other operating income (expenses)							0.0
- of which goodwill impairment							0.0
Adjusted operating profit	**249.3**	**156.1**	**135.1**	**146.3**	**193.6**		**880.4**
- of which depreciation expense	(27.6)	(20.9)	(14.0)	(8.8)	(22.7)		(94.0)
- of which amortization expense	(2.6)	(3.9)	(0.9)	(2.2)	(1.1)		(10.7)
- of which amortization of development costs	(21.7)	(7.0)	0.0	(1.5)	(0.5)		(30.5)
- of which restructuring costs	(9.0)	(3.2)	(3.0)	0.5	(7.0)		(21.7)
Net cash provided by operating activities						726.4	726.4
Net proceeds from sales of fixed and financial assets						6.3	6.3
Capital expenditure	(24.2)	(16.3)	(20.5)	(7.9)	(27.4)		(96.3)
Capitalized development costs	(21.6)	(6.5)	(0.7)	(0.1)	(0.1)		(29.0)
Free cash flow						**607.4**	**607.4**
Normalized free cash flow						**607.5**	**607.5**
Normalized free cash flow as % of sales							**13.5%**
Current operating assets excluding taxes	196.4	117.8	242.1	212.2	506.7		1,275.2
Net tangible assets	175.7	113.4	87.2	47.7	132.6		556.6
Current operating liabilities excluding taxes	346.1	172.4	98.8	125.0	287.6		1,029.9

2.3 Quarterly data – non-audited

2.3.1 Quarterly net sales by geographical segment (billing region)

(in € millions)	**1st quarter 2015**	**1st quarter 2014**
France	250.3	270.7
Italy	137.2	143.4
Rest of Europe	200.4	199.1
USA/Canada	258.2	181.9
Rest of the world	318.6	289.2
Total	**1,164.7**	**1,084.3**

(in € millions)	**2nd quarter 2015**	**2nd quarter 2014**
France	274.0	268.7
Italy	131.5	133.1
Rest of Europe	205.0	193.9
USA/Canada	297.1	225.7
Rest of the world	339.4	318.9
Total	**1,247.0**	**1,140.3**

(in € millions)	**3rd quarter 2015**	**3rd quarter 2014**
France	223.2	227.9
Italy	111.1	109.3
Rest of Europe	195.5	205.6
USA/Canada	295.4	235.2
Rest of the world	323.4	321.3
Total	**1,148.6**	**1,099.3**

(in € millions)	**4th quarter 2015**	**4th quarter 2014**
France	265.6	265.7
Italy	125.4	113.8
Rest of Europe	207.6	210.9
USA/Canada	297.1	231.7
Rest of the world	353.9	353.1
Total	**1,249.6**	**1,175.2**

2.3.2 Quarterly income statements

(in € millions)	1st quarter 2015	1st quarter 2014*
Net sales	**1,164.7**	**1,084.3**
Operating expenses		
Cost of sales	(565.4)	(519.9)
Administrative and selling expenses	(325.9)	(298.5)
Research and development costs	(53.7)	(49.0)
Other operating income (expenses)	(11.2)	(12.9)
Operating profit	**208.5**	**204.0**
Financial expense	(22.6)	(20.9)
Financial income	3.4	2.2
Exchange gains (losses)	(0.6)	(0.5)
Financial profit (loss)	(19.8)	(19.2)
Profit before tax	**188.7**	**184.8**
Income tax expense	(60.7)	(59.1)
Profit for the period	**128.0**	**125.7**
Of which:		
- Net income excluding minorities	**127.4**	**125.0**
- Minority interests	**0.6**	**0.7**

** Restated comparative data for the three months ended March 31, 2014 (see Note 3 to the unaudited consolidated financial information for the three months ended March 31, 2015).*

(in € millions)	2nd quarter 2015	2nd quarter 2014**
Net sales	**1,247.0**	**1,140.3**
Operating expenses		
Cost of sales	(588.0)	(552.1)
Administrative and selling expenses	(338.2)	(306.6)
Research and development costs	(55.6)	(46.7)
Other operating income (expenses)	(17.1)	(7.0)
Operating profit	**248.1**	**227.9**
Financial expense	(23.0)	(21.4)
Financial income	2.5	2.0
Exchange gains (losses)	1.6	0.4
Financial profit (loss)	(18.9)	(19.0)
Profit before tax	**229.2**	**208.9**
Income tax expense	(73.1)	(65.0)
Profit for the period	**156.1**	**143.9**
Of which:		
- Net income excluding minorities	**156.0**	**143.5**
- Minority interests	**0.1**	**0.4**

*** Restated comparative data for the three months ended June 30, 2014 (see Note 26 to the consolidated financial statements for the six months ended June 30, 2015).*

(in € millions)	3rd quarter 2015	3rd quarter 2014*
Net sales	**1,148.6**	**1,099.3**
Operating expenses		
Cost of sales	(561.5)	(540.1)
Administrative and selling expenses	(309.3)	(296.7)
Research and development costs	(49.9)	(47.5)
Other operating income (expenses)	(15.8)	(11.2)
Operating profit	**212.1**	**203.8**
Financial expense	(23.1)	(21.6)
Financial income	2.6	2.0
Exchange gains (losses)	5.7	1.5
Financial profit (loss)	(14.8)	(18.1)
Profit before tax	**197.3**	**185.7**
Income tax expense	(64.6)	(57.4)
Profit for the period	**132.7**	**128.3**
Of which:		
- Net income excluding minorities	**132.8**	**128.3**
- Minority interests	**(0.1)**	**0.0**

** Restated comparative data for the three months ended September 30, 2014 (see Note 9 to the unaudited consolidated financial information for the nine months ended September 30, 2015).*

(in € millions)	4th quarter 2015	4th quarter 2014**
Net sales	**1,249.6**	**1,175.2**
Operating expenses		
Cost of sales	(618.6)	(585.1)
Administrative and selling expenses	(336.9)	(312.6)
Research and development costs	(56.9)	(50.0)
Other operating income (expenses)	(19.2)	(15.7)
Operating profit	**218.0**	**211.8**
Financial expense	(25.0)	(22.0)
Financial income	2.5	2.4
Exchange gains (losses)	(0.7)	0.1
Financial profit (loss)	(23.2)	(19.5)
Profit before tax	**194.8**	**192.3**
Income tax expense	(59.6)	(56.9)
Profit for the period	**135.2**	**135.4**
Of which:		
- Net income excluding minorities	**134.4**	**134.9**
- Minority interests	**0.8**	**0.5**

*** Restated comparative data for the three months ended December 31, 2014 (see below).*

legrand®

4th quarter 2014 *(in € millions)*	**Published**	**IFRIC 21 Restatements**	**Restated**
Net sales	**1,175.2**		**1,175.2**
Operating expenses			
Cost of sales	(585.9)	0.8	(585.1)
Administrative and selling expenses	(314.0)	1.4	(312.6)
Research and development costs	(50.1)	0.1	(50.0)
Other operating income (expenses)	(15.7)		(15.7)
Operating profit	**209.5**	**2.3**	**211.8**
Financial profit (loss)	(19.5)		(19.5)
Profit before tax	**190.0**	**2.3**	**192.3**
Income tax expense	(56.1)	(0.8)	(56.9)
Profit for the period	**133.9**	**1.5**	**135.4**
Of which:			
- **Net income excluding minorities**	**133.4**	**1.5**	**134.9**
- **Minority interests**	**0.5**		**0.5**

2.4 Operating expenses

Operating expenses include the following main categories of costs:

(in € millions)	**12 months ended December 31, 2015**	**12 months ended December 31, 2014**
Raw materials and component costs	(1,579.5)	(1,471.5)
Personnel costs	(1,256.3)	(1,170.8)
Other external costs	(857.7)	(802.0)
Depreciation and impairement of tangible assets	(97.4)	(94.5)
Amortization and impairment of intangible assets	(72.3)	(71.0)
Restructuring costs	(28.0)	(21.7)
Goodwill impairment	0.0	0.0
Other	(32.0)	(20.1)
Operating expenses	**(3,923.2)**	**(3,651.6)**

"Other" primarily includes impairment losses and reversals on inventories (Note 3.4), trade receivables (Note 3.5), and provisions (Note 4.4).

As of December 31, 2015 the Group had 32,667 employees on the payroll (December 31, 2014: 33,556).

2.5 Income tax expense

Income tax expense consists of the following:

(in € millions)	**12 months ended December 31, 2015**	**12 months ended December 31, 2014**
Current taxes:		
France	(70.3)	(67.9)
Outside France	(196.0)	(176.3)
	(266.3)	(244.2)
Deferred taxes:		
France	11.8	3.5
Outside France	(3.5)	2.3
	8.3	5.8
Total income tax expense:		
France	(58.5)	(64.4)
Outside France	(199.5)	(174.0)
Total	**(258.0)**	**(238.4)**

The reconciliation of total income tax expense for the period to income tax calculated at the standard tax rate in France is as follows, based on profit before tax of €810.0 million in 2015 (versus €771.7 million in 2014):

(Tax rate)	**12 months ended December 31, 2015**	**12 months ended December 31, 2014**
Standard French income tax rate	**34.43%**	**34.43%**
Increases (reductions):		
- Additional contributions in France	0.43%	0.41%
- Effect of foreign income tax rates	(5.28%)	(5.00%)
- Non-taxable items	(0.23%)	(1.43%)
- Income taxable at specific rates	(0.01%)	0.52%
- Other	2.79%	2.09%
	32.13%	31.02%
Impact on deferred taxes of:		
- Changes in tax rates	0.52%	0.05%
- Recognition or non-recognition of deferred tax assets	(0.79%)	(0.18%)
Effective tax rate	**31.86%**	**30.89%**

Note 3 – Details on non-current and current assets

3.1 Intangible assets

(in € millions)	December 31, 2015	December 31, 2014
Trademarks with indefinite useful lives	1,408.0	1,408.0
Trademarks with finite useful lives	258.0	265.8
Patents	2.0	3.3
Other intangible assets	154.0	176.2
Net value at the end of the period	**1,822.0**	**1,853.3**

3.1.1 Trademarks with indefinite and finite useful lives

The Legrand and Bticino brands represent close to 98% of the total value of trademarks with indefinite useful lives. These trademarks with indefinite useful lives are used internationally, and therefore contribute to all of the Group's cash-generating units. They should contribute indefinitely to future consolidated cash flows because management plans to continue using them indefinitely. The Group performs periodical reviews of these trademarks' useful lives.

