2013 Annual Report Summary

Gamesa

Message from the Chairman

Message from the Business CEO

01

Gamesa in 2013

10 Key metrics

12 Organisation

14 Global presence

16 The year in pictures

20 Share price performance

02

Business performance

24 Solid execution of the business plan

28 Business risk management

32 Geographic diversification

36 Outlook and strategy

03

Products and services

43 Wind turbines

49 Operation & Maintenance

51 Technological diversification

04

Sustainability

54 Sustainability strategy

56 Gamesa's Corporate Governance model

59 Commitments: employees, shareholders, customers, suppliers, environment and community

Message from the Chairman

Dear shareholder,

2013 was the year in which we launched and deployed our 2013-2015 business plan. As part of this plan, we promised to put Gamesa back on the path to profitability and efficiency, strengthen our capital structure and enhance our competitive positioning.

The initiatives carried over the course of last year prove our ability to steadily execute this strategy and evidence the fact that the measures taken under the umbrella of this plan are on target. Not only did we deliver on our guidance for 2013, we surpassed it, despite operating in a challenging environment marked by slowing demand, regulatory uncertainty and intense competition in the main markets.

Our sales volume last year was 1,953 MWe. Revenue, meanwhile, narrowed by 8% year-on-year to €2.34 billion, shaped by lower volumes and the impact of adverse currency trends in Brazil and India. Despite this backdrop, our margins widened.

Recurring EBIT totalled €129 million in 2013, which translated into a margin of 5.5%, significantly above the 2012 EBIT margin of 2% and topping our guidance range (3%-5%).

Our aim is to continue to boost the company's profitability, underpinned by our project mix strategy, steady execution of our cost streamlining programmes and the growing contribution of our services division. This division warrants special mention due to its recurring contribution to the company's earnings, having accounted for 16% of total revenue and presented an EBIT margin of 11.7% in 2013.

As well as driving margin expansion, the measures rolled out in 2013 enabled us to reduce our financing needs while making decisive progress on shoring up our financial health, having reduced net debt plus non-recourse factoring by €275 million.

Progress on shareholder value creation

Meanwhile, Gamesa forged ahead with its sales and product strategy, tapping new markets and closing agreements with new customers. We are currently present in over 50 countries, combining a meaningful leadership position in fast-growing markets, such as Latin America and India, with strong positioning in legacy markets, such as Europe and the US. In 2013, Gamesa also achieved several technological milestones, launching new turbines and O&M services onto the market. These milestones notably include the installation and commissioning of our debut offshore turbine and the first in Spain.

Gamesa reinforced its stakeholder pledges in parallel. Having installed cumulative capacity of almost 30 GW, the company prevents over 43 million tonnes of carbon emissions annually, thereby helping to reduce greenhouse gas emissions. Gamesa builds social responsibility into every corner of its business model. This means monitoring and implementing best corporate governance practices and developing initiatives to drive continual improvement in our employees' workplace health and safety.

The company is firmly committed to its customers and the development of its suppliers, while attending to the communities in which it operates.

This solid performance was mirrored in last year's share price performance. Gamesa's shares gained over 350% in 2013, ending the year at €7.58. This rally was instrumental in the readmission of Gamesa into Spain's benchmark blue chip stock index, the Ibex 35, having met the associated market capitalisation and liquidity criteria.

The financial and earnings momentum, sustainable development, share price performance and progress towards a more flexible organisational structure position Gamesa for continued profitable growth. The company is set to play a significant role in upcoming sector consolidation, which we view as much needed and inevitable. Against this backdrop, and in parallel with execution of its organic growth plan, Gamesa began to move its offshore strategy forward, having announced an agreement in principle with Areva for the creation of joint venture. This collaboration will position the new company as a leading player in the offshore wind segment, which will undoubtedly prove a growth industry in the years to come.

We have taken the first steps without erring; however, this does not mean that we have delivered on all our objectives. Our sights will be set on these strategic priorities for the remaining two years of our business plan in order to make further progress on creating value for our shareholders, whom I would like to thank for their ongoing support and contribution to the Gamesa business story.

Ignacio Martín
Chairman

Message from the Business CEO

Dear shareholder,

Gamesa's earnings performance in 2013 proves that we are on the right track with the orientation of and measures rolled out under the 2013-2015 business plan, which focuses on renewed profitability, financial health, the prioritisation of strategic markets and the development of competitive technological solutions. All of which underpinned by a new organisational structure designed around processes which guarantee speedier and higher quality execution of our plans for transforming the company.

These earnings topped the guidance provided to the market; under the transformed business model, the company is making steady progress towards the value creation vision contemplated in the plan for 2015, enabled by ongoing fixed cost-cutting, variable cost streamlining and select investing.

Gamesa concentrated its efforts on adapting its structure to match the new market environment and launching product cost optimisation measures, the impact of which will gradually ramp up, being felt in full in 2015. The measures taken under the umbrella of the business plan are also aimed at reinforcing the company's financial health by means of stricter working capital management and more select capital expenditure, in line with prevailing market demands. The product make & buy, modularisation strategy, coupled with the decision to leverage the company's existing megawatt and multi-megawatt platforms for new product development purposes, are unquestionably key strategic drivers. Technological leadership remains one of Gamesa's core values and top priorities. The fact that we have launched three new products since the end of 2012 - the G114-2.0 MW, the G114-2.5 MW and the G128-5.0 MW, the latter in onshore and offshore versions - speaks volumes for our technological prowess.

These turbines, which evolve from our existing platforms, cater to all of our customers' needs and are sector benchmarks on account of their ability to maximise output and reduce the cost of energy. This leadership is evident in the development of new and more value-adding products in the operations and maintenance area, such as the GPA, life extension and energy thrust services, thanks to which the services division is set to make a recurring and growing contribution to earnings.

Commercial diversification strategy

If 2013 was the year in which Gamesa found its way back to profitability, in 2014 we will witness a turnaround in global demand which will drive growth in volumes and revenue. I would like to single out one driver among the main growth levers: the sales diversification strategy pursued by Gamesa in recent years.

Gamesa's solid presence in India, Mexico and Brazil is unquestionably one of our greatest competitive advantages. Gamesa is the number one ranked OEM in both India and Mexico, with a market share of 19% and 73%, respectively, and the number two player in Brazil, a country expected to install roughly 9,000 MW between now and 2018.

This position is the result of the sum of Gamesa's various strategic advantages: early entry into these markets; our presence in the wind farm development business, key in the self-supply segments in India and Mexico; deep local market knowledge; the development of products and services adeptly tailored to customers' needs; and the establishment of a supply chain and manufacturing presence adapted to each market's requirements.

The US market, in contrast, characterised by a boom-bust cycle, contracted sharply in 2013. However, the renewal of the regime's production tax credits at the end of 2012 foreshadows a market recovery in 2014, with this market expected to install 15,500 MW between 2014 and 2016. The bright outlook for the US market affords Gamesa a major sales opportunity, having signed a series of framework agreements over the course of 2013 for the supply and maintenance of turbines.

The earnings contribution by Europe & RoW was broadly flat last year, at 24% of revenue, compared to 27% in 2012. Gamesa successfully defended its leadership position thanks to an astute product development strategy focused on the technological evolution of its 2 MW and 5 MW platforms.

Gamesa's ability to enter new markets is similarly noteworthy. Last year, the company signed its first contracts in Kenya, Mauritania and the Philippines. These agreements extend Gamesa's geographic footprint to 50 countries, further underscoring its steady international expansion.

The outlook for the market, the orderbook and the impact of the cost-cutting and financial health measures enshrined in the business plan lead Gamesa to expect growth in sales volumes and profit margins in 2014, coupled with continued deleveraging, thereby paving the way for renewed shareholder value creation.

In sum, these strategic imperatives, focused on sales diversification, technological excellence and the implementation of new process-based management models, which is already up and running, will enable Gamesa to remain a competitive, efficient and profitable company, ready to take on the challenges looming.

Xabier Etxeberria
Business CEO

Gamesa in 2013

01

Key metrics

28,838 MW
cumulative installed capacity

6,388 MW
of propietary capacity

2,071 MW
installed in 2013

18,286 MW
wind farm pipeline

In **50 countries**
around the world

1,953 MWe
sold in 2013

19,962 MW
under maintenance

43 million
tonnes of carbon emissions prevented

ECONOMIC INDICATORS	2013	2012	2011	2010	2009
Sales (MM€)	2,336	2,844 [1]	3,033	2,764	3,229
Equivalent MW sold	1,953	2,119	2,802	2,405	3,145
EBIT (MM€)	123	(631) [1]	131	119	177
Net BDI (MM€)	45	(659)	51	50	115
NFD/EBITDA	1,5x	2,5x [2]	2x	-0,6x	0,7x
Share price at year-end (€)	7.58	1.66	3.21	5.71	11.78
Earnings per share (€)	0.1796	(2.63)	0.209	0.208	0.48
Gross dividend per share	0	0	0.051	0.119	0.21

SOCIAL INDICATORS	2013	2012	2011	2010	2009
Workforce	6,079	6,646	8,357	7,262	6,360
Sick leave frequency Index	1.74	2.39	3.84	4.19	4.91
Severity Index	0.05	0.07	0.09	0.13	0.16
Headcount outside Spain (%)	36	36	42	36	31
Female employees (%)	23.65	23.74	23.17	24.55	25.52
Employees on permanent contracts (%)	92	92	88	87	86
Training hours / employee	7.49	23.59	39.57	32.27	32.32

SUSTAINABILITY INDEXES	2013	2012	2011	2010	2009
United Nations Global Compact	√	√	√	√	√
Dow Jones Sustainability Index	-	√	√	√	√
FTSE4Good	√	√	√	√	√
Ethibel Excellence Europe	√	√	√	√	√
Global Challenges Index	√	√	√	√	√
CleanTech index (CTIUS)	√	√	√	√	√

ENVIRONMENTAL INDICATORS	2013	2012	2011	2010	2009
Raw materials consumed (tonnes)	103,507	119,687	137,254	113,364	129,601
Energy consumption (TJ)	1,008	1,185	1,279	1,217	1,061
Water consumption (m^3)	80,048	95,261	101,105	93,140	91,225
Waste generated (tonnes)	10,346	11,191	16,336	15,952	16,069
Discharges (m^3)	62,356	59,332	61,488	56,113	61,237
Carbon emissions (tonnes of CO_2)	39,436	47,656	56,747	57,982	48,062
Carbon emissions avoided (millions of tonnes of CO_2) [4]	43.25	40.15	36.21	31.25	27.37
Energy consumption rate (GJ)	430	416	421	401	321
Water consumption rate (m^3)	34	33	33	34	28
Waste generation rate (tonnes)	4	4	5	5	5
Discharge generation rate (m^3)	27	20	20	20	17
Carbon emission rate (tonnes)	17	16	18	21	15
Carbon emission avoidance rate (tonnes)	1,329	1,384	1,636	1,403	1,036

1. Considering the wind farm development and sale businesses in the US as continuing operations.
2. Excluding non-recurring items.
3. Tonnes of carbon emissions avoided by virtue of the wind energy capacity installed by Gamesa. Cumulative figures.

Organisation

Board of Directors

Chairman

Ignacio Martín	Executive

Deputy Chairman

Juan Luis Arregui	Independent

Members

José María Vázquez	Independent
Sonsoles Rubio	Proprietary
Luis Lada*	Independent
Ramón Castresana	Proprietary
José María Aldecoa	Independent
Manuel Moreu	Independent
José María Aracama	Independent

Secretary and board member

Carlos Rodríguez-Quiroga	Executive

Deputy Secretary, non member

José Antonio Cortajarena

*Lead Independent Director

Executive Committee

Chairman

Ignacio Martín	Executive

Members

Juan Luis Arregui	Independent
José María Aldecoa	Independent
Luis Lada	Independent
Sonsoles Rubio	Proprietary

Secretary non member

Carlos Rodríguez-Quiroga	N/A

Deputy Secretary, non member

José Antonio Cortajarena	N/A

Audit and Compliance Committee

Chairman

Luis Lada	Independent

Members

José María Vázquez	Independent
Sonsoles Rubio	Proprietary
Manuel Moreu	Independent

Secretary non member

Carlos Rodríguez-Quiroga	N/A

Appointment and Remuneration Committee

Chairman

José María Aracama	Independent

Members

Juan Luis Arregui	Independent
Ramón Castresana	Proprietary

Secretary non member

Carlos Rodríguez-Quiroga	N/A

Management

Executive Chairman
Ignacio Martín

Internal Audit
Félix Zarza

Chief Financial Officer
Ignacio Artázcoz

Business CEO
Xabier Etxeberria

CEO Europe + RoW
Ricardo Chocarro

CEO India
Ramesh Kymal

CEO USA
Borja Negro

CEO China
José Antonio Miranda

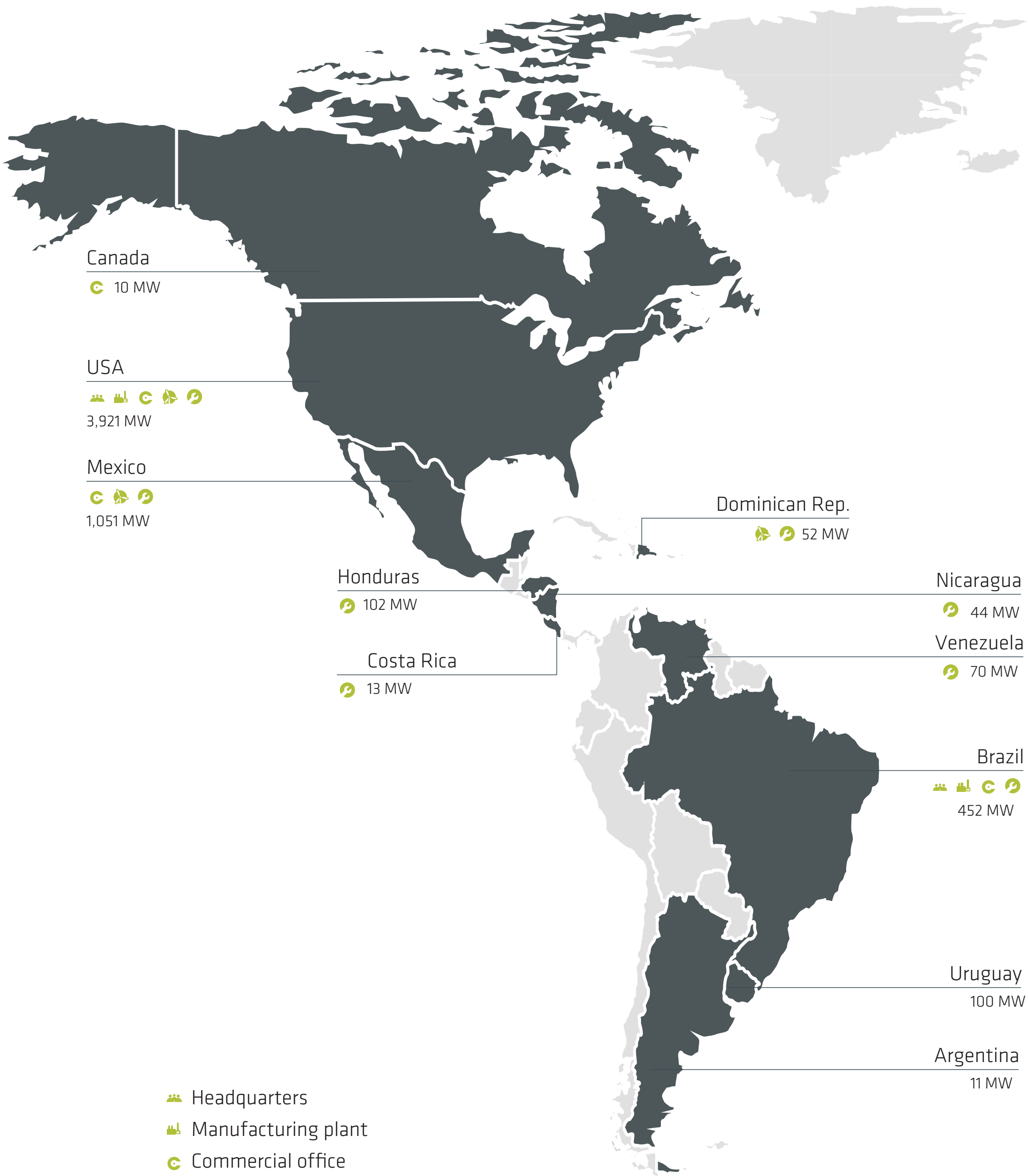
Managing Director Brazil
Edgard Corrochano