Trademarks with finite useful lives are amortized over their estimated useful lives ranging:

- from 10 years when management plans to gradually replace them by other major trademarks owned by the Group;
- to 20 years when management plans to replace them by other major trademarks owned by the Group only over the long term or when, in the absence of such an intention, management considers that the trademarks may be threatened by a major competitor in the long term.

Amortization of trademarks is recognized in the income statement under administrative and selling expenses.

Trademarks can be analyzed as follows:

(in € millions)	December 31, 2015	December 31, 2014
Gross value at the beginning of the period	1,827.1	1,765.5
- Acquisitions	4.8	29.4
- Adjustments	0.0	0.0
- Disposals	0.0	0.0
- Translation adjustments	21.0	32.2
Gross value at the end of the period	**1,852.9**	**1,827.1**
Accumulated amortization and impairment at the beginning of the period	(153.3)	(120.5)
- Depreciation expense	(25.5)	(22.3)
- Reversals	0.0	0.0
- Translation adjustments	(8.1)	(10.5)
Less accumulated amortization and impairment at the end of the period	**(186.9)**	**(153.3)**
Net value at the end of the period	**1,666.0**	**1,673.8**

To date, no impairment has been recognized for these trademarks.

Each trademark with an indefinite useful life is tested for impairment separately, in the fourth quarter of each year and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment tests are performed using the relief from royalty method. This method consists of measuring the royalties that the company would have to pay to license in the trademark from a third party. The theoretical value of these royalties is then measured by estimating future revenue generated by the trademark over its useful life, as if the trademark were owned by a third party.

The following impairment testing parameters were used in the period ended December 31, 2015:

		Value in use	
Recoverable amount	**Carrying amount of trademarks with indefinite useful lives**	**Discount rate (before tax)**	**Growth rate to perpetuity**
Value in use	1,408.0	9.8 to 10.3%	2.6 to 3.1%

No impairment was recognized in the period ended December 31, 2015.

Sensitivity tests were performed on the discount rates and long-term growth rates used for impairment testing purposes. Based on the results of these tests, a 50-basis point change in these rates would not lead to any impairment losses being recognized on trademarks with an indefinite useful life.

The following impairment testing parameters were used in the period ended December 31, 2014:

		Value in use	
Recoverable amount	**Carrying amount of trademarks with indefinite useful lives**	**Discount rate (before tax)**	**Growth rate to perpetuity**
Value in use	1,408.0	10.4 to 13.1%	2.8 to 3.2%

No impairment was recognized in the period ended December 31, 2014.

3.1.2 Patents

Patents can be analyzed as follows:

(in € millions)	December 31, 2015	December 31, 2014
Gross value at the beginning of the period	585.8	578.7
- Acquisitions	0.0	0.0
- Disposals	0.0	0.0
- Translation adjustments	5.4	7.1
Gross value at the end of the period	**591.2**	**585.8**
Accumulated amortization and impairment at the beginning of the period	(582.5)	(574.8)
- Depreciation expense	(0.6)	(0.7)
- Reversals	0.0	0.0
- Translation adjustments	(6.1)	(7.0)
Less accumulated amortization and impairment at the end of the period	**(589.2)**	**(582.5)**
Net value at the end of the period	**2.0**	**3.3**

To date, no impairment has been recognized for these patents.

3.1.3 Other intangible assets

Other intangible assets are recognized at cost less accumulated amortization and impairment. They include in particular:

- costs incurred for development projects (relating to the design and testing of new or improved products). They are amortized from the date of sale of the product on a straight-line basis over the period in which the asset's future economic benefits are consumed, not exceeding 10 years. Costs incurred for projects that do not meet the IAS 38 definition of an intangible asset are recorded in research and development costs for the year in which they are incurred;
- software, which is generally purchased from an external supplier and amortized over 3 years;
- customer relationships acquired in business combinations. Corresponding to contractual relationships with key customers, they are measured using the discounted cash flow method and are amortized over a period ranging from 3 to 20 years.

Other intangible assets can be analyzed as follows:

(in € millions)	December 31, 2015	December 31, 2014
Capitalized development costs	313.9	289.8
Software	108.8	96.6
Other	82.7	88.4
Gross value at the end of the period	**505.4**	**474.8**
Less accumulated amortization and impairment at the end of the period	(351.4)	(298.6)
Net value at the end of the period	**154.0**	**176.2**

To date, no material impairment has been recognized for these items.

3.2 Goodwill

To determine the goodwill for each business combination, the Group applies the partial goodwill method whereby goodwill is calculated as the difference between the consideration paid to acquire the business combination and the portion of the acquisition date fair value of the identifiable net assets acquired and liabilities assumed that is attributable to the Group.

Under this method no goodwill is allocated to minority interests. Changes in the percentage of interest held in a controlled entity are recorded directly in equity without recognizing any additional goodwill.

Goodwill is tested for impairment annually, in the fourth quarter of each year, and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Within the Legrand Group, the level at which goodwill is measured (cash-generating units) corresponds to individual countries or to groups of countries, when they either have similar market characteristics or are managed as a single unit.

Value in use is estimated based on discounted cash flows for the next five years and a terminal value calculated from the final year of the projection period. The cash flow data used for the calculation is taken from the most recent medium-term business plans approved by Group management. Business plan projections are based on the latest available external forecasts of trends in the Group's markets. Cash flows beyond the projection period of five years are estimated by applying a growth rate to perpetuity.

The discount rates applied derive from the capital asset pricing model. They are calculated for each individual country, based on financial market and/or valuation services firm data (average data over the last three years). The cost of debt used in the calculations is the same for all individual countries (being equal to the Group's cost of debt).

Goodwill can be analyzed as follows:

(in € millions)	**December 31, 2015**	**December 31, 2014**
France	685.6	676.0
Italy	379.3	366.8
Rest of Europe	265.6	270.2
USA/Canada	720.2	507.1
Rest of the World	725.6	743.6
Net value at the end of the period	**2,776.3**	**2,563.7**

France, Italy and USA/Canada are each considered to be a single cash-generating unit (CGU), whereas both Rest of Europe and Rest of the World regions include several CGUs.

In the "Rest of Europe" and "Rest of the World" regions, no final amount of goodwill allocated to a CGU represents more than 10% of total goodwill. Within these two regions, China, India and South America are the largest CGUs.

Changes in goodwill can be analyzed as follows:

(in € millions)	**December 31, 2015**	**December 31, 2014**
Gross value at the beginning of the period	2,601.0	2,447.5
- Acquisitions	174.7	60.2
- Adjustments	(5.0)	(6.4)
- Reclassifications	1.9	0.0
- Translation adjustments	41.4	99.7
Gross value at the end of the period	**2,814.0**	**2,601.0**
Impairment value at the beginning of the period	(37.3)	(35.8)
- Impairment losses	0.0	0.0
- Translation adjustments	(0.4)	(1.5)
Impairment value at the end of the period	**(37.7)**	**(37.3)**
Net value at the end of the period	**2,776.3**	**2,563.7**

Adjustments correspond to the difference between provisional and final goodwill.

Acquisition price allocations, which are performed within one year of each business combination, are as follows:

(in € millions)	**12 months ended December 31, 2015**	**12 months ended December 31, 2014**
- Trademarks	4.8	29.3
- Deferred taxes on trademarks	(0.9)	(1.1)
- Patents	0.0	0.0
- Deferred taxes on patents	0.0	0.0
- Other intangible assets	0.0	6.0
- Deferred taxes on other intangible assets	0.0	0.0

The following impairment testing parameters were used in the period ended December 31, 2015:

			Value in use	
	Recoverable amount	**Carrying amount of goodwill**	**Discount rate (before tax)**	**Growth rate to perpetuity**
France		685.6	8.9%	2%
Italy		379.3	10.0%	2%
Rest of Europe	Value in use	265.6	7.5 to 14.2%	2 to 5%
USA/Canada		720.2	9.8%	3%
Rest of the World		725.6	8.5 to 19.5%	2 to 5%
Total		**2,776.3**		

No goodwill impairment losses were identified in the period ended December 31, 2015 including for CGUs facing a difficult macro-economic environment.

Sensitivity tests performed on the discount rates, long-term growth rates and operating margin rates showed that a 50 basis point unfavorable change in each of these three parameters would not lead to any material impairment of goodwill on an individual basis for each CGU.

The following impairment testing parameters were used in the period ended December 31, 2014:

			Value in use	
	Recoverable amount	**Carrying amount of goodwill**	**Discount rate (before tax)**	**Growth rate to perpetuity**
France	Value in use	676.0	9.4%	2%
Italy		366.8	14.6%	2%
Rest of Europe		270.2	8.5 to 20.6%	2 to 5%
USA/Canada		507.1	9.8%	3%
Rest of the World		743.6	8.8 to 21.1%	2 to 5%
Total		**2,563.7**		

No goodwill impairment losses were identified in the period ended December 31, 2014.

3.3 Property, plant and equipment

Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets; the most commonly adopted useful lives are the following:

- Lightweight buildings.......... 25 years
- Standard buildings .... 40 years
- Machinery and equipment .... 8 to 10 years
- Tooling .... 5 years
- Office furniture and equipment .... 5 to 10 years

Assets acquired under lease agreements that transfer substantially most of the risks and rewards of ownership to the Group are capitalized on the basis of the present value of future minimum lease payments and are depreciated over the shorter of the lease contract period and the asset's useful life determined in accordance with Group policies.