Services Managing Director
Pedro López

Chief Corporate General Secretary
José Antonio Cortajarena

Business Development Managing Director
David Mesonero

Global presence



United Kingdom
451 MW

Ireland
54 MW

Spain
12,201 MW

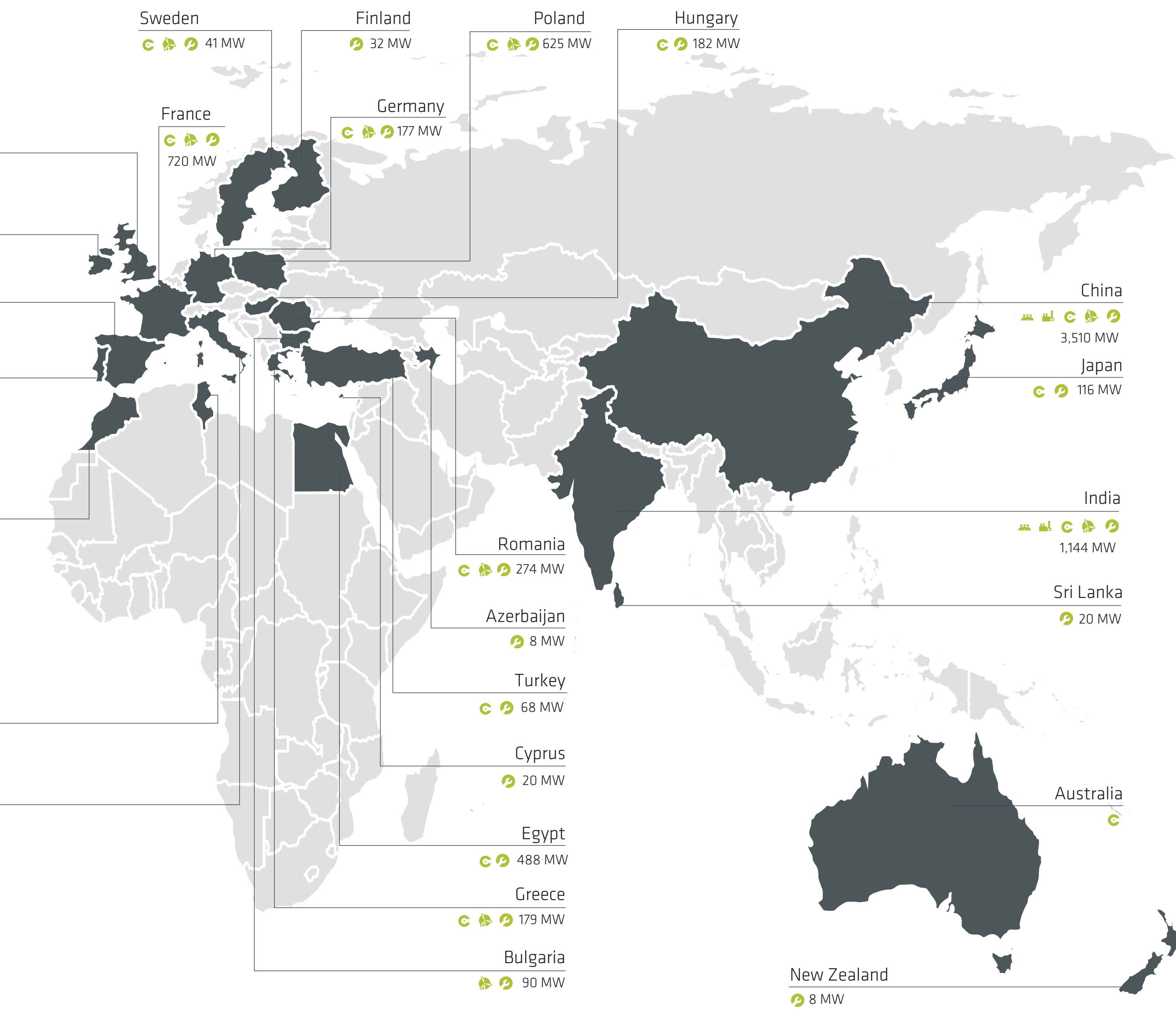
Portugal
438 MW

Morocco
238 MW

Tunisia
232 MW

Italy
1,669 MW

Headquarters
Manufacturing plant
Commercial office
Wind farm development
Operation and Maintenance
MW cumulative installed capacity

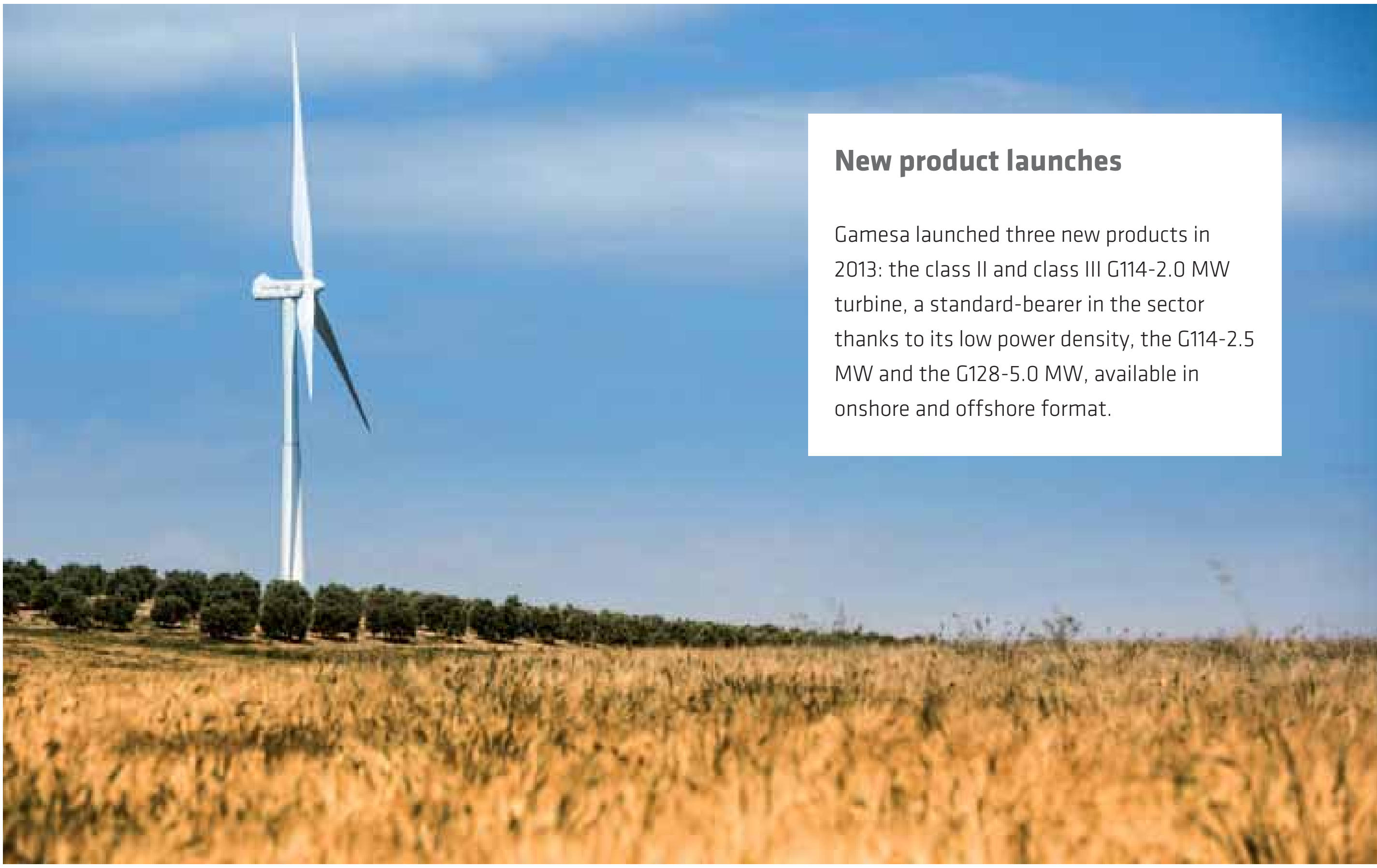


Other countries with MW installed:
South Korea (3 MW), Cuba (5 MW), Ecuador (2 MW), Puerto Rico (1 MW), Taiwan (6 MW), Vietnam (1 MW) and Algeria (10 MW).

The year in pictures

The most powerful offshore turbine in Spain

In 2013 Gamesa commissioned its maiden prototype offshore turbine and the first installed in Spain. The G128–5.0 MW turbine is the most powerful in operation in Spain. Located in Arinaga Quay in Gran Canary Island, it is capable of generating enough energy to supply 5,000 households a year.



New product launches

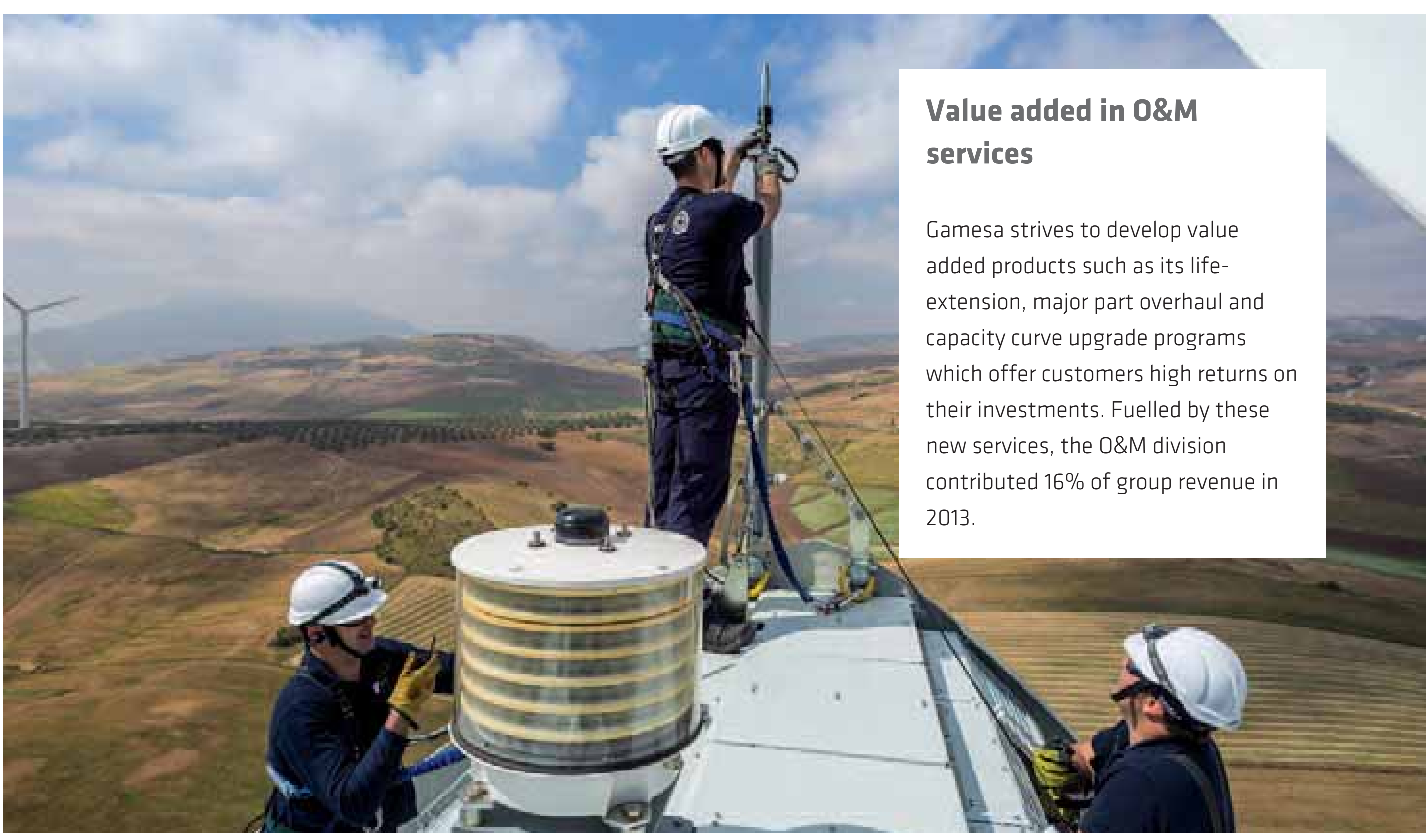
Gamesa launched three new products in 2013: the class II and class III G114-2.0 MW turbine, a standard-bearer in the sector thanks to its low power density, the G114-2.5 MW and the G128-5.0 MW, available in onshore and offshore format.

10,000 units of 850 kW turbines installed

In 2013, the number of 850 kW Gamesa turbines installed reached the 10,000 mark. This milestone, reached during assembly of the Adrar wind farm in Algeria, confirms the 850 kW platform as Gamesa's best-selling model since it was first assembled at the La Plana wind farm in Spain in 2001.

Consolidation in emerging markets

Gamesa boasts a solid position in the most promising emerging wind energy markets: India, Mexico and Brazil. In 2013, these three markets accounted for 70% of total sales volumes. According to a report compiled by BTM, the company is the leading wind turbine OEM in India and Mexico and the number two contender in Brazil.

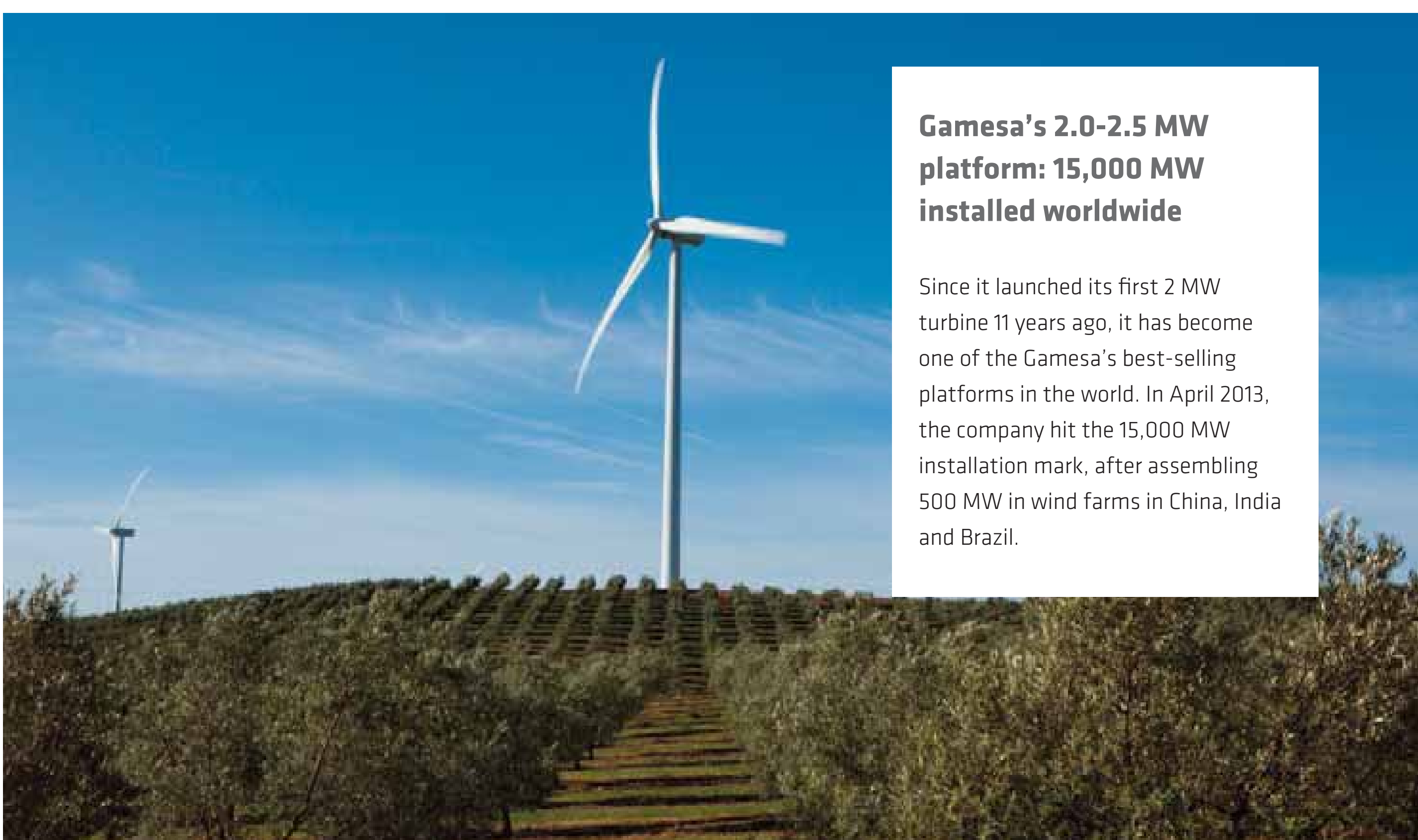


Value added in O&M services

Gamesa strives to develop value added products such as its life-extension, major part overhaul and capacity curve upgrade programs which offer customers high returns on their investments. Fuelled by these new services, the O&M division contributed 16% of group revenue in 2013.

Reinforced product strategy

Gamesa signed several contracts and agreements over the course of the year for the supply of its new platform of 5 MW onshore turbines and its new G114-2.0 MW model. The company has secured a 285 MW framework agreement and a 15 MW contract for the supply of its new onshore 5 MW turbine in Finland. Orders for installing the G114-2.0 MW turbine in Europe and the US are running at 504 MW.



Gamesa's 2.0-2.5 MW platform: 15,000 MW installed worldwide

Since it launched its first 2 MW turbine 11 years ago, it has become one of the Gamesa's best-selling platforms in the world. In April 2013, the company hit the 15,000 MW installation mark, after assembling 500 MW in wind farms in China, India and Brazil.

Share price performance

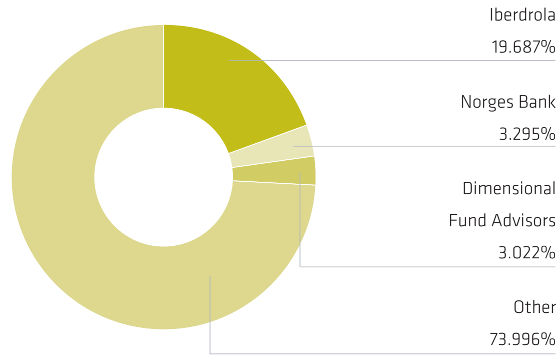
Gamesa's share price reflected the company's earnings momentum over the course of the year; in tandem the analyst community gradually raised the company's earnings estimates for the term of the current business plan and the stock's average target price increased accordingly. These solid earnings fundamentals, coupled with accelerating business traction as the year unfolded, helped to consolidate growing investor confidence in the Gamesa equity story.

Against a challenging economic backdrop, exacerbated by regulatory upheaval and scant visibility into demand, Gamesa's share price hit record low of €1.62 on 4 February, just ahead of its 2012 annual earnings release. That date marked a turning point, from which the share price went on to deliver a sustained rally, hitting a high for the year (€7.59) on 27 December. In total, the share price gained 357% in 2013, making up all the ground lost during the two preceding years.

The price gains were not the only highlight; trading volumes also increased in 2013. Both factors put the stock within reach of the Ibex 35's capitalisation and liquidity criteria and Gamesa was included in Spain's benchmark blue-chip index once again in December 2013.

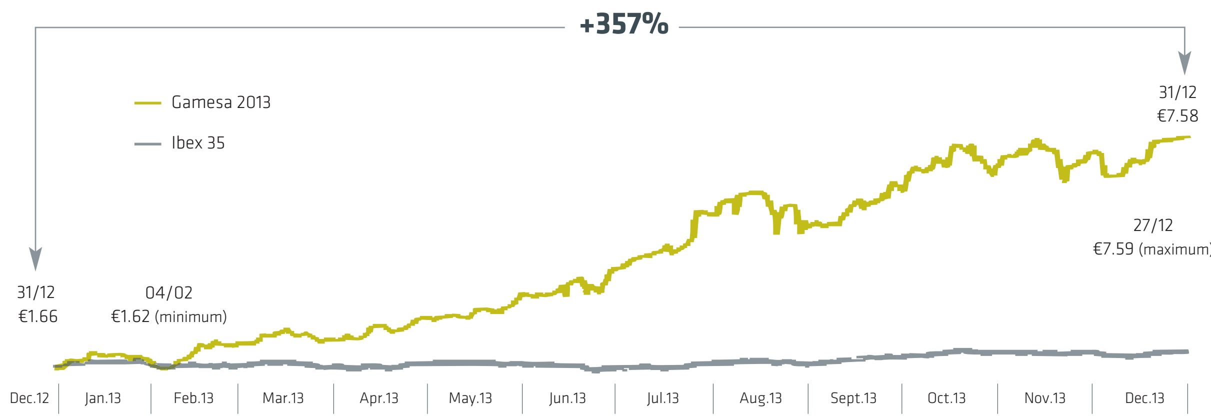
Significant shareholders

Updated as of April 2014



> 2013 Market capitalisation
€1,924,415,835

Comparative quote of Gamesa vs Ibex 35



The 2013 Shareholders Meeting was held on 19th April in Zamudio (Vizcaya).


Gamesa

Business performance

02

Solid execution of the business plan

2013 Key figures

Sales

€2,336 million

Sales volume MW

1,953 MWe

Recurring EBIT

€129 million

Recurring EBIT margin

5.5%

Net profit

€45 million

Net financial debt

€420 million

NFD/EBITDA

c.1.5x

Working capital/
group revenues

8.3%

2013 was year one of strategy set by Gamesa for transforming itself into a more profitable, lighter and more flexible organisation, one that is much better prepared to tackle the challenges that lie ahead.

The business's performance during the year attests to solid progress on the initiatives set in motion by the company, having surpassed the guidance provided to the market in an environment marked by slowing demand growth, intensifying competition and continuous regulatory flux.

Over the course of 2013, Gamesa continued to evolve in order to fully leverage its growth drivers: greater cost-efficiency and profitability by reducing expenditure and streamlining the cost structure, a customer-centred sales strategy and stronger financial balance sheet.

Growing profitability throughout the cycle

Gamesa generated consolidated recurring operating profit (EBIT) of €129 million in 2013, which is equivalent to a recurring EBIT margin of 5.5%. The improvement in profitability, ahead of guidance for the year (3%-5%), relies on the steady execution of the fixed cost-saving and variable cost streamlining program, coupled with the profit contribution by Gamesa Services, thanks to which the breakeven point was slashed by 35% year-on-year to 1,300 MW, creating a company that is capable of generating a profit throughout the cycle, from peak to trough.

In 2013, Gamesa continued to make progress on the strategy rolled out at the end of 2011 with a view to adapting the organisation's fixed cost structure to the market's needs without losing flexibility.

The company also rolled out a host of measures for streamlining variable costs, the results of which will be tangible in 2014 and 2015. They are designed to preserve product reliability and performance and guarantee the competitiveness of wind power and its sustainability in an environment of declining subsidies.

These measures pivot around three key lines of initiative:

- Product design – by using new materials and parts and by leveraging modular design and simplifying products in order to rationalise costs without jeopardising product reliability or performance.
- Supply chain – by means of collaboration with suppliers, specifically the deployment of the build-to-print strategy with new suppliers, the renegotiation of terms with existing suppliers and increased outsourcing.
- Internal productivity – by virtue of a process-centred, flat and flexible organisational structure, a company that is results-oriented and quicker at taking decisions; and by continually fine-tuning manufacturing capacity to match shifting demand and rolling out new manufacturing processes.

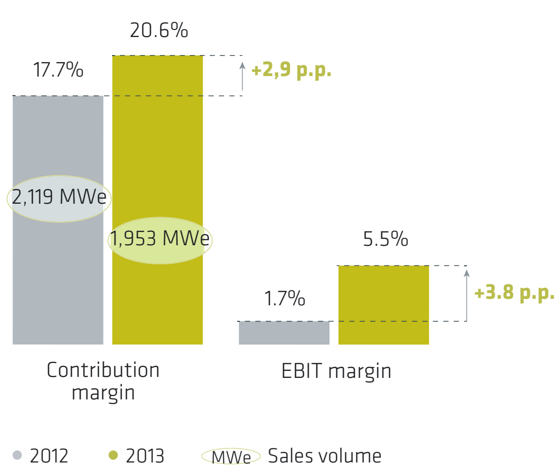
Financial health

One of Gamesa management's priorities is to shore up the company's balance sheet and reduce its financing needs, in tandem with generating cash.

Gamesa made substantial progress on this front in 2013, reducing net financial debt by 15% to €420 million, which translates into a leverage ratio of 1.5x EBITDA, significantly below the commitment made to the market (2.5x).

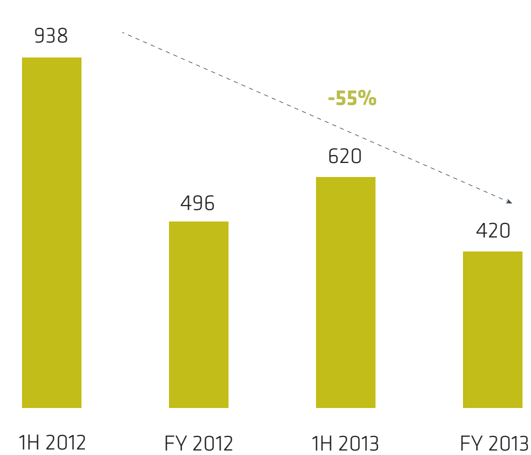
Tight control over working capital was crucial to this end, as was the sale of operative wind farms in Germany and Greece (44 MW) and development of the

Trend in profitability



Evolution of net financial debt

€ MM



manufacturing-to-cash model, which aligns manufacturing, order fulfilment and collections. As a result, the company ended the year with working capital of €193 million (8.3% of revenues).

Meanwhile, Gamesa remains focused on controlling its capital expenditure. The strategy is to ensure a return on investment while remaining competitive and helping reduce cost of energy (CoE) by developing new products within the group's existing platforms. In 2013, capital expenditure was scaled back to €110 million and was earmarked to new product and platform research and development; the company launched three new products during the year.

These initiatives, coupled with the generation of free cash flow (reduction in net debt and non-recourse factoring) of €275 million, are enabling Gamesa to fund the execution of its business plan from internally generated cash flow.

Customer-centric sales strategy

The wind power sector has been marked by uncertainty and highly volatile demand in recent years. The fallout from economic weakness on demand for electricity has driven a shift in demand from developed nations to emerging Asian and Latin American economies and from the major integrated power companies to independent producers.

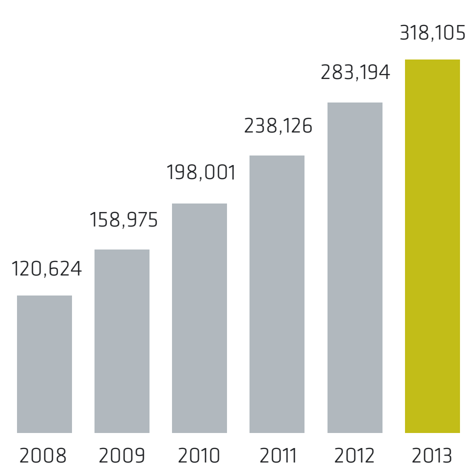
Against this backdrop, and after 15 years of growth year-on-year, the annual global market for wind energy shrank in 2013, with installations of 35 GW compared to 45 GW in 2012.

In line with the market slowdown, growth in Gamesa's sales volumes also eased to 1,953 MWe; the slump in the US and Chinese markets was largely offset by the growing contribution by emerging markets in Latin America, Asia and Africa.

Latin America remains the main driver of sales growth, representing 49% of the total, followed by Europe & RoW and India, which contributed 24% and 22%, respectively.

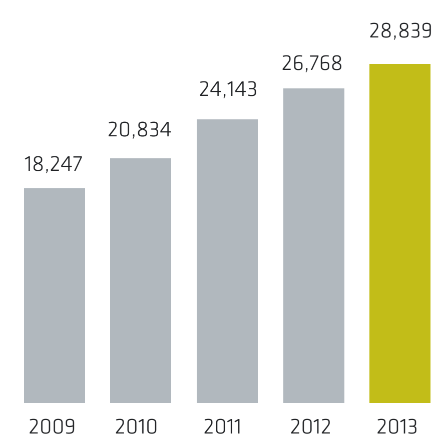
Global cumulative installed wind capacity

MW



Source: GWEC

Gamesa's sales volumes (MW)



Momentum improved as the year unfolded, with the company registering growth in sales volumes in the last quarter of 2013, a trend that is expected to continue in 2014. The orderbook also improved as the year progressed, rising 54% (878 MW) in the fourth quarter to end the year at 1,802 MWe. This means that the company started 2014 having already locked in 60% of the sales volume targeted for 2014 (2,200 MWe-2,400 MWe).

Revenue from operation and maintenance (O&M) services continued to firm throughout the year, providing the company with a reliable source of recurring revenue. Gamesa had an average of 19,657 MW under maintenance in 2013.

The outlook for this division is promising: the order intake in this division increased by 133% in 2011 and by 25% in 2012 and amounted to €1.3 billion at 2013 year-end. Moreover, in 2013 Gamesa retained and/or recovered 6,000 MW and 76.5% of the fleet under maintenance is under contract until 2015. Over 70% of the turbine sales agreements which included a servicing agreement were arranged with an average term of over two years, while almost 70% of the fleet under maintenance is serviced under full service agreements.