3.3.1 Changes in property, plant and equipment

	December 31, 2015				
(in € millions)	Land	Buildings	Machinery and equipment	Assets under construction and other	Total
Gross value					
At the beginning of the period	53.9	582.8	1 644.6	257.8	2,539.1
- Acquisitions	0.0	2.6	30.3	65.6	98.5
- Disposals	0.0	(4.6)	(32.0)	(8.8)	(45.4)
- Transfers and changes in scope of consolidation	5.9	11.9	58.7	(49.4)	27.1
- Translation adjustments	0.5	2.4	(1.7)	7.2	8.4
At the end of the period	**60.3**	**595.1**	**1 699.9**	**272.4**	**2,627.7**
Depreciation and impairment					
At the beginning of the period	(8.6)	(369.4)	(1,427.1)	(177.4)	(1,982.5)
- Depreciation expense	(0.5)	(18.5)	(65.6)	(12.8)	(97.4)
- Reversals	0.0	3.9	29.1	7.1	40.1
- Transfers and changes in scope of consolidation	0.0	(3.6)	(15.7)	2.8	(16.5)
- Translation adjustments	0.0	(1.7)	(0.3)	(7.2)	(9.2)
At the end of the period	**(9.1)**	**(389.3)**	**(1 479.6)**	**(187.5)**	**(2,065.5)**
Net value					
At the beginning of the period	45.3	213.4	217.5	80.4	556.6
- Acquisitions/Depreciation	(0.5)	(15.9)	(35.3)	52.8	1.1
- Disposals/Reversals	0.0	(0.7)	(2.9)	(1.7)	(5.3)
- Transfers and changes in scope of consolidation	5.9	8.3	43.0	(46.6)	10.6
- Translation adjustments	0.5	0.7	(2.0)	0.0	(0.8)
At the end of the period	**51.2**	**205.8**	**220.3**	**84.9**	**562.2**

As of December 31, 2015, total property, plant and equipment includes €8.1 million corresponding to assets held for sale, which are measured at the lower of their carrying amount and fair value less disposal costs.

(in € millions)	December 31, 2014 Land	 Buildings	 Machinery and equipment	 Assets under construction and other	 Total
Gross value					
At the beginning of the period	54.2	580.0	1,621.2	236.3	2,491.7
- Acquisitions	0.0	6.4	32.9	49.1	88.4
- Disposals	(0.3)	(19.3)	(59.1)	(6.8)	(85.5)
- Transfers and changes in scope of consolidation	(0.8)	11.9	31.9	(32.8)	10.2
- Translation adjustments	0.8	3.8	17.7	12.0	34.3
At the end of the period	**53.9**	**582.8**	**1,644.6**	**257.8**	**2,539.1**
Depreciation and impairment					
At the beginning of the period	(8.1)	(362.7)	(1,402.8)	(157.5)	(1,931.1)
- Depreciation expense	(0.5)	(17.5)	(64.6)	(11.9)	(94.5)
- Reversals	0.0	15.6	57.8	6.2	79.6
- Transfers and changes in scope of consolidation	0.0	(1.9)	(2.8)	(4.5)	(9.2)
- Translation adjustments	0.0	(2.9)	(14.7)	(9.7)	(27.3)
At the end of the period	**(8.6)**	**(369.4)**	**(1,427.1)**	**(177.4)**	**(1,982.5)**
Net value					
At the beginning of the period	46.1	217.3	218.4	78.8	560.6
- Acquisitions/Depreciation	(0.5)	(11.1)	(31.7)	37.2	(6.1)
- Disposals/Reversals	(0.3)	(3.7)	(1.3)	(0.6)	(5.9)
- Transfers and changes in scope of consolidation	(0.8)	10.0	29.1	(37.3)	1.0
- Translation adjustments	0.8	0.9	3.0	2.3	7.0
At the end of the period	**45.3**	**213.4**	**217.5**	**80.4**	**556.6**

3.3.2 Property, plant and equipment held under finance leases

(in € millions)	**December 31, 2015**	**December 31, 2014**
Buildings	21.7	19.2
Other	0.6	0.4
Gross value at the end of the period	22.3	19.6
Less accumulated depreciation	(10.5)	(7.9)
Net value at the end of the period	**11.8**	**11.7**

3.3.3 Liabilities recorded in the balance sheet arising from finance leases

(in € millions)	**December 31, 2015**	**December 31, 2014**
Long-term borrowings	10.8	11.2
Short-term borrowings	1.5	1.4
Total	**12.3**	**12.6**

3.3.4 Future minimum lease payments under finance leases

(in € millions)	**December 31, 2015**	**December 31, 2014**
Due in less than one year	1.7	1.6
Due in one to two years	1.5	1.5
Due in two to three years	1.5	1.4
Due in three to four years	1.5	1.3
Due in four to five years	1.5	1.3
Due beyond five years	5.0	6.1
	12.7	13.2
Of which accrued interest	(0.4)	(0.6)
Net present value of future minimum lease payments	**12.3**	**12.6**

3.4 Inventories

Inventories are measured at the lower of cost (of acquisition or production) or net realizable value, with cost determined principally on a first-in, first-out (FIFO) basis. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Impairment provisions are recognized when inventories are considered wholly or partially obsolete, and for finished goods inventories when their net realizable value is lower than their net book value.

Inventories are as follows:

(in € millions)	**December 31, 2015**	**December 31, 2014**
Purchased raw materials and components	238.2	234.2
Sub-assemblies, work in progress	88.1	85.9
Finished products	459.6	408.0
Gross value at the end of the period	785.9	728.1
Less impairment	(105.6)	(105.4)
Net value at the end of the period	**680.3**	**622.7**

3.5 Trade receivables

Trade receivables are initially recognized at fair value and are subsequently measured at amortized cost.
A provision is recognized in the income statement when there is objective evidence of impairment such as:

- when a debtor is late on payment (allowances are estimated using an aged receivables schedule);
- when a debtor has defaulted; or
- when a debtor's rating has been downgraded or its business environment has deteriorated.

Trade receivables can be analyzed as follows:

(in € millions)	**December 31, 2015**	**December 31, 2014**
Trade accounts and notes receivable	621.1	568.5
Less impairment	(75.7)	(68.1)
Net value at the end of the period	**545.4**	**500.4**

The Group uses factoring contracts to reduce the risk of late payments.
During 2015, a total of €398.5 million in receivables were transferred under the terms of the factoring contracts. The resulting costs were recognized in financial profit (loss) for an amount of less than €2.0 million.
The factoring contract terms qualify the receivables for derecognition under IAS 39. The amount derecognized as of December 31, 2015 was €79.7 million (€63.5 million as of December 31, 2014).

Past-due trade receivables can be analyzed as follows:

(in € millions)	**December 31, 2015**	**December 31, 2014**
Less than 3 months past due	102.2	91.3
From 3 to 12 months past due	33.2	26.0
More than 12 months past due	29.8	27.8
Total	**165.2**	**145.1**

Provisions for impairment of past-due trade receivables amounted to €67.7 million as of December 31, 2015 (€60.3 million as of December 31, 2014). These provisions break down as follows:

(in € millions)	**December 31, 2015**	**December 31, 2014**
Provisions for receivables less than 3 months past due	10.1	9.8
Provisions for receivables 3 to 12 months past due	27.8	22.7
Provisions for receivables more than 12 months past due	29.8	27.8
Total	**67.7**	**60.3**

3.6 Other current assets

Other current assets are as follows:

(in € millions)	**December 31, 2015**	**December 31, 2014**
Employee advances	3.0	3.6
Other receivables	48.0	34.0
Prepayments	26.7	24.7
Prepaid and recoverable taxes other than income tax	92.3	89.8
Total	**170.0**	**152.1**

These assets are valued at historical cost and there are no events or special circumstances indicating that they may be impaired.

3.7 Cash and cash equivalents

Cash and cash equivalents consist of cash, short-term deposits and all other financial assets with an original maturity of less than three months. The other financial assets maturing in less than three months are readily convertible to known amounts of cash and are not subject to any material risk of change in value.
Cash and cash equivalents that are unavailable in the short term for the Group correspond to the bank accounts of certain subsidiaries facing complex, short-term fund repatriation conditions due mainly to regulatory reasons.

Cash and cash equivalents totaled €1,085.9 million as of December 31, 2015 and corresponded primarily to deposits with an original maturity of less than three months. Of this amount, about €19.2 million were not available to the Group in the short term.

Note 4 – Details on non-current and current liabilities

4.1 Share capital and earnings per share

Share capital as of December 31, 2015 amounted to €1,067,722,408 represented by 266,930,602 ordinary shares with a par value of €4 each, for 266,930,602 voting rights.

As of December 31, 2015, the Group held 156,595 shares in treasury, versus 493,806 shares as of December 31, 2014, i.e., 337,211 less shares consequently to:

- the acquisition of 810,000 shares outside of the liquidity contract;
- the transfer of 783,861 shares to employees under performance share plans;
- the cancellation of 400,000 shares (refer to 4.1.1); and
- the net purchase of 36,650 shares under the liquidity contract (refer to 4.1.2.2).

As of December 31, 2015, among the 156,595 shares held in treasury by the Group, 94,945 shares have been allocated according to the allocation objectives described in 4.1.2.1 and 61,650 shares are held under the liquidity contract.

4.1.1 Changes in share capital

Changes in share capital in 2015 were as follows:

	Number of shares	Par value	Share capital (euros)	Premiums (euros)
As of December 31, 2014	266,357,615	4	1,065,430,460	1,101,130,101
Exercise of options under the 2007 plan	167,058	4	668,232	3,535,529
Exercise of options under the 2008 plan	211,805	4	847,220	3,503,524
Exercise of options under the 2009 plan	165,074	4	660,296	1,501,578
Exercise of options under the 2010 plan	429,050	4	1,716,200	7,641,270
Cancellation of shares	(400,000)	4	(1,600,000)	(16,810,653)
Repayment of paid-in capital*	-		-	(45,030,719)
As of December 31, 2015	266,930,602	4	1,067,722,408	1,055,470,630

** Portion of dividends distributed in June 2015 deducted from the premium account.*

On May 6, 2015, the Board of Directors decided to cancel 400,000 shares acquired under the share buyback program (shares bought back in June 2014). The €16,810,653 difference between the buyback price of the cancelled shares and their par value was deducted from the premium account.