Management highlights, 2013

> 2013 guidance surpassed

> Growth in the orderbook

> Raising profitability ratios

> Progress on fixed cost-cutting and variable cost streamlining

> Focused capital expenditure

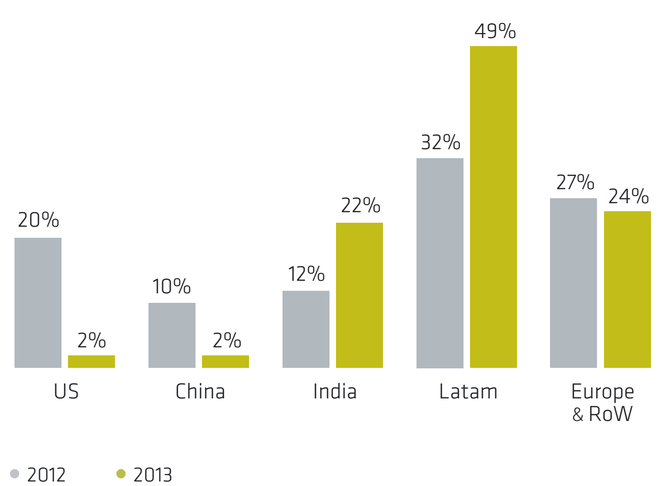
> Strengthened balance sheet

> Net financial debt reduction

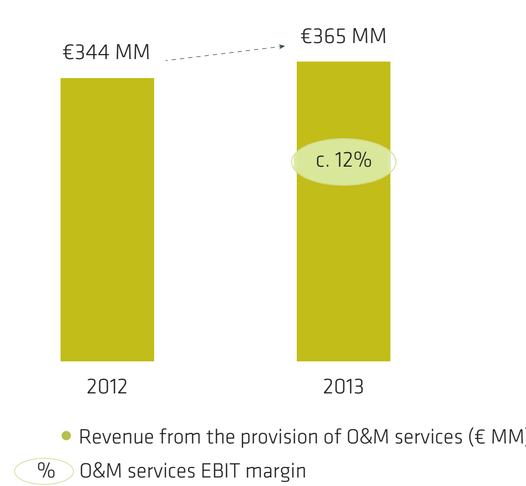
Geographic mix

Total sales 2012: 2,119 MW

Total sales 2013: 1,953 MW



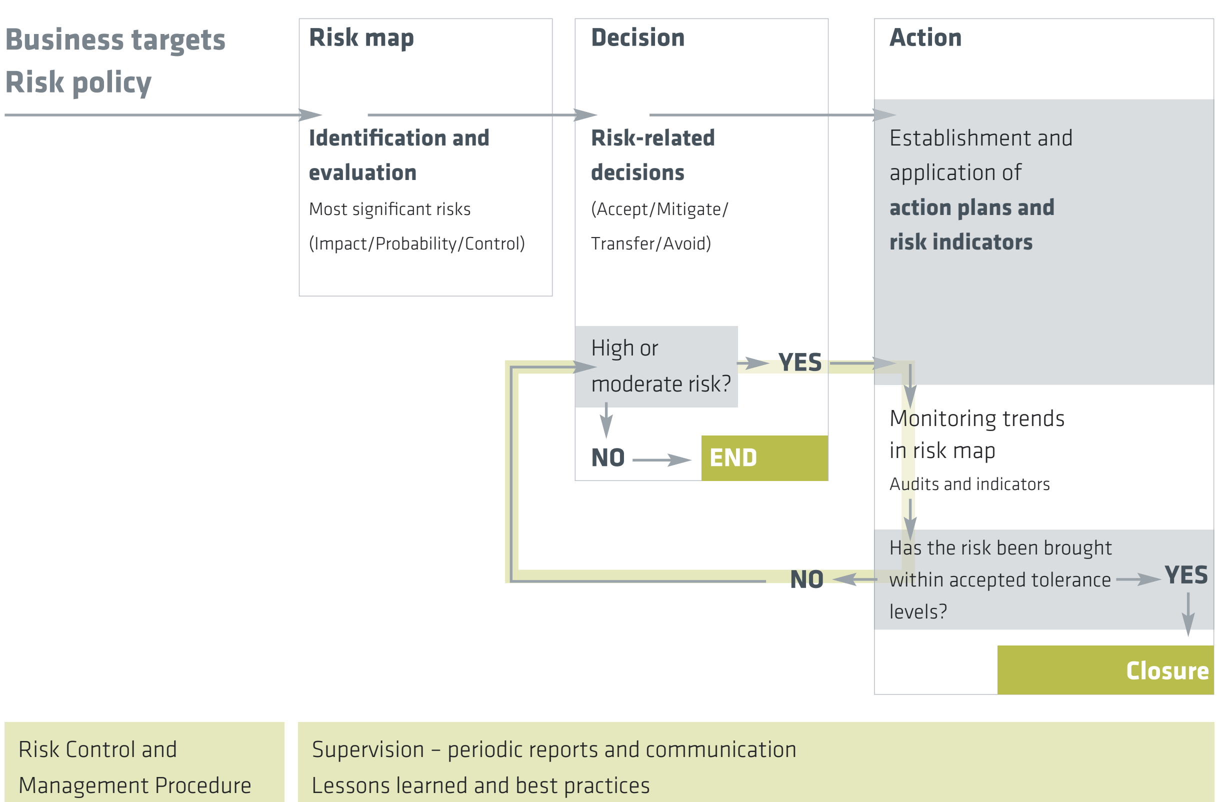
Revenue from O&M services



Business risk management

The company has a Risk and Opportunity Control and Management System, championed by the Board of Directors and senior management. It has been implemented right across the organisation (business units, departments, companies) and, in keeping with the strategic goal of expanding the group's manufacturing, technology development and marketing activities around the world, across its various geographic regions.

At the heart of this system lies the Risk Control and Management Policy (approved by the Board of Directors on 22 April 2009), which establishes the guidelines and general framework underpinning all risk control and management tools and provides discipline and structure in aspects such as management philosophy, the model for identifying, evaluating, measuring and controlling risks and opportunities, risk tolerance thresholds, the Board's communication, reporting and supervisory duties, integrity, business ethics and the allocation of related responsibilities and duties.



The key objectives of this policy are:

- to comply with applicable legislation and regulations, standards and contracts;
- deliver the targets set by the Board of Directors;
- provide shareholders with the utmost guarantees;
- safeguard the company's earnings assets and reputation;
- exercise optimal control over the business units and group companies in order to ensure the reliability and integrity of the IT systems;
- uphold the interests of shareholders, customers, employees suppliers and other stakeholders with a vested interest in Gamesa's performance and
- lock in business stability and financial health on a sustainable basis.

The system classifies risks into the following categories: environmental risks, process risks deriving from the company's business activities and the risk that the business, financial or strategic information used to take decisions may not be reliable and/or complete.

The methodology applied translates into a corporate risk/opportunity map which is updated and reported on at least every six months and, depending on their nature, the identified financial, tax, operational, strategic, local and other risks and opportunities associated with the company's key business activities, processes, projects, products and services are monitored monthly and/or quarterly.

In addition, in conjunction with the revision/update of the group's annual and/or business plan targets, the risk map is subjected to a more comprehensive annual assessment and risk maps are prepared for the main geographic markets as warranted.

This risk management and control system is clearly and closely associated with the strategic planning and target-setting process. Against this backdrop, in the next pages we provide a very succinct summary of the main risks comprising the corporate risk map which could affect delivery of the targets enshrined in the 2013-2015 Business Plan:

More information regarding business risk management: 2013 Sustainability Report and 2013 Annual Corporate Governance Report.

RISK PROFILE in relation to the 2013-2015 Business Plan targets and the group's risk management and control policy	TREND IN MOST SIGNIFICANT RISKS **POSITIVE TREND** i.e., risk level trending lower	**STABLE TREND** i.e., risk level flat
Risks that could affect the group's financial health targets	> Monitoring that there is sufficient cost-effective financing to fund delivery of the Business Plan.	> Monitoring of the write-downs recognised in prior years and other significant matters.
Risks specific to the current sector and market environment	> Effectiveness of the restructuring measures aimed at streamlining fixed cost.	> Adverse impact on sales / customers' ability to tap affordable financing in certain markets. > Reliance on financing and operating incentives. > Downward pressure exerted by other sources of energy and certain competitors.
Risks that could affect the technological leadership target	> Optimisation of the start-up and return curve in terms of CoE (onshore & offshore).	> Delivery of time-to-market goals in terms of technology development, industrialisation and sale. > Competition in certain markets.
Risks that could affect the targets related to profitability and competitiveness gains	> Confirmation that orders are proving profitable, presenting reasonable contribution margins.	> Commodity price volatility. > Delivery of terms and budgets in new manufacturing processes.
Risks that could affect the international expansion goals	> Dependence on emerging markets due to slowdown in sales and potential regulatory changes in more developed markets.	> Country risk, due to social and/or political risk in certain geographies, reputational risk, stakeholder perceptions, lack of business infrastructure, health risks and the risk of natural disasters.
Risks that could affect the Corporate Social Responsibility Plan	> Workplace health and safety risks: 27% drop in accident frequency index and 25% decline in accident severity rate year-on-year in 2013. > Starting point versus benchmarks for global players in terms of human rights, quality, inclusion, cultural considerations and regulatory compliance.	> Need to improve IT security by using the highest standards and taking a preventative and/or corrective approach as warranted with a focus on the protection of business-sensitive materials. > Care for the environment and climate change: targeted reduction in carbon emissions in 2014.

NEGATIVE TREND i.e., possibility that risk level could trend higher	**KEY RISK MITIGATION AND CONTROL INITIATIVES**
	> Minimisation of capital expenditure in keeping with the Business Plan. > Monitoring and minimisation of turbine inventory levels. > Ongoing monitoring of cash flows. > Analysis of new sources of financing.
> Overcapacity in certain markets. > Risk of regulatory changes and uncertainty with respect to continued support for renewable energies in certain markets.	> Management of 'Surplus manufacturing capacity by means of downsizing and plant closures', notably application of actions specified in the 2013-2015 Business Plan. > Potential manufacturing and sales optimisation joint venture in offshore segment. > Cost-cutting programmes for the various platforms (G9/15 & G10/20).
	> Validation and certification plan. > Design and execution of cost streamlining plans and application of lessons learned. > Specific projects for critical parts. > Technical audits. > Search for and development of strategic alliances (e.g. offshore). > Onshore/offshore synergy project for rationalising design/supply and integration processes.
	> Creation of new basic business processes: • NBA. New customer approval model. • PM. Management of wind turbine programmes. > Cost-cutting projects.
> Currency risk: volatility deriving from exchange rate instability; currency depreciation in emerging markets. > Fiscal complexity in certain markets.	> Diversification of demand to enable the company to offset slumps in individual emerging markets with growth in upcoming markets across the emerging, developed and developing world. > Regular assessment of security in countries subject to restrictions, validation by the security committee as warranted and project specific safety plans. Business continuity plans. > Hedging strategies using derivatives and the capitalisation of monetary balances to cover the risk of currency depreciation in emerging markets. > Financial and tax risks are controlled applying risk-specific policies, rules and procedures.
	> Maintenance of OHSAS 18001, ISO 14001, ISO 9001 system certifications. > Implementation of Total Plant Risk Management (TPRM) methodology an the Think Safe programme. > Update of the HSEQ Excellence policy to add a zero tolerance commitment. > Improved capacity to control indirect energy consumption and carbon emissions (key suppliers and ancillary activities). > Approval and implementation of new supplier policy; self-assessment processes and supplier CSR audits. > Transparency and community programmes: shift towards integrated reporting and implementation of a new community work policy. > Alignment with highest management and reporting standards: SA 8000, ISO 26000, GRI, ISO 27001.

Geographic diversification

Gamesa groups its geographically-diversified business into five regions: India, Latin America, China, the US and Europe & the rest of the world (RoW). The manufacturing and supply hubs are located in Spain and China, while Gamesa has a manufacturing presence in the rest of its core markets.

Europe & RoW

18,361 MW
cumulative installed capacity

15,108 MW
under maintenance

5,649 MW
wind farm pipeline

3,962 MW
of proprietary capacity

Key contracts and agreements

- Entry into three new markets: Kenya, 13.6 MW to KenGen; the Philippines, 54 MW to Kanematsu Corporation; and Mauritania, 30 MW turbines to Elecnor
- Framework agreement with TuuliWatti for the supply of up to 285 MW in Finland in 2015 and 2016
- Agreement with Eolus Vind for the supply of four G114-2.0 MW wind turbines in Sweden (8MW)
- O&M contract to service 80 Iberdrola wind farms in Spain and Portugal (2,286 MW)
- Agreement with FCC for the service of 421 MW in Spain
- Maintenance of 13 EDPR wind farms in Europe (400 MW)

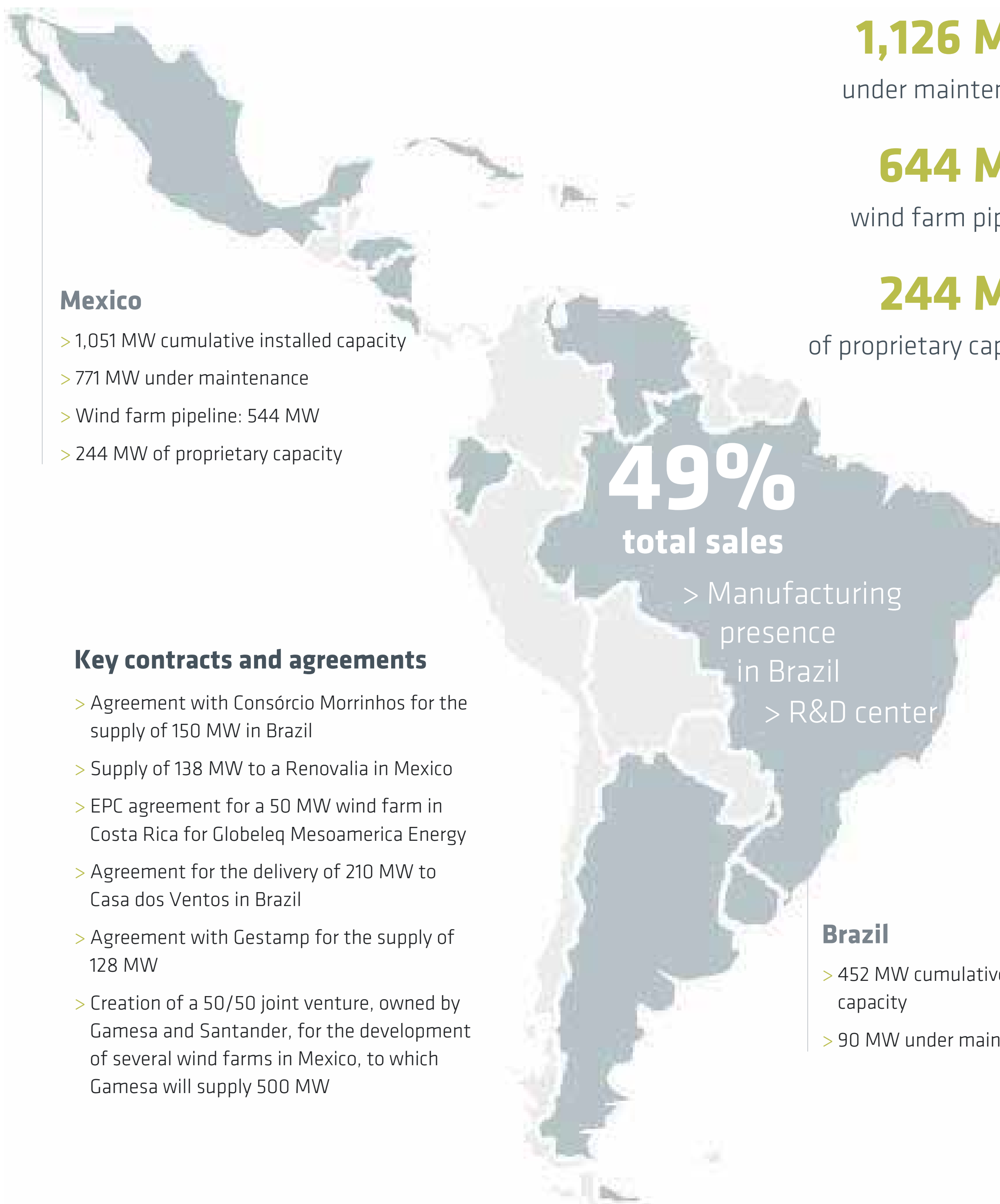
Latin America

1,903 MW
cumulative installed capacity

1,126 MW
under maintenance

644 MW
wind farm pipeline

244 MW
of proprietary capacity



Mexico

> 1,051 MW cumulative installed capacity
> 771 MW under maintenance
> Wind farm pipeline: 544 MW
> 244 MW of proprietary capacity