In 2015, 972,987 shares were issued under the 2007 to 2010 stock option plans, resulting in a capital increase representing a total amount of €20.1 million (premiums included).

4.1.2 Share buyback program and transactions under the liquidity contract

As of December 31, 2015, the Group held 156,595 shares in treasury (493,806 as of December 31, 2014, out of which 468,806 under the share buyback program and 25,000 under the liquidity contract) which can be detailed as follows:

4.1.2.1 Share buyback program

In 2015, the Group acquired 810,000 shares, at a cost of €39,332,839.

As of December 31, 2015, the Group held 94,945 shares, acquired at a total cost of €3,108,749. These shares are being held for the following purposes:

- for allocation upon exercise of performance share plans (90,024 shares purchased at a cost of €2,986,118); and
- for allocation upon sale to employees who choose to re-invest their profit-shares in the Company stock through a corporate mutual fund (4,921 shares purchased at a cost of €122,631).

4.1.2.2 Liquidity contract

On May 29, 2007, the Group appointed a financial institution to maintain a liquid market for its ordinary shares on the Euronext™ Paris market under a liquidity contract complying with the Code of Conduct issued by the AMAFI (French Financial Markets Association) approved by the AMF on March 22, 2005. €15.0 million in cash was allocated by the Group to the liquidity contract.

As of December 31, 2015, the Group held 61,650 shares under this contract, purchased at a total cost of €3,240,075.

During 2015, transactions under the liquidity contract led to a cash outflow of €532,288 corresponding to net purchases of 36,650 shares.

4.1.3 Earnings per share

Basic earnings per share are calculated by dividing net profit attributable to equity holders of Legrand by the weighted number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated according to the treasury stock method, by dividing profit attributable to equity holders of Legrand by the weighted average number of ordinary shares outstanding during the period, plus the number of dilutive potential ordinary shares. The weighted average number of ordinary shares outstanding used in these calculations is adjusted for the share buybacks and sales carried out during the period and does not take into account shares held in treasury.

Basic and diluted earnings per share, calculated on the basis of the average number of ordinary shares outstanding during the period, are as follows:

		December 31, 2015	December 31, 2014
Profit attributable to equity holders of Legrand (*in € millions)*	A	550.6	531.7
Average number of shares (excluding shares held in treasury)	B	266,375,725	265,703,963
Average dilution from:			
Performance shares		*965,118*	*1,216,927*
Stock options		*1,833,063*	*2,180,559*
Average number of shares after dilution (excluding shares held in treasury)	C	269,173,906	269,101,449
Number of stock options and performance share grants outstanding at the period end		3,620,509	5,018,871
Sales (buybacks) of shares and transactions under the liquidity contract (net during the period)		(846,650)	(1,937,500)
Shares allocated during the period under performance share plans		783,861	814,221
Basic earnings per share *(euros)*	A/B	2.067	2.001
Diluted earnings per share *(euros)*	A/C	2.046	1.976
Dividend per share *(euros)*		1.100	1.050

As above-mentioned, during 2015, the Group:

- issued 972,987 shares under stock option plans;
- transferred 783,861 shares under performance share plans, out of the 810,000 shares bought back for this purpose in 2015; and
- acquired a net 36,650 shares under the liquidity contract.

These movements were taken into account on an accrual basis in the computation of the average number of ordinary shares outstanding during the period, in accordance with IAS 33. If the shares had been issued and bought back on January 1, 2015, earnings per share and diluted earnings per share would have amounted to €2.064 and €2.035 respectively for the twelve months ended December 31, 2015.

During 2014, the Group:

- issued 1,567,098 shares under the stock option plans;
- transferred 814,221 shares under performance share plans, out of the 2,020,000 shares bought back for this purpose; and
- sold a net 82,500 shares under the liquidity contract.

These movements were taken into account on an accruals basis in the computation of the average number of ordinary shares outstanding during the period, in accordance with IAS 33. If the shares had been issued and bought back on January 1, 2014, basic earnings per share and diluted earnings per share would have amounted to €2.000 and €1.966 respectively for the twelve months ended December 31, 2014.

4.2 Stock option plans and performance share plans

The cost of stock options or performance shares is measured at the fair value of the award on the grant date, using the Black & Scholes option pricing model or the binomial model, and is recognized in the income statement under "Employee benefits expense" on a straight-line basis over the vesting period with a corresponding adjustment to equity. Changes in the fair value of stock options after the grant date are not taken into account.

The expense recognized by crediting equity is adjusted at each period-end during the vesting period to take into account changes in the number of shares that are expected to be delivered to employees when the performance shares vest or the stock options are exercised.

4.2.1 Performance share plans

4.2.1.1 2011 and 2012 performance share plans

The following performance share plans were approved by the Company's Board of Directors in previous years:

	2011 Plan[1]	**2012 Plan[1]**
Date approved by shareholders	May 27, 2010	May 26, 2011
Grant date	March 3, 2011	March 7, 2012
Total number of performance share rights granted	1,592,712	987,910[2]
o/w to Executive Directors	*127,888*	*30,710*
•Gilles Schnepp	65,737	30,710
•Olivier Bazil	62,151	
End of vesting period	French tax residents: March 4, 2013 Non-residents: March 4, 2015	French tax residents: March 8, 2014 Non-residents: March 8, 2016
End of lock-up period	French tax residents: March 5, 2015 Non-residents: March 4, 2015	French tax residents: March 9, 2016 Non-residents: March 8, 2016
Number of performance shares acquired as of December 31, 2015	(1,494,132)	(386,295)
Number of performance share rights cancelled or forfeited	(98,580)	(46,709)
Performance share rights outstanding as of December 31, 2015	**0**	**554,906**

(1) All these plans were subject to performance conditions (see Note 12 to the consolidated financial statements for the twelve months ended December 31, 2014).

(2) Given the dividend distribution features approved at the General Meeting of Shareholders on May 29, 2015, the number of remaining performance shares was adjusted to take into account the impact of this transaction on the interests of performance share beneficiaries,in accordance with article L.228-99 of the Commercial Code.

4.2.1.2 2015 performance share plan

The following performance share plan was also approved by the Company's Board of Directors:

	2015 Plan
Date approved by shareholders	May 24, 2013
Grant date	May 29, 2015
Total number of performance share rights initially granted	392,333[(1)]
o/w to Executive Directors	*23,943*[(1)]
End of vesting period	June 17, 2019
End of lock-up period	June 17, 2019
Number of performance shares acquired as of December 31, 2015	0
Number of performance share rights cancelled or forfeited	3,062
Performance share rights outstanding as of December 31, 2015	389,271

(1) *Given the dividend distribution features approved at the General Meeting of Shareholders on May 29, 2015, the number of performance shares granted was adjusted to take into account the impact of this transaction on the interests of performance share beneficiaries, in accordance with article L.228-99 of the Commercial Code.*

On May 29 2015, the total expense to be recognized for this performance share plan in accordance with IFRS 2 was estimated at €16.3 million, an amount which is to be spread over the 4 year vesting period.

The final number of shares ultimately granted to beneficiaries is determined based on one service condition and two performance conditions.

The two performance conditions presented below have been set to fully assess the Group's future collective achievements:

Nature of performance conditions	**Description of performance conditions**	**Weighting of performance conditions in the total allocation**
"External" performance condition	Comparison between the arithmetic average of Legrand's consolidated EBITDA margin as published in the 2015, 2016 and 2017 consolidated financial statements and the arithmetic average of EBITDA margins achieved by companies in the MSCI World Capital Goods index over the same period.	50% of the initial allocation
"Internal" performance condition	Arithmetic average of the level of normalized free cash flow as a percentage of sales, as published in the 2015, 2016, and 2017 consolidated financial statements, compared to target.	50% of the initial allocation

The number of shares ultimately granted to beneficiaries is calculated as follows:

	Minimum	Target	Maximum
“External” performance condition	• Final allocation of 0% if the difference between the two averages is less than or equal to 4 points in the Company’s favor.	• Final allocation of 100% of half of the number of shares initially granted under the plan if the difference between the two averages is equal to 8.3 points in the Company’s favor.	• Final allocation of 150% of half of the number of shares initially granted under the plan if the difference between the two averages is equal to 10.5 or more points in the Company’s favor.
	Straight-line calculation of the number of performance shares ultimately granted to beneficiaries between 4 and 10.5 points		
	Minimum	**Target**	**Maximum**
“Internal” performance condition	• Final allocation of 0% if the average normalized free cash flow as a percentage of sales is equal to 9.4% or less.	• Final allocation of 100% of half of the number of shares initially granted under the plan if the average normalized free cash flow as a percentage of sales is equal to 12.8%.	• Final allocation of 150% of half of the number of shares initially granted under the plan if the average normalized free cash flow as a percentage of sales is equal to 14.5% or more.
	Straight-line calculation of the number of performance shares ultimately granted to beneficiaries between 9.4% and 14.5%.		

If all these shares from 2012 and 2015 plans were to vest (i.e., 944,177 shares), the Company's capital would be diluted by 0.4% as of December 31, 2015.

4.2.2 Stock option plans

No stock option plans have been implemented since the 2010 Plan.