Key contracts and agreements

> Agreement with Consórcio Morrinhos for the supply of 150 MW in Brazil
> Supply of 138 MW to a Renovalia in Mexico
> EPC agreement for a 50 MW wind farm in Costa Rica for Globeleq Mesoamerica Energy
> Agreement for the delivery of 210 MW to Casa dos Ventos in Brazil
> Agreement with Gestamp for the supply of 128 MW
> Creation of a 50/50 joint venture, owned by Gamesa and Santander, for the development of several wind farms in Mexico, to which Gamesa will supply 500 MW

Brazil

> 452 MW cumulative installed capacity
> 90 MW under maintenance

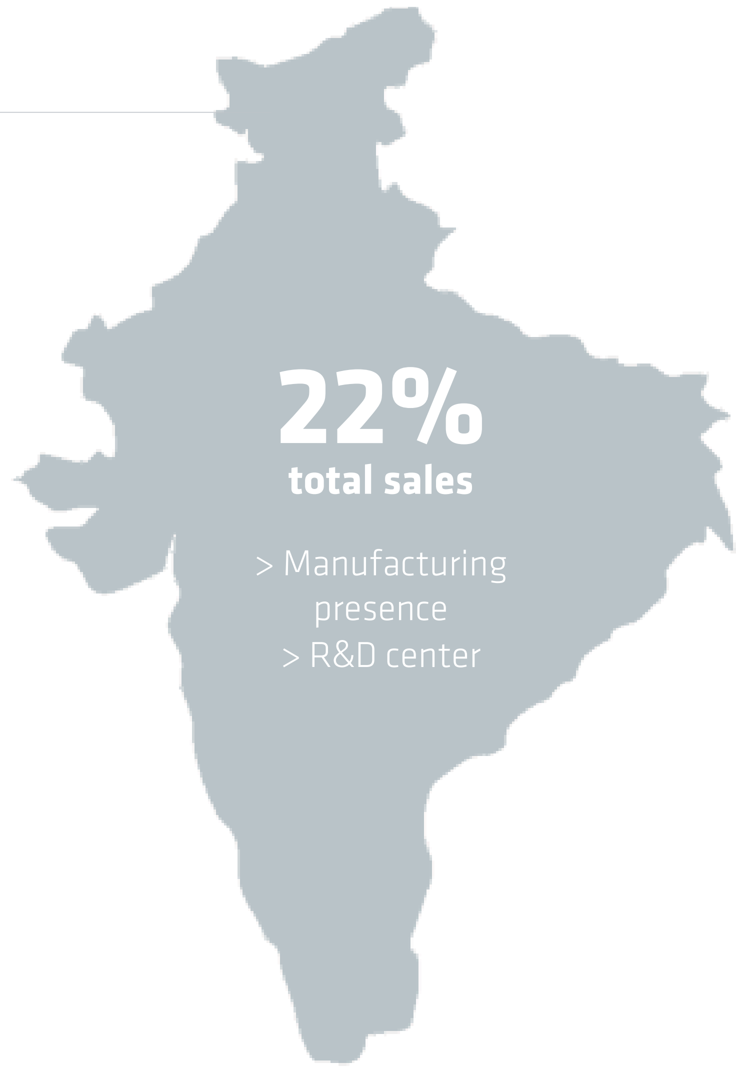
India

1,144 MW
cumulative installed capacity

869 MW
under maintenance

4,300 MW
wind farm pipeline

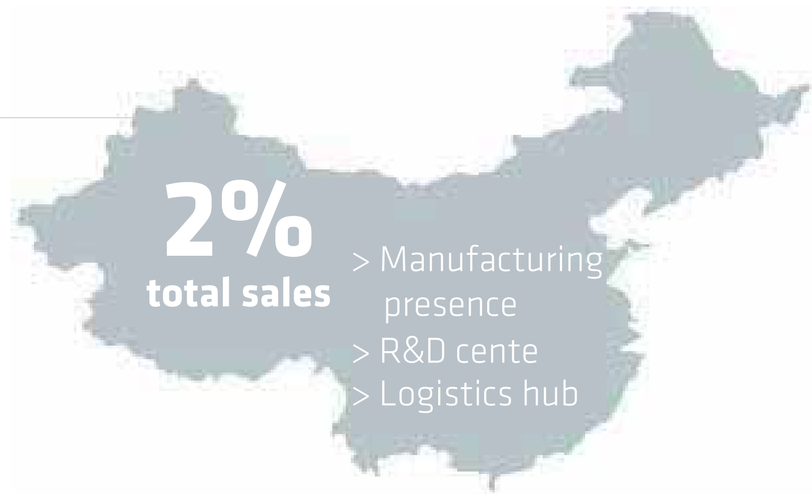
791 MW
of proprietary capacity



Key contracts and agreements

- > Agreement for the supply of 130 MW to CLP India
- > Agreement for the supply of 100 MW to Greenko
- > Contract for the supply of 46 MW to ITC

China



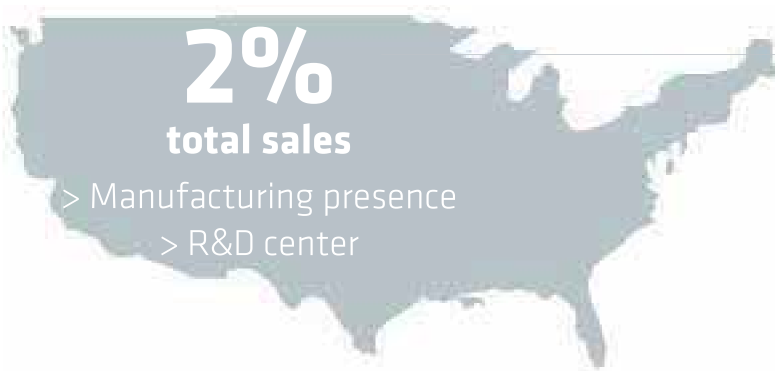
3,510 MW
cumulative installed capacity

880 MW
under maintenance

6,000 MW
wind farm pipeline

553 MW
of proprietary capacity

United States



3,921 MW
cumulative installed capacity

1,978 MW
under maintenance

1,785 MW
wind farm pipeline

838 MW
of proprietary capacity

Key contracts and agreements

- Supply of 202 MW to Iberdrola in southern Texas
- Framework agreement with EDPR for the supply of up to 225 G114-2.0 MW turbines through 2016
- 10-year O&M agreement for a 264 MW-facility owned by NedPower
- Agreement for the supply of 20 MW of the G114-2.0 MW to Heritage Sustainable Energy

Outlook and strategy

2014 guidance

Sales volumes
2,200-2,400 MWe

Capex
<110 MM €

Constant-currency EBIT margin
>7%

NFD/EBITDA
<1.5x

EBIT margin
>6%

Free cash flow generation
>0 MM €

Working capital / revenue
c.10%

ROCE
8.5%-10%

Lingering uncertainty coupled with highly volatile demand in the wind power sector in recent years has taken a substantial toll on market growth: in 2013 the annual market shrank for the first time in 15 years, slowing to installations of 35 GW from 45 GW in 2012.

The market consensus is that demand will be more predictable over the next two years, as corroborated by the uptick in business volumes during the second half of 2013. The forecast market recovery is underpinned by three key drivers:

1. Continuing gains in wind power's cost competitiveness which will enable it to go head-to-head with traditional sources of power and a play a meaningful role in designing future electricity systems.

2. Growing energy needs in emerging economies: according to the International Energy Agency (IEA), 80% of growth in demand for electricity over the next 20 years will come from emerging markets, underpinned by prospects for economic growth in markets which currently present very low ratios of power consumption per capita.

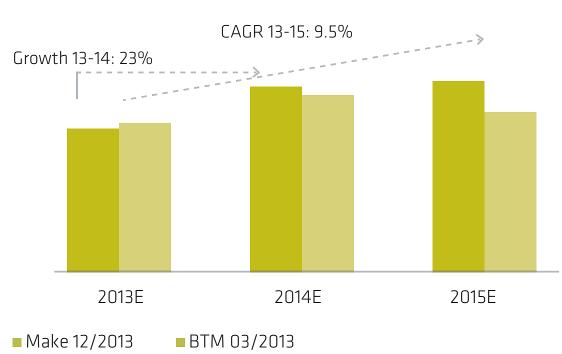
In addition to their growing energy requirements, these markets tend to be overly dependent on a single source of energy: Brazil is hugely reliant on hydro power (70% of the supply mix), while China (>60%) and India depend significantly on coal-fired electricity. Two additional factors need to be considered in India: (i) an energy deficit during peak hours of 10%; and (ii) the fact that 40% of the population has no access to electricity.

Against this backdrop, several emerging markets are resorting to wind power to help meet their growing energy requirements and diversify their energy mixes. For example, India forecasts installed wind capacity of 15 GW by 2017.

Trend in annual installations

Source: Global Wind Energy Council (GWEC)

Forecast capacity installations



3. Recovery of the US market: the US authorities have opted to stimulate wind power by means of short-term production and investment tax credits (PTCs). This on-again, off-again policy has fostered a boom-bust cycle; this situation has been exacerbated by prevailing low gas prices which have reduced the relative cost competitiveness of wind power facilities.

In the wake of a record year in 2012 in terms of new capacity, with over 13,000 MW of installations, the delays in renewing PTCs in December 2012 had the effect of paralysing new orders in 2013; however, this phenomenon spells a renewed flurry of activity in 2014, with current forecasts pointing to the installation of 15,500 MW between 2014 and 2016.

Beyond 2015, additional factors such as economic recovery in Europe, the closure of obsolete capacity in the UK and nuclear power in Germany, renewable energy targets and, above all, the growing competitiveness of wind power, underpin forecasts for double-digit growth in installed capacity.

Buoyed by growing visibility into demand, Gamesa is estimating growth in demand for onshore capacity of 20% in 2014, with the annual market expected to stabilise in 2015. In line with its outlook for the overall market, Gamesa is forecasting sales volumes of between 2,200 MWe and 2,400 MWe in 2014, supported by the upbeat outlook for the O&M service segment, geographic diversification and the company's solid positioning in its core target markets.

Update on the advancing offshore strategy

In parallel with the execution of its organic growth plan, Gamesa began to move its incipient offshore strategy forward, having announced a preliminary agreement with Areva for the creation of a 50/50 joint venture in the offshore wind power segment.

Offshore wind power is expected to be one of the fastest-growing renewable energy sources in the years to come, mainly in northern European markets with long coastlines (forecasts for Europe call for the installation of 25 GW by 2020), but also in Asia.

The joint venture between Gamesa and Areva will create one of the leading players in the offshore segment, a group destined to play an active role in the sector's development, by unlocking significant synergies:

> Areva's experience, having established its foothold in the offshore market in 2009. The French company has developed several offshore facilities and is in the process of installing 120 5 MW wind turbines in the North Sea.

> Gamesa's overall technological know-how in the onshore and offshore segments, leveraging its 20-year track record in the entire value chain. Gamesa brings its manufacturing capacity, know-how and supply chain management experience to the table.

The joint venture's product portfolio will be designed to cater to the offshore market's needs short and medium term: (i) in the 5 MW-6 MW segment, the venture will compete with Areva's M5000 and Gamesa's new generation of 5 MW turbines; and (ii) in the 8 MW segment, thanks to the development of the next generation of offshore turbines which will benefit from the investments made by both companies and the technological synergies created by the new venture.

Progress on execution of the Business Plan

Having installed turbines in 43 countries, established a sales presence in 18 and built relationships with over 200 customers, in 2013 Gamesa sold its products in three new markets and won more than 20 new customers. Gamesa boasts strong positioning in high-growth emerging markets such as India, Brazil and Mexico.

This optimal positioning, which gives it a significant competitive edge in the sector due to the sharp slowdown in capacity additions in Europe, was enabled by the early entry into some of these markets, such as Mexico, its presence in the wind farm development business, key in the self-supply segments in India and Mexico, deep local market knowledge, products adeptly tailored to customers' needs and, lastly, a supply chain and manufacturing presence adapted to each market's requirements.

In addition to a volume-led recovery, Gamesa plans to continue to execute its business plan, focusing on two objectives: continued profitability gains and strenghtened balance sheet.

Gamesa plans to continue to streamline its fixed and variable cost structure by further developing measures launched in 2013 and rolling out new initiatives in 2014, in tandem with its strategy of matching manufacturing capacity to demand while continuing to shore up the contribution by the O&M service segment. Specifically, the company expects to generate a recurring EBIT margin of over 7%.

Reinforcement of the company's financial health by means of more stringent control over working capital and pared-back capital expenditure – under €110 million in 2013 – in line with market trends, albeit without jeopardising competitiveness. All of these initiatives, combined with free cash flow generation, will enable the company to reduce the business's funding requirement.

Growth in business volumes and margins, coupled with ongoing deleveraging, will pave the way for the continued creation of value for shareholders.

Products and services

03

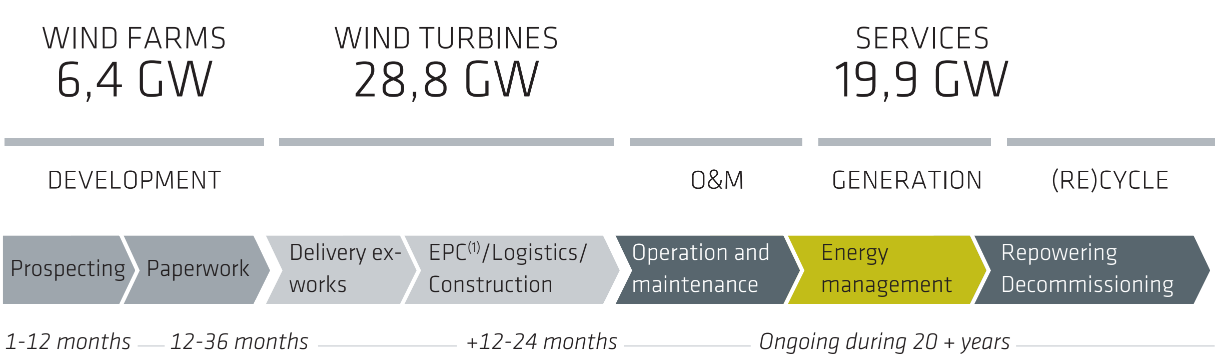
With installation of close to 29,000 MW under its belt and a presence in more than 50 countries, Gamesa has established itself as a leading wind power technology provider. The company's business model secures it an end-to-end presence in the wind value chain:

- The design and manufacture of wind turbines, having installed close to 29,000 MW in 43 markets.
- The development, construction and sale of wind farms, having directly developed 236 wind farms with aggregate capacity of over 6,000 MW worldwide; the pipeline currently stands at 18,000 MW and encompasses 16 countries.
- The operation and maintenance of close to 20,000 MW for more than 180 customers in 31 countries around the world.

This integrated business model, coupled with a track record dating back two decades, has made the company a sector benchmark, known for its extensive technological know-how and its ability to tailor its products and solutions to individual customer needs and its commitment to continually reducing their cost of energy.

Its manufacturing presence, with global production and supply centres in Spain and China complemented by a productive presence in local markets (India, the US and Brazil), combined with the development of competitive local supply chains and a sales presence in more than 18 countries, enables Gamesa to tackle any market credibly and competitively.

Gamesa's end-to-end presence in the wind value chain



(1) Engineering, procurement, construction

● Not covered by Gamesa

Wind turbines

Gamesa's product portfolio comprises platforms designed to cater to customers' demands and continually reduce the cost of energy: the Gamesa 850 kW, the Gamesa 2.0-2.5 MW and the Gamesa 5.0 MW, available in onshore and offshore format. The company's product strategy is to evolve its two existing multi-megawatt platforms and continue to fine-tune its best-selling 850 kW platform, of which 10,000 units have been installed worldwide.