The following stock option plans were approved by the Company's Board of Directors in previous years:

	2007 Plan	2008 Plan	2009 Plan	2010 Plan
Date approved by shareholders	May 15, 2007	May 15, 2007	May 15, 2007	May 15, 2007
Grant date	May 15, 2007	March 5, 2008	March 4, 2009	March 4, 2010
Total number of options granted	1,639,709(1)	2,017,639(1)	1,187,364(1)	3,259,853(1)
o/w to Executive Directors	*79,544(1)*	*141,700(1)*	*94,276(1)*	*218,367(1)*
• Gilles Schnepp	40,880(1)	72,824(1)	48,460(1)	134,796(1)
• Olivier Bazil	38,664(1)	68,876(1)	45,816(1)	83,571(1)
Start of exercise period	May 16, 2011	March 6, 2012	March 5, 2013	March 5, 2014
Expiry of exercise period	May 15, 2017	March 5, 2018	March 4, 2019	March 4, 2020
Exercise price	€25.12(1) Average closing price over the 20 trading days preceding the grant date	€20.51(1) Average closing price over the 20 trading days preceding the grant date	€13.08(1) Average closing price over the 20 trading days preceding the grant date	€21.75(1) Average closing price over the 20 trading days preceding the grant date
Exercise terms (plans comprising several tranches)	(2) (3)	(2) (3)	(2) (3)	(2) (3)
Number of options exercised as of December 31, 2015	(1,171,955)	(1,332,705)	(744,334)	(1,606,378)
Number of options cancelled or forfeited	(107,421)	(121,239)	(107,612)	(236,589)
Stock options outstanding as of December 31, 2015	**360,333**	**563,695**	**335,418**	**1,416,886**

(1) Given the dividend distribution features approved at the General Meeting of Shareholders on May 29, 2015, the number and exercise price of stock options was adjusted to take into account the impact of this transaction on the interests of stock option beneficiaries, in accordance with article L.228-99 of the Commercial Code.

(2) Options vest after a maximum of four years, except in the event of resignation or termination for willful misconduct.

(3) All these plans were subject to performance conditions (see Note 12 to the consolidated financial statements for the twelve months ended December 31, 2014).

The weighted average market price of the Company stock upon exercises of stock options in 2015 was €50.70.

If all these options were to be exercised (i.e., 2,676,332 options), the Company's capital would be diluted at most by 1.0% (which is a maximum dilution as it does not take into account the exercise price of these options) as of December 31, 2015.

4.2.3 Share-based payments: IFRS 2 charges

In accordance with IFRS 2, a charge of €6.4 million was recorded in 2015 (€10.0 million in 2014) for all of these plans combined. See also Note 4.5.2 for cash-settled long-term employee benefits plans implemented from 2013.

4.3 Retained earnings and translation reserves

4.3.1 Retained earnings

Consolidated retained earnings of Legrand and its subsidiaries as of December 31, 2015 amounted to €3,006.2 million.
As of the same date, the parent company – Legrand – had retained earnings including profit for the period of €1,207.8 million available for distribution.

4.3.2 Translation reserves

Assets and liabilities of Group entities whose functional currency is different from the presentation currency are translated using the exchange rate at the balance sheet date. Statements of income are translated using the average exchange rate for the period. Gains or losses arising from the translation of the financial statements of foreign subsidiaries are recognized directly in equity, under "Translation reserves", until such potential time as the Group no longer controls the entity.

The translation reserve records the impact of fluctuations in the following currencies:

(in € millions)	**December 31, 2015**	**December 31, 2014**
US dollar	9.4	(73.6)
Other currencies	(285.5)	(208.2)
Total	**(276.1)**	**(281.8)**

The Group operates in more than 80 countries. It is mainly exposed to a dozen currencies other than euro and US dollar, including the Brazilian real, Indian rupee, Turkish lira, Chilean peso, Australian dollar, Russian ruble and Chinese yuan.

Under IAS 39, non-derivative financial instruments may be designated as hedges only when they are used to hedge foreign currency risk and provided that they qualify for hedge accounting.
Accordingly, in the case of hedges of a net investment in a foreign operation, the portion of the gain or loss on the hedging instrument that is deemed to be an effective hedge is recognized in equity, as required under paragraph 102 of IAS 39.

Consequently, unrealized foreign exchange gains and losses on US dollar-denominated 8½% Debentures (Yankee bonds) are recognized in the translation reserve. Losses on these bonds recognized in the translation reserve in 2015 amounted to €37.2 million, resulting in a net negative balance of €78.9 million as of December 31, 2015.

In addition, in accordance with IAS 21, translation gains and losses on receivables or payables are treated as part of a net investment in the related foreign Group entity. Gains recognized in the translation reserve in 2015 amounted to €5.9 million, resulting in a net positive balance of €4.2 million as of December 31, 2015.

4.4 Provisions

Changes in provisions in 2015 are as follows:

	December 31, 2015					
(in € millions)	Products guarantee	Claims and litigation	Fiscal and employee risks	Restructuring	Other	Total
At beginning of period	17.6	62.8	11.3	15.6	93.2	200.5
Changes in scope of consolidation	0.6	7.6	0.9	0.2	0.3	9.6
Increases	6.9	15.0	1.9	9.6	42.1	75.5
Utilizations	(4.5)	(7.6)	(3.2)	(11.4)	(5.0)	(31.7)
Reversals of surplus provisions	(2.5)	(16.8)	0.0	(1.5)	(5.6)	(26.4)
Reclassifications	0.1	(4.4)	4.2	0.0	(7.2)	(7.3)
Translation adjustments	0.6	(0.2)	(0.2)	0.3	(7.1)	(6.6)
At end of period	**18.8**	**56.4**	**14.9**	**12.8**	**110.7**	**213.6**
Of which non-current portion	*8.6*	*31.3*	*10.0*	*1.0*	*57.9*	*108.8*

"Other" includes long-term provisions for employee benefits, corresponding mainly to cash-settled long-term employee benefits plans described in Note 4.5.2 for an amount of €74.2 million (see also consolidated statement of equity for stock option plans and performance share plans described in Note 4.2).
"Other" also includes a €10.8 million provision for environmental risks to cover mainly estimated depollution costs related to property assets held for sale.

Changes in provisions in 2014 were as follows:

	December 31, 2014					
(in € millions)	Products guarantee	Claims and litigation	Fiscal and employee risks	Restructuring	Other	Total
At beginning of period	15.8	72.9	15.8	20.6	75.2	200.3
Changes in scope of consolidation	0.3	0.0	0.5	4.9	0.0	5.7
Increases	6.3	20.6	2.3	9.0	41.5	79.7
Utilizations	(3.5)	(6.3)	(4.7)	(17.7)	(5.1)	(37.3)
Reversals of surplus provisions	(2.0)	(26.7)	0.0	(1.7)	(8.1)	(38.5)
Reclassifications	0.0	1.7	(3.1)	(0.1)	(8.2)	(9.7)
Translation adjustments	0.7	0.6	0.5	0.6	(2.1)	0.3
At end of period	**17.6**	**62.8**	**11.3**	**15.6**	**93.2**	**200.5**
Of which non-current portion	*5.6*	*35.9*	*8.0*	*1.2*	*63.2*	*113.9*

4.5 Provision for post-employment benefits and other long-term employee benefits

4.5.1 Pension and other post-employment defined benefit obligations

Group companies operate various pension plans. The plans are funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined contribution and defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Contributions are recognized as an expense for the period of payment. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in current and prior periods.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and end-of-career salary.
The liability recognized in the balance sheet for defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets. The past service cost arising from changes to pension benefit plans is expensed in full as incurred.

In accordance with IAS 19, the Group recognizes all actuarial gains and losses outside profit or loss, in the consolidated statement of comprehensive income.

Defined benefit obligations are calculated using the projected unit credit method. This method takes into account estimated years of service at retirement, final salaries, life expectancy and staff turnover, based on actuarial assumptions. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of investment grade corporate bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the period to payment of the related pension liability.

Some Group companies provide post-employment healthcare benefits to their retirees. Entitlement to these benefits is usually conditional on the employee remaining with the company up to retirement age and completion of a minimum service period. These benefits are treated as post-employment benefits under the defined benefit scheme.

Pension and other post-employment defined benefit obligations can be analyzed as follows:

(in € millions)	**December 31, 2015**	**December 31, 2014**
France (Note 4.5.1.2)	94.7	97.6
Italy (Note 4.5.1.3)	38.6	39.8
United Kingdom (Note 4.5.1.4)	11.9	13.4
United States (Note 4.5.1.5)	11.0	14.2
Other countries	20.9	18.7
Total pension and other post-employment defined benefit obligations	**177.1**	**183.7**
Of which current portion	*6.5*	*6.7*

The total amount of those liabilities is €177.1 million as of December 31, 2015 (€183.7 million as of December 31, 2014) and is analyzed in Note 4.5.1.1 which shows total liabilities of €361.7 million as of December 31, 2015 (€352.8 million as of December 31, 2014) less total assets of €184.6 million as of December 31, 2015 (€169.1 million as of December 31, 2014).

The provisions recorded in the balance sheet correspond to the portion of the total liability remaining payable by the Group; this amount is equal to the difference between the total obligation recalculated at each balance sheet date, based on actuarial assumptions, and the net residual value of the plan assets at that date.

4.5.1.1 Analysis of pension and other post-employment defined benefit obligations

The total (current and non-current) obligation under the Group's pension and other post-employment benefit plans, consisting primarily of plans in France, Italy, the United States and United Kingdom, is as follows:

(in € millions)	**December 31, 2015**	**December 31, 2014**
Defined benefit obligation		
Projected benefit obligation at beginning of period	352.8	302.9
Service cost	9.8	9.0
Interest cost	10.7	11.0
Benefits paid or unused	(36.0)	(17.1)
Employee contributions	0.5	0.5
Actuarial loss/(gain)	4.0	30.9
Curtailments, settlements, special termination benefits	0.6	(0.5)
Translation adjustments	16.0	17.1
Other	3.3	(1.0)
Projected benefit obligation at end of period (I)	**361.7**	**352.8**
Fair value of plan assets		
Fair value of plan assets at beginning of period	169.1	142.3
Expected return on plan assets	6.5	6.3
Employer contributions	9.7	10.4
Employee contributions	0.8	0.7
Benefits paid	(13.8)	(12.2)
Actuarial (loss)/gain	(1.6)	8.5
Translation adjustments	13.9	13.9
Other	0.0	(0.8)
Fair value of plan assets at end of period (II)	**184.6**	**169.1**
Liability recognized in the balance sheet (I) - (II)	**177.1**	**183.7**
Current liability	6.5	6.7
Non-current liability	170.6	177.0

Actuarial losses recognized in equity in 2015 amounted to €5.6 million (€2.0 million after tax).
These €5.6 million actuarial losses resulted from:

- €2.0 million gains from changes in financial assumptions;
- €7.4 million losses from changes in demographic assumptions; and
- €0.2 million experience losses.

The discount rates used are determined by reference to the yield on high-quality bonds based on the following benchmark indices:

- Euro zone: iBoxx € Corporates AA 10+;
- United Kingdom: iBoxx £ Corporates AA 15+;
- United States: Citibank Pension Liability Index.

Sensitivity tests were performed on:

- the discount rate. According to the results of these tests, a 50-basis point reduction in the rate would lead to the recognition of additional actuarial losses of around €18.8 million and would increase the liability as of December 31, 2015 by the same amount;
- the rate of future salary increases. According to the results of these tests, a 50-basis point increase in the rate would lead to the recognition of additional actuarial losses of around €8.0 million and would increase the liability as of December 31, 2015 by the same amount.

Discounted future payments for the Group's pension and other post-employment benefit plans are as follows:

(in € millions)	
2016	16.2
2017	14.4
2018	14.2
2019	13.8
2020 and beyond	303.1
Total	**361.7**

The impact of service costs and interest costs on profit before tax for the period is as follows:

(in € millions)	**12 months ended December 31, 2015**	**12 months ended December 31, 2014**
Service cost	(9.8)	(9.0)
Net interest cost	(4.2)	(4.7)
Total	**(14.0)**	**(13.7)**

The weighted-average allocation of pension plan assets is as follows as of December 31, 2015:

(as a percentage)	France	United Kingdom	United States	Weighted total
Equity instruments		44.5	64.2	53.2
Debt instruments		49.5	34.3	42.4
Insurance funds	100.0	6.0	1.5	4.4
Total	**100.0**	**100.0**	**100.0**	**100.0**

4.5.1.2 Provisions for retirement benefits and supplementary pension benefits in France

The provisions recorded in the consolidated balance sheet concern the unvested entitlements of active employees. The Group has no obligation with respect to the vested entitlements of former employees, as the benefits were

legrand®

settled at the time of their retirement, either directly or through payments to insurance companies in full discharge of the liability.

The main defined benefit plan applicable in France concerns statutory length-of-service awards, under which all retiring employees are eligible for a lump-sum payment calculated according to their length of service. This payment is defined either in the collective bargaining agreement to which their company is a party or in a separate company-level agreement, whichever is more advantageous to the employee. The amount generally varies depending on the employee category (manager/non-manager).

In France, provisions recorded in the consolidated balance sheet amount to €94.7 million as of December 31, 2015 (€97.6 million as of December 31, 2014) corresponding to the difference between the projected benefit obligation of €95.4 million as of December 31, 2015 (€99.5 million as of December 31, 2014) and the fair value of the related plan assets of €0.7 million as of December 31, 2015 (€19 million as of December 31, 2014).

The projected benefit obligation is calculated base on staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. In France, the calculation in 2015 was based on a salary increase rate of 2.75%, a discount rate and an expected return on plan assets of 2.0% (respectively 2.75% and 2.0% in 2014).

4.5.1.3 Provisions for termination benefits in Italy

In Italy, a termination benefit is awarded to employees regardless of the reason for their departure.
Since January 1, 2007, such benefits have been paid either into an independently managed pension fund or to the Italian social security service (INPS). As from that date, the Italian termination benefit plans have been qualified as defined contribution plans under IFRS. Termination benefit obligations arising prior to January 1, 2007 continue to be accounted for under IFRS as defined benefit plans, based on revised actuarial estimates that exclude the effect of future salary increases.

The resulting provisions for termination benefits, which correspond to the obligation as of December 31, 2006 plus the ensuing actuarial revisions, amounted to €38.6 million as of December 31, 2015 (€39.8 million as of December 31, 2014).

The calculation in 2015 was based on a discount rate of 2.03% (1.49% in 2014).

4.5.1.4 Provisions for retirement benefits and other post-employment benefits in United Kingdom

The UK plan is a trustee-administered plan governed by article 153 of the 2004 Finance Act, and is managed in a legal entity outside of the Group.
Benefits are paid directly out of funds consisting of contributions paid by the company and by plan participants.

The plan has been closed to new entrants since May 2004.

Active plan participants account for 2.3% of the projected benefit obligation, participants who are no longer accumulating benefit entitlements for 44.8% and retired participants for 52.9%.

Plan assets include equities for 44.5%, debt securities for 49.5% and insurance funds for 6.0%. All of these assets are marked to market.

The provisions recorded in the consolidated balance sheet amounted to €11.9 million as of December 31, 2015 (€13.4 million as of December 31, 2014), corresponding to the difference between the projected benefit obligation of €104.8 million (€100.7 million as of December 31, 2014) and the fair value of the related plan assets of €92.9 million (€87.3 million as of December 31, 2014).

The projected benefit obligation is calculated base on staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. The calculation in 2015 was based on a salary increase rate of 4.1%, a discount rate and an expected return on plan assets of 3.6% (respectively 4.0% and 3.5% in 2014).

4.5.1.5 Provisions for retirement benefits and other post-employment benefits in the United States

In the United States, the Group provides pension benefits for employees and health care and life insurance for certain retired employees.

The Legrand North America Retirement Plan is covered by a plan document in force since January 2002 that was last amended in January 2008. The minimum funding requirement is determined based on Section 430 of the Internal Revenue Code.

To meet its obligations under the plan, the Group has set up a trust with Prudential Financial, Inc. The trust assets include several different investment funds.

The current trustee is Legrand North America. The Wiremold Company is the Plan Administrator and the Custodian is Prudential Financial, Inc.

The plan has been closed to new entrants since August 2006 for salaried employees and since April 2009 for hourly employees.

Active plan participants account for 30.2% of the projected benefit obligation, participants who are no longer accumulating benefit entitlements for 14.0% and retired participants for 55.8%.

Plan assets include equities (mainly US companies) for 64.2%, debt securities (mainly US bonds) for 34.3% and insurance funds for 1.5%. All of these assets are marked to market.

The funding policy consists of ensuring that the legal minimum funding requirement is met at all times.

The provisions recorded in the consolidated balance sheet amounted to €11.0 million as of December 31, 2015 (€14.2 million as of December 31, 2014), corresponding to the difference between the projected benefit obligation of €87.8 million (€82.5 million as of December 31, 2014) and the fair value of the related plan assets of €76.8 million (€68.3 million as of December 31, 2014).

The projected benefit obligation is calculated base on staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. The calculation in 2015 was based on a salary increase rate of 3.5%, a discount rate and an expected return on plan assets of 4.0% (respectively 3.5% and 3.82% in 2014).

4.5.2 Other long-term employee benefits

The Group implemented cash-settled long-term employee benefits plans for employees deemed to be key for the Group, subject to the grantees' continued presence within the Group after a vesting period of three years.

In addition to the grantee being still present within the Group, the plans can, in certain case, depend on the Group's achievement of future economic performance conditions which may or may not be indexed to the share price.

Plans indexed to the share price are cash-settled and thus, in accordance with IFRS 2, the corresponding liability has been recorded in the balance sheet and will be remeasured at each period-end until the transaction is settled.
The other plans qualify as long-term employee benefit plans, with a corresponding provision recognized in compliance with IAS 19.

During 2015, an expense of €37.0 million was recognized in operating profit in respect to these plans. As mentioned in Note 4.4, the resulting provision amounted to €74.2 million as of December 31, 2015 (including payroll taxes). See also Notes 4.2.1 and 4.2.2 for performance shares plans and stock option plans and Note 4.2.3 for IFRS 2 charges accounted for in the period.

4.6 Long-term and short-term borrowings

The Group actively manages its debt. Through diversified sources of financing, it increases the resources available to support its medium-term business growth while guaranteeing a robust financial position over the long term.

4.6.1 Long-term borrowings

Long-term borrowings are initially recognized at fair value, taking into account any transaction costs directly attributable to the issue, and are subsequently measured at amortized cost, using the effective interest method.

Long-term borrowings can be analyzed as follows:

(in € millions)	**December 31, 2015**	**December 31, 2014**
8½% debentures	356.6	318.9
Bonds	1,400.0	1,100.0
Other borrowings*	75.6	102.0
	1,832.2	**1,520.9**
Debt issuance costs	(9.0)	(7.6)
Total	**1,823.2**	**1,513.3**

*Including €44.7 million corresponding to private placement notes held by employees through the "Legrand Obligations Privées" corporate mutual fund (€49.7 million as of December 31, 2014).

No guarantees have been given with respect to these borrowings.

Long-term borrowings (excluding debt issuance costs) break down by currency as follows, after hedging (see Note 5.1.2.2):

(in € millions)	**December 31, 2015**	**December 31, 2014**
Euro	1,440.9	1,140.6
US dollar	357.6	318.9
Other currencies	33.7	61.4
Total	**1,832.2**	**1,520.9**

Long-term borrowings (excluding debt issuance costs) as of December 31, 2015 can be analyzed by maturity as follows:

(in € millions)	**8½% debentures**	**Bonds**	**Other borrowings**
Due in one to two years		300.0	19.7
Due in two to three years		400.0	31.2
Due in three to four years		0.0	9.7
Due in four to five years		0.0	9.1
Due beyond five years	356.6	700.0	5.9
Total	**356.6**	**1,400.0**	**75.6**

Long-term borrowings (excluding debt issuance costs) as of December 31, 2014 can be analyzed by maturity as follows:

(in € millions)	**8½% debentures**	**Bonds**	**Other borrowings**
Due in one to two years		0.0	37.6
Due in two to three years		300.0	18.8
Due in three to four years		400.0	29.3
Due in four to five years		0.0	9.1
Due beyond five years	318.9	400.0	7.2
Total	**318.9**	**1,100.0**	**102.0**

Average interest rates on borrowings are as follows:

	December 31, 2015	**December 31, 2014**
8½% debentures	8.50%	8.50%
Bonds	3.95%	3.75%
Other borrowings	2.74%	2.23%

4.6.1.1 Bonds

In February 2010, the Group carried out a €300.0 million 4.25% seven-year bond issue. The bonds will be redeemable at maturity on February 24, 2017.