> The Gamesa 850 kW: this platform's technology levers are speed control and pitch variability; it has been kitted out over time with the latest technology in order to harness more of the wind's energy with the utmost efficiency.

> The Gamesa 2.0-2.5 MW: the most versatile turbine on the market with five different blade options (G80, G87, G90, G97 y G114), tower heights ranging from 78m to 140m and environmental alternatives designed to enable installation at even the most complex sites.

Evolving this platform, Gamesa launched the new G114-2.5 MW turbine in 2013; this new product has a longer blade for medium wind speed sites and a new 2.5 MW generator/converter system which results in a higher nominal capacity. This enables customers to reduce their cost of energy by maximising production.

> Gamesa's 5.0 MW dual offshore-onshore platform is an evolution of its 4.5 MW platform. Its innovative modular design and technology ensure benchmark reliability. This platform also stands out for its high availability metrics, ease of transportation and compliance with the most stringent grid connection standards.

The fact that the company is targeting the onshore and offshore segments with a single platform increases its operational excellence in the 5 MW niche, while enabling technology synergies and boosting safety. In 2013, Gamesa achieved an important product strategy milestone when it commissioned the company's first offshore turbine in Gran Canary Island.

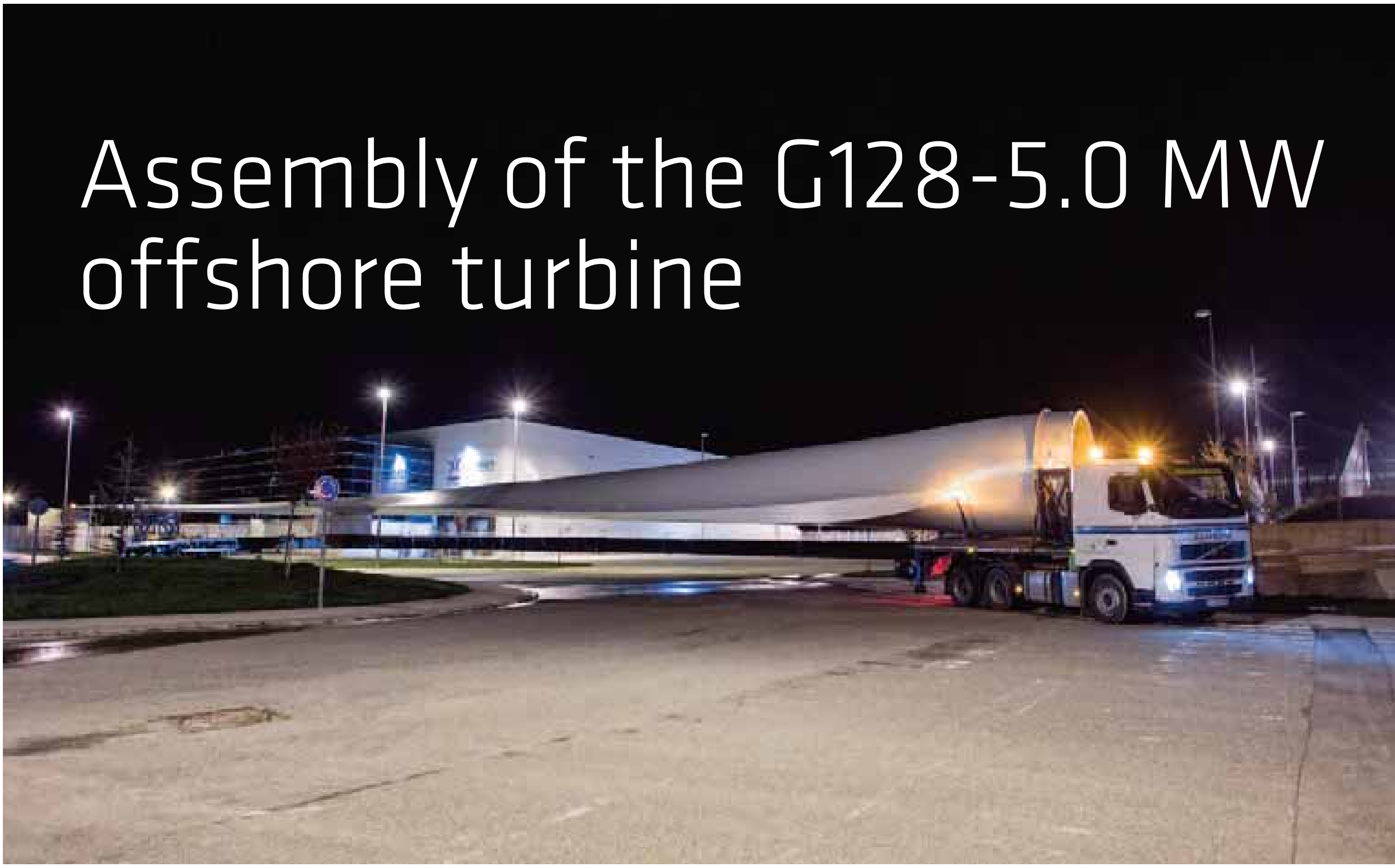
Technology development

Gamesa's R&D and technology activity, carried out from seven technology centres located in Spain, China, India, Brazil and the US, focuses in the development of processes and products designed to make the company's range highly competitive in terms of quality, pricing and order fulfilment.

Gamesa builds R&D into its entire value chain and all its products and services with a view to continually achieving energy efficiency gains with the overriding goal of reducing its customers' cost of energy.

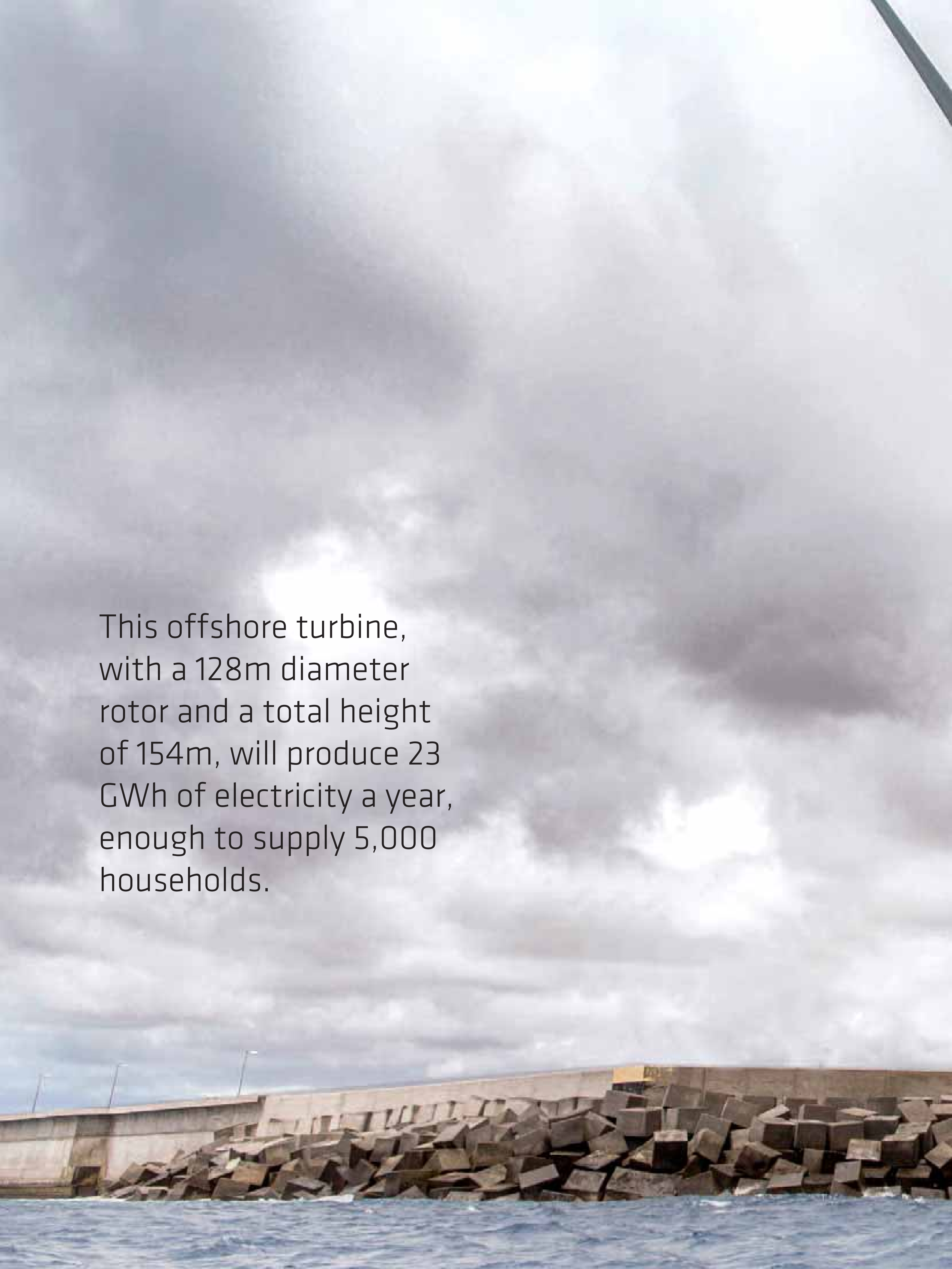
As a result of its research work, in recent years Gamesa has nurtured 659 patent families, most of which tied to the development of wind turbine blades and the company's 5.0 MW turbine.

Assembly of the G128-5.0 MW offshore turbine



9 April 2013: **Transfer of the giant blades, measuring 62.5m long and weighing 15 tonnes, from Aoiz (Navarre) to Bilbao.**
10 April 2013: **The nacelle, made in Tauste (Zaragoza), measuring 12.5m long and weighing 72 tonnes, being loaded in Bilbao.**

12 April 2013: **Unloading of the main turbine parts in Arinaga Quay (Gran Canary Island).**



This offshore turbine, with a 128m diameter rotor and a total height of 154m, will produce 23 GWh of electricity a year, enough to supply 5,000 households.

Wind farm development

The wind farm development is a competitive advantage which sets the company apart as it forces the company to focus on extracting value from its pipeline by leveraging its technological know-how.

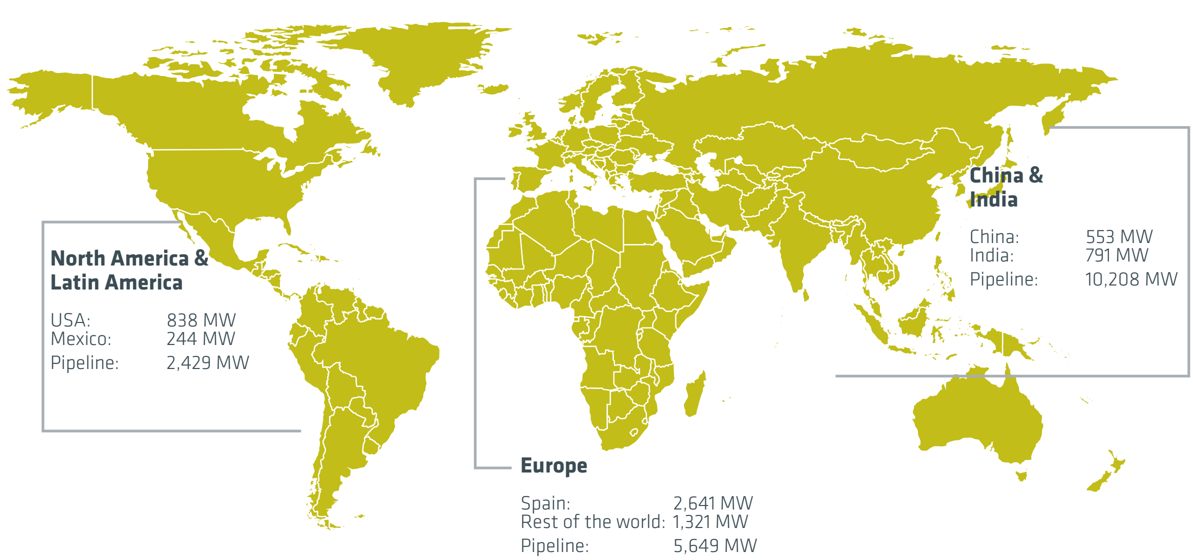
The company actively engages in all phases of a wind generation project, from site identification in the field to securing all the permits and licences needed to build and commission the facility and the ultimate sale of the wind farm, having serviced it while under its operation.

Key contracts:

- Sale of a Mexican 70 MW wind farm project to Iberdrola in Mexico
- EPC agreement for a 50 MW wind farm in Costa Rica
- Sale of a 25.5 MW wind farm in Greece
- Sale of two wind farms in Germany with combined installed capacity of 18.5 MW
- Sale of a 15 MW wind farm in Scotland to infrastructure fund John Laing

Wind farm development

6,388 MW and 236 wind farms developed in the world



Operation & Maintenance

With a track record stretching back almost 20 years and a global reach and presence, operation and maintenance (O&M) services represent a crucial part of the wind power value chain and round out Gamesa's end-to-end service offering in the industry.

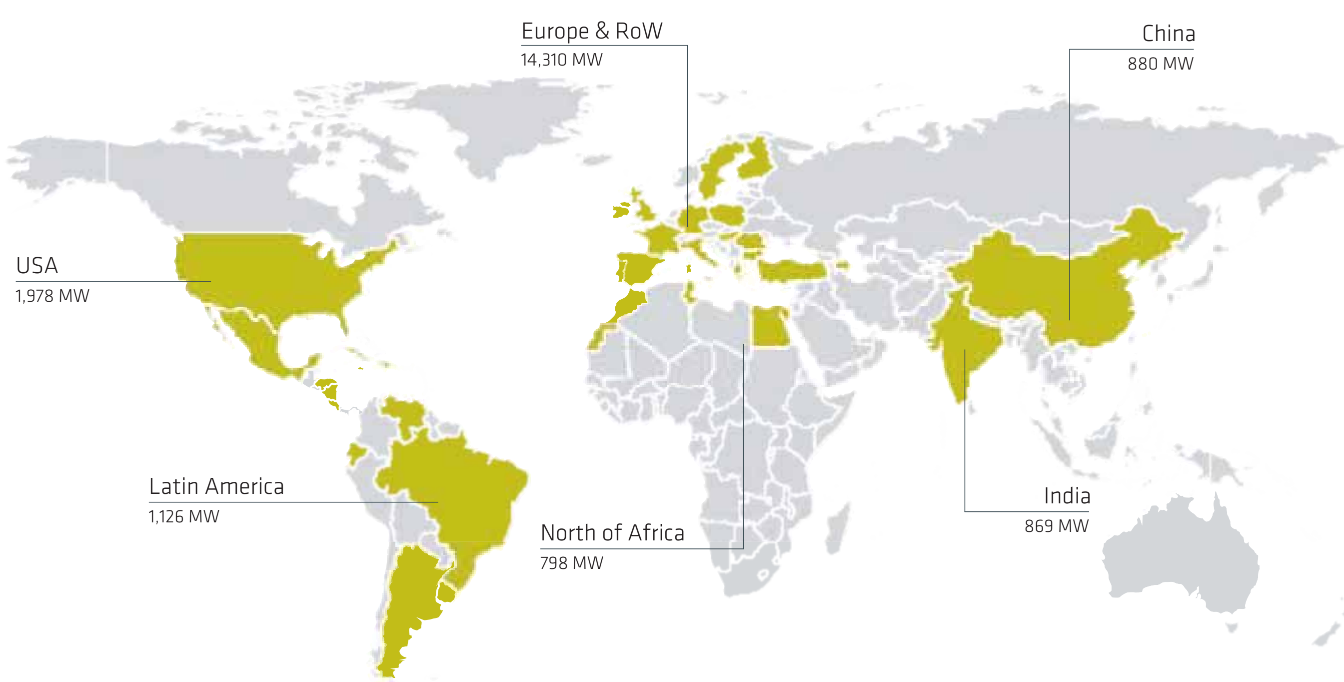
This business, which is supported by an extensive logistics network, is carried out by a team of highly-skilled professionals who are trained to ensure the nearly 20,000 MW under maintenance around the world generate the availability and return metrics demanded by their owners.