In March 2011, the Group carried out a €400.0 million 4.375% seven-year bond issue. The bonds will be redeemable at maturity on March 21, 2018.

In April 2012, the Group carried out a €400.0 million 3.375% ten-year bond issue. The bonds will be redeemable at maturity on April 19, 2022.

In December 2015, the Group carried out a €300.0 million 1.875% twelve-year bond issue. The bonds will be redeemable at maturity on December 16, 2027.

4.6.1.2 8½% Debentures (Yankee bonds)

On February 14, 1995, Legrand France issued $400.0 million worth of 8½% debentures due February 15, 2025, through a public placement in the United States. Interest on the debentures is payable semi-annually on February 15 and August 15 of each year, beginning August 15, 1995.

In December 2013, a number of debenture holders offered to sell their securities to the Group. Acting on this offer, the Group decided to acquire Yankee bonds with an aggregate face value of $6.5 million. The acquired debentures were subsequently cancelled.

4.6.1.3 2011 Credit Facility

In October 2011, the Group signed an agreement with six banks to set up a €900.0 million revolving multicurrency facility (2011 Credit Facility) utilizable through drawdowns. The five-year facility may be extended for two successive one-year periods.

In July 2014, the Group signed an agreement that amends and extends the Credit Facility finalized in October 2011 with all banks party to this contract. This agreement extends the maximum maturity of the €900 million revolving credit line by three years, i.e., up to July 2021, including two successive one-year period extension options, and at improved financing terms compared with October 2011.

Funds drawndown are subject to an interest rate equivalent to Euribor/Libor plus a margin determined on the basis of the Group's credit rating. In addition, the 2011 Credit Facility does not contain any covenants.

As of December 31, 2015, the Credit Facility had not been drawn down.

4.6.2 Short-term borrowings

Short-term borrowings can be analyzed as follows:

(in € millions)	**December 31, 2015**	**December 31, 2014**
Commercial paper	15.0	15.0
Other borrowings	52.9	56.4
Total	**67.9**	**71.4**

legrand®

4.7 Deferred taxes

In accordance with IAS 12, deferred taxes are recognized for temporary differences between the tax bases of assets and liabilities and their carrying amount in the consolidated balance sheet. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled.

Deferred tax assets and deferred tax liabilities are offset when the entity has a legally enforceable right of offset and they relate to income taxes levied by the same taxation authority.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. The recognized deferred tax assets are expected to be utilized no later than five years from the period-end.

Deferred taxes recorded in the balance sheet result from temporary differences between the carrying amount of assets and liabilities and their tax base and can be analyzed as follows:

(in € millions)	**December 31, 2015**	**December 31, 2014***
Deferred taxes recorded by French companies	(289.8)	(305.6)
Deferred taxes recorded by foreign companies	(251.7)	(260.6)
	(541.5)	**(566.2)**
Origin of deferred taxes:		
- Impairment losses on inventories and receivables	56.1	46.6
- Margin on inventories	21.8	19.4
- Recognized operating losses carried forward	5.2	8.0
- Finance leases	(3.4)	(4.2)
- Fixed assets	(158.7)	(143.4)
- Trademarks	(530.2)	(533.7)
- Patents	(0.7)	(1.1)
- Other provisions	39.8	32.4
- Pensions and other post-employment benefits	45.1	46.2
- Fair value adjustments to derivative instruments	(1.6)	(1.8)
- Other	(14.9)	(34.6)
	(541.5)	**(566.2)**
- Of which deferred tax assets	114.9	92.4
- Of which deferred tax liabilities	(656.4)	(658.6)

** Restated comparative data at December 31, 2014 (see Note 1.2.1.1).*

Short- and long-term deferred taxes can be analyzed as follows:

(in € millions)	**December 31, 2015**	**December 31, 2014***
Deferred taxes – short-term	94.8	75.6
Deferred taxes – long-term	(636.3)	(641.8)
Total	**(541.5)**	**(566.2)**

** Restated comparative data at December 31, 2014 (see Note 1.2.1.1).*

Tax losses carried forward break down as follows:

(in € millions)	December 31, 2015	December 31, 2014
Recognized operating losses carried forward	**19.2**	**31.3**
Recognized deferred tax assets	5.2	8.0
Unrecognized operating losses carried forward	**159.0**	**149.7**
Unrecognized deferred tax assets	32.7	38.5
Total net operating losses carried forward	**178.2**	**181.0**

4.8 Other current liabilities

Other current liabilities can be analyzed as follows:

(in € millions)	December 31, 2015	December 31, 2014*
Tax liabilities	68.3	66.5
Accrued employee benefits expense	215.1	194.9
Statutory and discretionary profit-sharing reserve	26.0	24.9
Payables related to fixed asset purchases	14.9	14.2
Accrued expenses	78.9	62.3
Accrued interest	48.2	47.0
Deferred revenue	13.9	9.3
Pension and other post-employment benefit obligations	6.5	6.8
Other current liabilities	29.5	31.8
Total	**501.3**	**457.7**

** Restated comparative data at December 31, 2014 (see Note 1.2.1.1).*

Note 5 – Other information

5.1 Financial instruments and management of financial risks

5.1.1 Financial instruments

5.1.1.1 Impact of financial instruments

	12 months ended December 31, 2015			
	Impact on financial profit	Impact on equity		
(in € millions)	(loss)	Fair value	Translation adjustment	Other
Trade receivables				
Trade payables				
Borrowings	(80.2)		(37.2)	
Derivatives	16.8			
Total	**(63.4)**		**(37.2)**	

Debentures denominated in US dollars ("Yankee bonds") are considered as a net investment hedge (see Note 4.3.2).

5.1.1.2 Breakdown of balance sheet items by type of financial instrument

	December 31, 2015				December 31, 2014
			Type of financial instrument		
(in € millions)	Carrying amount	Fair value	Receivables, payables and borrowings at amortized cost	Derivatives	Carrying amount
ASSETS					
Current assets					
Trade receivables	545.4	545.4	545.4		500.4
Other current financial assets	0.7	0.7		0.7	0.6
Total current assets	**546.1**	**546.1**	**545.4**	**0.7**	**501.0**
EQUITY AND LIABILITIES					
Current liabilities					
Short-term borrowings	67.9	67.9	67.9		71.4
Trade payables	531.3	531.3	531.3		481.8
Other current financial liabilities	0.4	0.4		0.4	0.4
Total current liabilities	**599.6**	**599.6**	**599.2**	**0.4**	**553.6**
Non-current liabilities					
Long-term borrowings	1,823.2	1,928.7	1,823.2		1,513.3
Total non-current liabilities	**1,823.2**	**1,928.7**	**1,823.2**		**1,513.3**

Only items classified as “Other current financial assets and liabilities” are measured at fair value. In accordance with IFRS 13, fair value measurement of other current financial assets takes counterparty default risk into account.
In light of the Group’s credit rating, the measurement of other current financial liabilities is subject to insignificant credit risk.

5.1.2 Management of financial risks

The Group’s cash management strategy is based on overall financial risk management principles and involves taking specific measures to manage the risks associated with interest rates, exchange rates, commodity prices and the investment of available cash. The Group does not conduct any trading in financial instruments, in line with its policy of not carrying out any speculative transactions. All transactions involving derivative financial instruments are conducted with the sole purpose of managing interest rate, exchange rate and commodity risks and as such are limited in duration and value.

This strategy is centralized at Group level. Its implementation is deployed by the Financing and Treasury Department which recommends appropriate measures and implements them after they have been validated by the Corporate Finance Department and Group management. A detailed reporting system has been set up to enable permanent close tracking of the Group's positions and effective oversight of the management of the financial risks described in this note.

5.1.2.1 Interest rate risk

As part of an interest rate risk management policy aimed mainly at managing the risk of a rate increase, the Group has structured its debt into a combination of fixed and variable rate financing.

Net debt (excluding debt issuance costs) breaks down as follows between fixed and variable interest rates before the effect of hedging instruments:

				December 31, 2015				December 31, 2014
(in € millions)	**Due within 1 year**	**Due in 1 to 2 years**	**Due in 2 to 3 years**	**Due in 3 to 4 years**	**Due in 4 to 5 years**	**Due beyond 5 years**	**Total**	**Total**
Financial assets*								
Fixed rate								
Variable rate	1,088.4						1,088.4	729.1
Financial liabilities**								
Fixed rate	(6.4)	(318.0)	(411.2)	(8.0)	(7.5)	(1,056.6)	(1,807.7)	(1,472.4)
Variable rate	(61.5)	(1.7)	(20.0)	(1.7)	(1.6)	(5.9)	(92.4)	(119.9)
Net exposure								
Fixed rate	(6.4)	(318.0)	(411.2)	(8.0)	(7.5)	(1,056.6)	(1,807.7)	(1,472.4)
Variable rate	1,026.9	(1.7)	(20.0)	(1.7)	(1.6)	(5.9)	996.0	609.2

*Financial assets: cash and marketable securities

**Financial liabilities: borrowings (excluding debt issuance costs)

In April 2011, the Group purchased interest rate swaps on a notional amount of €275.0 million expiring on March 21, 2015.

In 2011, the Group cancelled the interest rate swaps and accordingly adjusted the hedged debt by €12.3 million. In accordance with IAS 39, this adjustment was amortized to profit or loss as a deduction to financial expense in the period through March 2015, i.e., over the initial life of the swaps. The gain recognized in 2015 was €0.8 million (€3.5 million in 2014).

As part of Group's interest rate risk management policy, further interest rate swaps may be set up in the future, based on changes in market conditions.

The following table shows the sensitivity of net debt costs to changes in interest rates, before hedging instruments:

	December 31, 2015		**December 31, 2014**	
(in € millions)	**Impact on profit before tax**	**Impact on equity before tax**	**Impact on profit before tax**	**Impact on equity before tax**
Impact of a 100-bps increase in interest rates	6.4	6.4	3.9	3.9
Impact of a 100-bps decrease in interest rates	(6.9)	(6.9)	(4.8)	(4.8)

The impact of a 100-basis point increase in interest rates would result in a gain of €6.4 million due to a net positive variable-rate exposure. Conversely, the impact of a 100-basis point decrease in interest rates would result in a loss of €6.9 million.

5.1.2.2 Currency risk

The Group operates in international markets and is therefore exposed to risks through its use of several different currencies.

"Natural" hedges are preferred, in particular by balancing the breakdown by currency of net debt with the breakdown by currency of operating profit. If required, when the acquisition of an asset is financed using a currency other than the functional currency of the country concerned, the Group may enter into forward contracts to hedge its exchange rate risk.

As of December 31, 2015 the Group has set up forward contracts in Australian dollars, in Brazilian reals, and in US dollars which are accounted for in the balance sheet at their fair value.

The following table shows the breakdown of net debt (excluding debt issuance costs) by currency:

	December 31, 2015					December 31, 2014
(in € millions)	**Financial assets***	**Financial liabilities****	**Net exposure before hedging**	**Hedging**	**Net exposure after hedging**	**Net exposure after hedging**
Euro	813.6	(1,491.1)	(677.5)	(86.4)	(763.9)	(840.2)
US dollar	71.0	(363.5)	(292.5)	109.7	(182.8)	(189.7)
Other currencies	203.8	(45.5)	158.3	(23.3)	135.0	166.7
Total	**1,088.4**	**(1,900.1)**	**(811.7)**	**0.0**	**(811.7)**	**(863.2)**

*Financial assets: cash and marketable securities

**Financial liabilities: borrowings (excluding debt issuance costs)

The following table shows the sensitivity of gross debt to changes in the exchange rate of the euro against other currencies, before hedging instruments:

	December 31, 2015		December 31, 2014	
	Impact on profit before tax	**Impact on equity before tax**	**Impact on profit before tax**	**Impact on equity before tax**
(in € millions)	10% increase		10% increase	
US dollar	0.2	35.9	2.6	34.5
Other currencies	2.7	7.1	3.2	7.8

	December 31, 2015		December 31, 2014	
	Impact on profit before tax	**Impact on equity before tax**	**Impact on profit before tax**	**Impact on equity before tax**
(in € millions)	10% decrease		10% decrease	
US dollar	(0.2)	(32.6)	(2.4)	(31.4)
Other currencies	(2.4)	(6.5)	(2.9)	(7.1)

Operating assets and liabilities break down as follows by reporting currency:

	December 31, 2015			December 31, 2014
(in € millions)	**Current operating assets excluding taxes**	**Current operating liabilities excluding taxes**	**Net exposure**	**Net exposure**
Euro	432.8	(580.6)	(147.8)	(166.9)
US dollar	334.1	(186.6)	147.5	119.2
Other currencies	628.8	(370.2)	258.6	293.0
Total	**1,395.7**	**(1,137.4)**	**258.3**	**245.3**

The table below presents the breakdown of net sales and operating expenses by currency as December 31, 2015:

(in € millions)	Net sales		Operating expenses	
Euro	1,877.3	39.0%	1,474.2	37.6%
US dollar	1,255.3	26.1%	1,051.0	26.8%
Other currencies	1,677.3	34.9%	1,398.0	35.6%
Total	**4,809.9**	**100.0%**	**3,923.2**	**100.0%**

As shown in the above table, natural hedges are also set up by matching costs and revenues in each of the Group's operating currencies.

Residual amounts are hedged by options to limit the Group's exposure to fluctuations in the main currencies concerned. These hedges are for periods of less than 18 months.

The Group estimates that, all other things being equal, a 10% increase in the exchange rate of the euro against all other currencies would have resulted in 2015 in a decrease in net revenue of approximately €266.6 million (€238.6 million in 2014) and a decrease in operating profit of approximately €44.0 million (€37.3 millon in 2014), while a 10% decrease would have resulted in 2015 in an increase in net revenue of approximately €293.3 million (€262.4 million in 2014) and an increase in operating profit of approximately €48.4 million (€41.0 milion in 2014).

5.1.2.3 Commodity risk

The Group is exposed to commodity risk arising from changes in the price of raw materials. Raw materials consumption (except components) amounted to around €470 million in 2015.

A 10% increase in the price of the above-mentioned consumption would theoretically feed through to around a €47 million increase in annual purchasing costs. The Group believes that it could, circumstances permitting, raise the prices of its products in the short term to offset the overall adverse impact of any such increases.

Additionally, the Group can set up specific derivative financial instruments (options) for limited amounts and periods to hedge part of the risk of an unfavorable change in copper and certain other raw material prices. The Group did not set up any such hedging contracts in 2015.

5.1.2.4 Credit risk

As explained in Note 2.1, a substantial portion of Group revenue is generated with two major distributors. Other revenue is essentially derived from distributors of electrical products but sales are diversified due to the large number of customers and their geographic dispersion. The Group actively manages its credit risk by establishing regularly reviewed individual credit limits for each customer, constantly monitoring collection of its outstanding receivables and systematically chasing up past due receivables. In addition, the situation is reviewed regularly with the Corporate Finance Department. When the Group is in a position to do so, it can resort to either credit insurance or factoring.

5.1.2.5 Counterparty risk

Financial instruments that may potentially expose the Group to counterparty risk are principally cash equivalents, short-term investments and hedging instruments. These assets are placed with well-rated financial institutions or corporates with the aim of fragmenting the exposure to these counterparties. Those strategies are decided and monitored by the Corporate Finance Department, which ensures a weekly follow up of ratings and credit default swap rates of any one of these counterparties.

5.1.2.6 Liquidity risk

The Group considers that managing liquidity risk depends primarily on having access to diversified sources of financing as to their origin and maturity. This approach represents the basis of the Group's financing policy.
The total amount of net debt (€802.7 million as of December 31, 2015) is fully financed by financing facilities expiring at the earliest in 2017 and at the latest in 2027. The average maturity of gross debt is 6 years.

Legrand is rated A- Stable Outlook by Standard & Poor's, attesting to the strength of the Group's business model and balance sheet.

Rating agency	Long-term debt	Outlook
S&P	A-	Stable

5.2 Related-party information

The only individuals qualifying as related parties within the meaning of IAS 24 are the corporate officers who serve on the Executive Committee.

Compensation and benefits provided to the members of the Executive Committee for their services are detailed in the following table:

(in € millions)	December 31, 2015	December 31, 2014
Compensation (amounts paid during the 12 month period)		
Fixed compensation	3.9	3.5
Variable compensation	2.0	2.0
Other short-term benefits [1]	0.1	0.1
Pension and other post-employment benefits [2]	**(8.3)**	**0.1**
Other long-term benefits (charge for the 12 month period) [3]	**4.3**	**3.6**
Termination benefits (charge for the 12 month period)	**0.0**	**0.0**
Share-based payments (charge for the 12 month period) [4]	**0.8**	**0.8**

[1] Other short-term benefits include benefits in kind.

[2] Change in the obligation's present value (in accordance with IAS 19).

[3] As per the long-term employee benefits plans described in Note 4.5.2.

[4] As per the performance share plans and the stock option plans described in Note 4.2.

legrand®

5.3 Off-balance sheet commitments and contingent liabilities

5.3.1 Specific transactions

Specific commitments and their expiry dates are discussed in the following notes:

- Note 3.3: Property, plant and equipment;
- Note 4.5.1: Pension and other post-employment benefit obligations.

5.3.2 Routine transactions

5.3.2.1 Financial guarantees

(in € millions)	**December 31, 2015**	**December 31, 2014**
Guarantees given to banks	164.3	172.0
Guarantees given to other organizations	59.9	48.6
Total	**224.2**	**220.6**

Most of these guarantees are given by the Company to banks for Group subsidiaries located outside of France.

5.3.2.2 Operating leases

The Group uses certain facilities under lease agreements and leases certain equipment. There are no special restrictions related to these operating leases. Future minimum rental commitments under leases are detailed below:

(in € millions)	**December 31, 2015**	**December 31, 2014**
Due within one year	45.4	45.9
Due in one to two years	38.9	35.5
Due in two to three years	30.5	27.7
Due in three to four years	21.9	21.6
Due in four to five years	17.1	17.0
Due beyond five years	36.2	47.5
Total	**190.0**	**195.2**

5.3.2.3 Commitments to purchase property, plant and equipment

Commitments to purchase property, plant and equipment amounted to €15.6 million as of December 31, 2015.

5.3.3 Contingent liabilities

The Group is involved in a number of claims and legal proceedings arising in the normal course of business. In the opinion of management, all such matters have been adequately provided for or are without merit, and are of such nature that, should the outcome nevertheless be unfavorable to the Group, they should not have a material adverse effect on the Group's consolidated financial position or results of operations.

5.4 Subsequent events

On February 11, 2016, the Group announced the acquisitions of Fluxpower in Germany and Primetech in Italy. These two companies are specialists in UPS. Together they have combined annual sales of close to €9.0 million.

COMPANY HEADQUARTERS
128, avenue de Lattre de Tassigny
87045 Limoges Cedex, France
+33 (0) 5 55 06 87 87
www.legrand.com

legrand®