Gamesa's zeal to bring down the cost of energy by means of competitive technology solutions is tangible in the development of several value-added programs designed to maximise output, boost wind farm availability and reduce overall operating costs.

The O&M service suite includes predictive, preventative and corrective maintenance. The focus is on the development and sale of advanced solutions such as the life extension and capacity curve upgrade programs, repair servicing for other OEMs' products, the spare parts supply service and the major parts overhaul service. All of which with the overriding goal of reducing customers' cost of energy.

The main services offered by Gamesa include solutions for upgrading ageing fleets, such as the Gamesa Premium Availability (GPA), life extension, overhaul and reconditioning of major components programs, as well as a series of O&M products and services, including Mega, Gamesa WindNet and the predictive maintenance solution.

MW under O&M per geographical area



Value-adding O&M programs

> **The wind turbine life-extension program.** It consists of a series of structural reforms and a monitoring system designed to prolong the useful lives of WTGs made by Gamesa and also by other manufacturers beyond that of the original design specifications, thereby guaranteeing the equipment's safety and availability, enabling control over O&M costs and streamlining the cost of energy (CoE).

> **Gamesa Premium Availability (GPA).** It is a continuous improvement program designed to maximise the competitiveness of Gamesa's 2 MW platform by upgrading the turbine's hardware and software as well as improving service processes (the maintenance and repair of small and large parts).

> **Overhaul.** The program reconfigures the electric and electronic systems of the Vestas 660 kW WTG platform in order to boost its performance and to optimally configure these turbines for load control to enable application of the life-extension program features, thereby ensuring availability until year 30 of the turbine's life.

> **The reconditioning of major components (gearboxes, generators and blades).** It is one of Gamesa's suite of O&M solutions designed to maximise existing turbines' performance, while lowering operating and maintenance costs.

Key contracts:

> Contract with Iberdrola for the maintenance of 80 wind farms located in Spain and Portugal with total installed capacity of 2,286 MW.

> Contract with EDPR for the maintenance of 13 wind farms located in several European markets with total installed capacity of 400 MW.

> Gamesa has been awarded a 10-year O&M service agreement for a 264 MW-facility in the United States owned by NedPower.

> Contract with Veronagest, an independent power producer (IPP) for the maintenance of 234 MW for 10 years.

Technological diversification

Technological diversification is crucial to Gamesa's sustainable growth in the medium and long term, the former meaning deeper penetration of new technologies and/or markets by identifying and investing in new business and companies which develop their own technology in the renewable power generation and energy efficiency fields or other areas offering the potential for synergies with the company's core industrial activities.

The company's technological and industrial development over the years has enabled it to acquire deep and competitive know-how in terms of power electronics. This process has allowed Gamesa to take a qualitative leap in terms of its expertise and manufacturing capabilities. It is exploiting and leveraging this know-how with growing intensity, powering up new industrial segments in which it has been working for years through its subsidiary, Gamesa Electric.

Endorsed by more than 25 years' experience, this company is a global benchmark in the design and manufacture of electric power equipment and the provision of flexible end-to-end solutions in markets such as the photovoltaic (PV), hydro, nuclear, electric traction and marine propulsion markets, as well as wind. To this end, the company taps Gamesa's technological expertise and productive capacity as well as its maintenance service network in 35 countries worldwide. All of this is reinforced by next-generation manufacturing systems based on the lean manufacturing philosophy and the ability to ramp up to mass production or tailor its products to the specific needs of its customers.

In 2013, Gamesa Electric continued to develop its various segments, with a particular focus on the photovoltaic and hydroelectric segments. The diversification strategy being pursued opened the door to new countries, while allowing it to entrench its strong positioning in its target markets.

Gamesa is pioneering both segments by offering all-in-one mixed power generation and reactive power compensation solutions to segments of the primary power transformation industry. The company also made progress on the development of hybrid PV-diesel systems.

In the hydroelectric generation market, Gamesa entered new markets in Latin America, with contract wins in Panama (La Huaca) and Chile (Rio Angol and Río Collil). It also carried out its first project in Africa, commissioning a 40 MW HPP in Nigeria (Kashimbila).


SONDA 1
SONDA 2

Sustainability

04

Sustainability strategy

Effective corporate governance

The corporate governance strategy is based on the company's business principles and ethics which are enshrined in a code of conduct which guides everything the company does.

Stakeholder engagement

Employees, shareholders, customers, suppliers and local authorities: Gamesa builds solid and long-lasting relations with all its stakeholders with the aim of aligning and upholding mutual expectations.

Integrated excellence policy

By means of its integrated health & safety, environment and quality policy, Gamesa strives to fully satisfy its internal and external customers.

Sustainability has been part of Gamesa's corporate culture for a decade now. The Board of Directors, the company's highest decision-making body, is responsible for preparing and approving Gamesa's corporate social responsibility policy, which is based on a code of business ethics and socially responsible practices designed to meet stakeholders' needs and expectations.

In order to identify and track its stakeholders' interests, Gamesa has drafted a matrix of Significant Issues for 2013-2015. Building from these guidelines, the company has developed a Master Plan to accompany its 2013-2015 Business Plan which is underpinned by three strategic priorities:

- To reinforce integrity in order to make Gamesa an outstanding company which guarantees the alignment of its business model and management and governance practices.

- To reinforce identity by means of a framework for conduct which makes Gamesa the first choice for employees and benchmark suppliers worldwide.
- To raise the company's profile thanks to contribution to the development of the communities in which Gamesa does business.

Voluntary commitments

Gamesa has expressly assumed a series of voluntary commitments in terms of its sustainable development, the fight against climate change and the defence of human rights and fundamental freedoms, such as:

- The United Nations Global Compact. Gamesa signed the Compact in 2005 in order to help champion these ten basic principles in the areas of human and labour rights, environmental protection and the anti-corruption effort. Gamesa currently publishes the co-called Communication on Progress (COP) report, disclosing its compliance with these principles.
- The Global Reporting Initiative (GRI), a non-government organisation which strives to foster the exchange of transparent and reliable sustainability-related disclosures by means of a reporting framework which is applicable to all kinds of organisations. Gamesa has been publishing a GRI report in its capacity as Organizational Stakeholder since 2005.
- Caring for Climate: The Business Leadership Platform, a Global Compact initiative which aims to engage businesses and governments in taking decisions to combat climate change, promote energy efficiency, pare back greenhouse gas emissions (GHGs) and collaborate constructively with other public and private institutions.
- Endorsement of the Women's Empowerment Principles. An initiative backed by UN Women and the Global Compact with a view to creating strong economies, a more stable and just society, delivering on development, sustainable and human rights pledges and generally improving the living standards of women, men, families and communities.

More information: 2013 Sustainability Report.

Gamesa's Corporate Governance model

Corporate governance excellence

The Board of Directors adopts best practices inspired by corporate transparency and credibility.

Strong Code of Conduct

Gamesa fights corruption in all its forms; its code is dictated by institutional respect and strict compliance with the law.

Gamesa embraces best corporate governance practices, based on corporate transparency and the mutual trust of shareholders and investors, as one of the cornerstones of its sustainability policy.

To this end, and with the unwavering goal of excelling in corporate governance, Gamesa's Board of Directors regularly reviews the implementation of its code of ethics within and across the company and supply chain.

Gamesa's governance model is structured around two bodies:

The **Annual General Meeting** at which the shareholders decide by majority vote on the matters falling within their purview.

The **Board of Directors,** Gamesa's highest decision-making body, except for the matters reserved for shareholder voting. Its duties are to supervise the company's management and establish its general strategies and policies. Its mission is to oversee that Gamesa's interests are upheld at all times, maximising the company's value in a sustainable manner.

To carry out its duties, the Board of Directors is assisted by an Executive Committee, which has been given broad decision-making powers, and the Audit and Compliance Committee and the Appointments and Remuneration Committee, both of which have reporting, advisory, proposal-making, supervisory and control powers with respect to the matters falling within their respective domains.

Gamesa's Board of Directors is made up of highly-reputed and expert professionals. The majority are external directors, between independent directors (60% of the total) and proprietary directors (20%). The board is also diverse in terms of its gender mix.

Ignacio Martín, the Chairman of Gamesa's board, is also the company's chief executive officer or CEO. The company has taken the opportune measures to reduce the risks of concentrating too much power in a single person, as is recommended in Spain's corporate governance code. These measures include the appointment of one of the company's independent directors as deputy chairman and another independent director as Lead Independent Director.

Remuneration

Remuneration of the members of the Board of Directors is regulated in the company's bylaws and Board regulations. In 2013, Gamesa prepared an Annual Report on Director Remuneration in 2012, which individually itemises the compensation received by the various board members, as approved by the company's shareholders at the 2013 Annual General Meeting.

For their director-related duties, the members of the board receive a fixed annual sum as well as fees for attending the meetings of the board and its committees. The Chairman & CEO, meanwhile, also receives a fixed salary and bonus annually for the performance of his executive duties, as well as a bonus tied to medium/long-term objectives. This annual bonus is tied to business performance indicators such as group EBIT, financial health, volumes and the company's health and safety record.

The shareholders have approved a long-term bonus scheme encompassing the delivery of a sum of cash and company shares to the Chairman, senior executives, management and employees of Gamesa which is dependent on fulfilment of the 2013-2015 Business Plan targets.

Gamesa has put in place several procedures for detecting, preventing and resolving potential conflicts of interest between Gamesa and its directors, executives and significant shareholders. The company has a body of rules on the prevention of conflicts of interest and corruption and/or bribery.

Code of Conduct

Gamesa's Code of Conduct, which enshrines the company's values and corporate responsibility principles, governs the conduct of the company, its employees and all the professionals bound by it with a view to entrenching a universally-accepted set of business ethics. The code is reviewed and updated regularly and can be downloaded by the company's employees from the corporate website and intranet, where they can also find the latest developments and more information on the scope of certain rules. These principles are disclosed to employees who do not have access to the corporate intranet by means of publication on the various noticeboards and in the form of specific talks.

Board of Directors

Name of director	Position
Ignacio Martín	Chairman and Chief Executive Officer
Juan Luis Arregui	Deputy Chairman
Carlos Rodríguez-Quiroga	Director and Secretary
José María Vázquez	Director
Luis Lada	Director
José María Aracama	Director
Sonsoles Rubio	Director
José María Aldecoa	Director
Ramón Castresana	Director
Manuel Moreu	Director
José Antonio Cortajarena	Deputy Secretary, non-member

Committees of the board

Executive Committee

Name	Position	Directorship
Ignacio Martín	Chairman	Executive
Juan Luis Arregui	Member	Independent
José María Aldecoa	Member	Independent
Luis Lada	Member	Independent
Sonsoles Rubio	Member	Proprietary
Carlos Rodríguez-Quiroga	Secretary, non-member	N/A
José Antonio Cortajarena	Deputy Secretary, non-member	N/A

Audit and Compliance Committee

Name	Position	Directorship
Luis Lada	Chairman	Independent
José María Vázquez	Member	Independent
Sonsoles Rubio	Member	Proprietary
Manuel Moreu	Member	Independent
Carlos Rodríguez-Quiroga	Secretary, non-member	N/A

Appointment and Remuneration Committee

Name	Position	Directorship
José María Aracama	Chairman	Independent
Juan Luis Arregui	Member	Independent
Ramón Castresana	Member	Proprietary
Carlos Rodríguez-Quiroga	Secretary, non-member	N/A

The employee pledge

Continual improvement on health and safety

The rollout of a health and safety culture firm-wide entails a commitment to all employees: THINK SAFE.

Equal opportunities

Gamesa guarantees equal opportunities and promises a ratio of the basic salary of men to women of 1:1.

Two-way communication channels

In 2013, Gamesa's intranet received more than 124,000 visits, the shopping club (Gamesa Club) more than 11,300, while the company handled over 1,000 enquiries about Gamesa Flex.

Gamesa strives to raise its employees' living standards. With this objective in mind, it encourages professional training and champions respect for diversity and non-discrimination, while working hard to provide a safe and healthy workplace.

Gamesa has 6,079 employees across 29 countries, which is why management of equality and cultural diversity is a top priority. Gamesa promises equal opportunities in all its hiring processes.

Gamesa designs its remuneration policy, work-life balance measures, flexible compensation schemes and benefits on the basis of this diverse and geographically-dispersed workforce.

Remuneration and benefits policy

Gamesa's compensation policy is designed to ensure the pay it offers matches its professionals' skills and market salaries in order to guarantee fair and competitive remuneration.

Gamesa integrates equal opportunities, cultural diversity and non-discrimination criteria into its human capital management. Accordingly, the ratio of the basic salary of men to women is 1:1, calculated on the basis of basic salaries and carving out additional remuneration for seniority, benefits and other top-ups.

Attention to job quality also materialises in work-life balance measures designed and implemented by Gamesa as a function of the diversity of its workforce and their lines of work. Among these benefits, the flexitime, concentrated workday and holiday planning schemes in operation in Gamesa's three office buildings in Spain stand out. Other measures such as the flexible compensation plan (Gamesa Flex), the medical examination service and periodic health checks and assistance packages for people on international assignments also help to raise job quality. In 2013 the company rolled out specific benefits for employees located in Finland, Honduras, Morocco, Mexico, Uruguay, Costa Rica, Ireland and China.

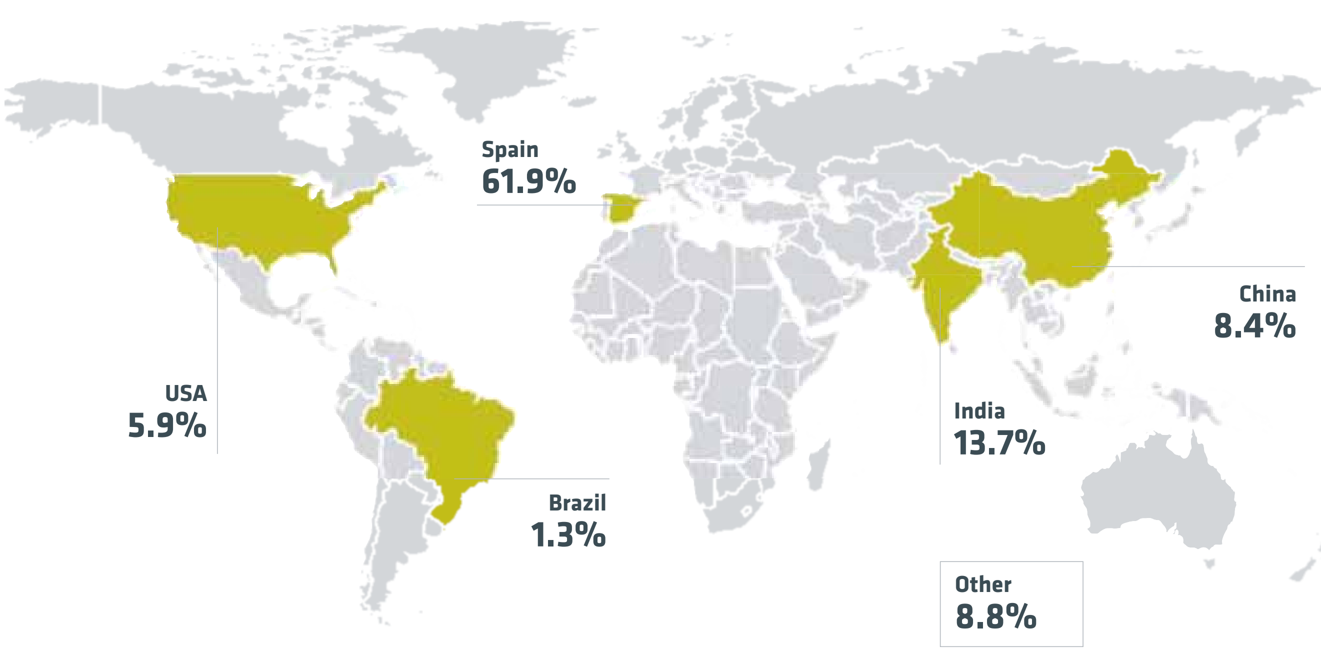
Talent management

Gamesa's hiring processes prioritise the identification and attraction of local talent in its operating markets. All of the executives working for the company in Europe and RoW, India and Brazil in 2013 were local. In the US, China and Brazil, local executives accounted for 50%, 83% and 67%, respectively. The company also actively encourages internal mobility (locally and internationally), thereby fostering the sharing and transfer of its know-how worldwide.

Job performance evaluation is the key tool used to determine the firm's training needs. In 2013, the company launched two new programs for attracting talent: the Gamesa Leadership Program, which offers the chance to participate in multi-disciplinary projects with an international dimension; and the Gamesa Premium Scholarship Programme, designed to draw the attention of new graduates. Gamesa also operates a specialised training centre, the Gamesa Faculty, focused on the provision of skills to customers, in-house staff and subcontractors.

Distribution by country

Total: 6,079 employees



Health and safety

In 2013, Gamesa sustained record-low accident rates. In addition to achieving the health and safety targets set, the accident frequency rate fell a notable 27%, while the accident severity rate dropped a substantial 25% in 2013.

Gamesa has a high-level workplace health and safety management program. Over 100 professionals are dedicated to this task, with another 70 employees hired on an outsourcing basis to undertake preventative work.

A total of 33 comprehensive audits and 422 specific safety training initiatives were undertaken in 2013. Under a series of programs at varying stages of development, 1,658 improvement initiatives were carried out, alongside 15,728 safety inspections; another 2,510 preventative actions are in the pipeline.

In addition, the workplace safety committees, on which 100% of Gamesa's employees are represented, guarantee worker involvement in health and safety policy-making as well as ensuring employee assistance with the task of identifying the risks that need to be assessed and monitored.

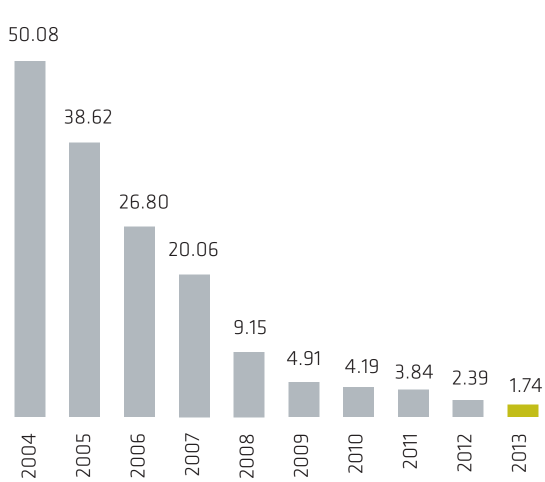
Labour relations

Relations between Gamesa and its employees are regulated by the labour regulations prevailing in each country and under the collective bargaining agreements entered into with the workers' representatives, as warranted.

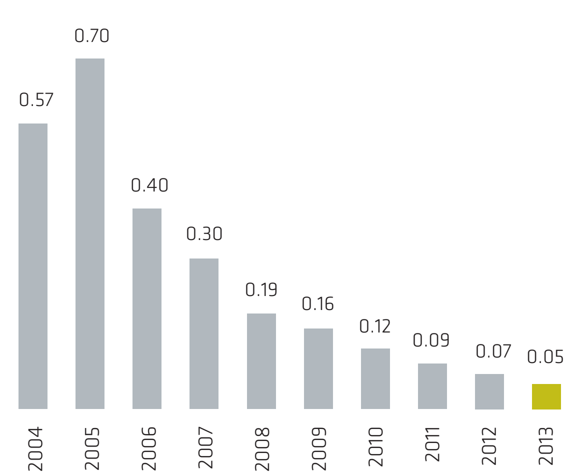
At year-end 2013, there were 34 employee committees in Spain with which management met 212 times, as scheduled. In Mexico the company has signed an agreement with the sector union for the construction of a wind farm and a preliminary agreement covering the construction of another. In Brazil an agreement has been signed covering the variable remuneration of workers at the nacelle plant.

Last year the company also rolled out new initiatives in this arena, such as the company dialogue Roundtable, a Gamesa-sponsored information and communication channel in Spain which met on five occasions, and a taskforce to draft a map of psychosocial risks, which met four times in 2013.

Evolution of the frequency rate



Evolution of the severity rate



The shareholder pledge

Sustained value creation

Gamesa defends, protects and upholds its shareholders' interests in a manner that is compatible with its community action and environmental protection efforts.

Permanent and transparent dialogue

The company has several lines of communication with its shareholders and the broader investor and analyst communities in order to provide them with accurate and comprehensive information.

Representation in the leading sustainability stock indexes

These indexes measure and track Gamesa's performance on the corporate social responsibility front.

The group of shareholders that have vested their interests in the Gamesa equity story deserve the company's special attention. To this end, the company's top priority is the sustained creation of value, coupled with a promise of transparency and shareholder engagement.

The share price gain of 357% in 2013 mirrors investors' reaction to the measures taken under the scope of the 2013-2015 Business Plan which have helped to put Gamesa back on the path to growth, earning the company renewed investor confidence.

The following stand out among the lines of communication with the company's shareholders and the broader investor and analyst communities:

> A specific shareholder and investor tab on the corporate website: 189,306 visits in 2013.

> Coverage of the company's earnings presentations: 983 people.

> Dedicated shareholder line: 477 calls.

> Annual General Meeting: attended by 152 shareholders representing 39.05% of the company's shares.

> Roadshow meetings and conferences with 66 investors in the financial districts of Madrid, London, Frankfurt, Munich and New York.

> Attendance at conferences organised by brokerages, fostering meetings with more than 50 investment funds.

> Dedicated shareholder inbox: 100 enquiries.

> Dedicated institutional investor and research analyst inbox: 248 enquiries.

> Ongoing contact with 20 research houses throughout the year.

Sustainability indexes

Gamesa opens itself up to continual analysis and assessment of its corporate social responsibility performance by assessment agencies, investment banks, certification bodies and think tanks. Their feedback provides it with very valuable information from which to learn and continue to improve.

Gamesa is part of leading international sustainability indices such as the FTSE4 Good Index series, Ethibel Investment Register and Ethibel Sustainability Index *Excellence Europe*.

The customer pledge

Customer-centred solutions

Gamesa's sales presence in nine regions gives it proximity to its customers and enables it to satisfy their needs while reducing response times and facilitating sales processes.

Truthful marketing claims

Gamesa's marketing messages must be transparent and accurate. This policy stands in all its operating regions.

Customer satisfaction

Gamesa launches a customer satisfaction survey every two years to assess every customer's perceptions.

Gamesa strives to satisfy its customers' needs and expectations optimally, reliably and competitively by bringing its technological know-how and manufacturing and operating experience to bear. Gamesa is strongly committed to honest customer relations. It promises to maintain its customers' data confidential, undertaking not to disclose information to third parties.

In order to ensure its commitment to accuracy and transparency materialises and to enhance its engagement channels, the company believes it is crucial to build long-lasting business relationships underpinned by proximity, unwavering customer service and trust. Against this backdrop, the mechanisms in place for gathering customer feedback are of vital importance as they constitute one of the best ways of evaluating the service provided as well as a tool for continually doing things better.

Against this backdrop, the mechanisms in place for gathering customer feedback are of vital importance as they constitute one of the best ways of evaluating the service provided as well as a tool for continually doing things better. To this end, Gamesa carries out a customer satisfaction survey every two years, thanks to which it can measure satisfaction at every step of the process as well as generating an overall snapshot of how the company is perceived. Eighty per cent, or 44 customers from 13 different markets, participated in Gamesa's last customer satisfaction survey, carried out in 2012. Gamesa obtained scores that indicate customer satisfaction at every link in the chain; however it scored best on the construction and overall perception ratings.

Gamesa also strengthens its customer relations by participating in trade fairs and organising specific events with its customers. In 2013 Gamesa participated in 13 international trade fairs in priority markets as well as new target markets. Gamesa usually complements its attendance at these trade fairs with seminars to discuss the specific attributes of its products and technology services.

The supplier pledge

Flexible and competitive supplier base

Gamesa's supplier base is made up of 8,300 suppliers worldwide and encompasses purchase volumes in excess of €1.98 billion.

Local community development and wealth creation

The percentage of local suppliers by market in 2013 stood at 94% in China, 74% in India and 49% in Brazil, providing an indicator of the company's contribution to wealth creation and development in these regions.

Responsible supply chain

Gamesa has evaluated 46% of its potentially critical suppliers in terms of CSR issues. These audits have resulted in in-house measures to improve relations with suppliers.

One of Gamesa's management priorities is to establish relations with its suppliers, contractors and professional service providers by building trust and acting transparently and, above all, by leveraging mutual know-how and skills with a view to nurturing a sustainable supply chain.

To achieve this objective, the company selects and contracts external suppliers on the basis of impartial and objective criteria, while overseeing, in parallel, compliance with Gamesa's code of conduct by gathering feedback on its suppliers' ethical conduct.

Last year the company purchased goods and services worth €1.98 billion from around 8,300 suppliers worldwide. Eighty per cent of total purchase volumes are concentrated in Spain, China, India, Mexico and Brazil, the company's most important geographic regions.

Supplier development

With more than 8,300 suppliers worldwide, Gamesa has continued to hone its supply chain's local capabilities so that it combines global suppliers with a regional reach with new local suppliers. It also works with its suppliers to ensure the highest possible standards of excellence in order to shorten order fulfilment times and cut spare parts and servicing costs.

Gamesa is committed to the development of its local suppliers with the goal of contributing to wealth creation and economic stability in its operating markets. To this end, the company earmarks its own resources to upgrading its suppliers' facilities in order to contribute to their technological development and competitiveness. In India, the company accordingly continued to develop new pieces for the G97-2.0 MW turbine with local forging companies such as Larsen&Toubro and local machining companies such as Classic Tools. In Brazil, it also developed processes for sharing smelting technology in order to transfer skills to local suppliers such as BR Metals and Romi.

Meanwhile, it continued to foster local skills training by means of the decentralisation of its supply chain. This is resulting in the increasing globalisation of the supply chain profile: global suppliers with local presences, new local suppliers and the international expansion of existing suppliers. The percentage of local supplies in 2013 reached 94% in China, 74% in India and 49% in Brazil.

Responsible supply chain development

Gamesa's general purchasing terms and conditions explicitly refer to respect for human rights and labour practices as well as evidencing a clear-cut zero-tolerance stance on fraud and corruption. The company is working hard to ensure these criteria are fully embraced across its supplier base.

More specifically, Gamesa's suppliers must undertake:

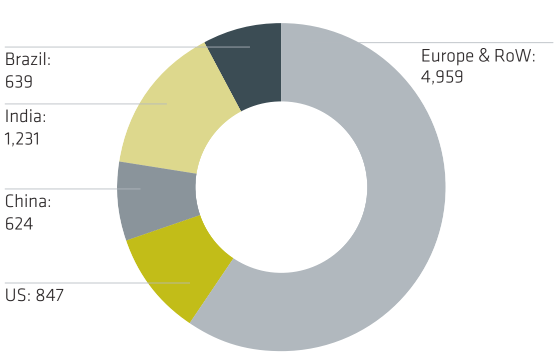
- not to employ children, directly or indirectly,
- not to engage in forced or compulsory labour and to prevent all forms of discrimination,
- to prevent all manner of fraudulent conduct on the part of their employees in relation to the receipt of any moneys whatsoever from Gamesa or any of its group companies.

Acceptance of and compliance with these general purchasing terms and conditions (in terms of volumes) stands at 100% in the US, 98% in China, 97% in India and 94% in Europe. In Brazil, one of Gamesa's most recently created supplier bases, the compliance level is running at 80%.

In 2013, Gamesa carried out its biennial assessment of compliance with human rights across its global supply chain (Supplier CSR assessment), evaluating 321 potentially critical suppliers (46% of all identified suppliers). The results of this exercise are feeding a host of in-house initiatives designed to reinforce the supply chain.

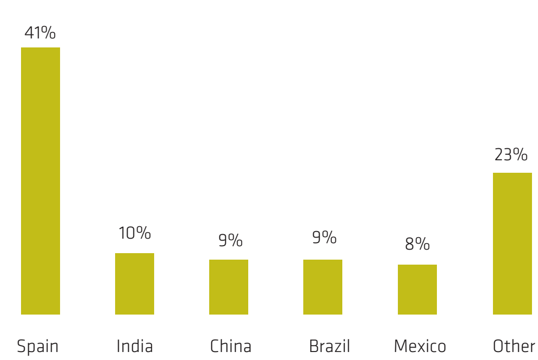
Supplier base

Total: 8,300 suppliers



Geographic breakdown of purchases

Total: 1,978 MM



The environmental pledge

Consumption

Materials consumption was cut by 13% to 103,507 tonnes, which is equivalent to 17 tonnes per employee per annum.

Energy consumption amounted to 1,004,868 gigajoules, a year-on-year reduction of 15%.

Water usage was cut by 16% to 80,040m^3 in 2013, which translates into consumption of 13m^3 per employee per annum.

Biodiversity

Gamesa prepares an Environmental Impact Assessment for every project for which it is required to do so by the authorities. If it is not so required, the company applies a series of internal controls to ensure compliance with environmental requirements. In 2013, the company performed 130 biodiversity studies.

Emissions, effluence and waste

The close to 30 GW of capacity installed by Gamesa to date prevents over 43 million tonnes of carbon emissions per annum.

Gamesa emitted 39,436 tonnes of carbon equivalent in 2013, a year-on-year reduction of 17%.

Discharges were cut by 5% to 62,536m^3.

Waste generation was pared back by 7% to 10,346 tonnes.

Gamesa is committed to continual improvement and collaboration in order to achieve sustainable development. It applies best practices to protect the environment, taking a preventative approach, and encourages information sharing and training in this area.

Gamesa oversees progress on this goal under the umbrella of its integrated Health & Safety, Environment and Quality (HSEQ) policy.

Gamesa is working hard to reduce the environmental fallout associated with the use of energy by trying to reduce the adverse footprint left by its direct business activities and by developing sustainable products which reduce CO_2 emissions.

Environmental targets

Over the course of 2013, Gamesa reduced its waste generation by 19% and verified its GHG emissions under the ISO 14064 standard for the third year running. These advances fall under the umbrella of a set of broader strategic objectives for 2013 - 2015:

- Consolidation of the implementation of the environmental management system in the EPC construction business line.
- Integration of environmental criteria into the process of designing the new multi-megawatt platforms and modifying existing platforms.
- New formulae for recovering the waste generated and reducing the associated management costs.
- Program for cutting the cost of waste management by 10% with respect to 2013 levels.
- A 10% reduction in the use of landfills by increasing the incidence of waste recycling and recovery.
- Reduction in energy consumption and the cost of energy by means of energy-efficiency measures.
- Finalisation of the rollout of the Globally Harmonized System of Classification and Labelling of Chemicals within the SAP environment.
- Progress in-house on the eco-design front by means of product life cycle assessments and environmental product declarations for the new multi-megawatt platforms.
- Progress assessing the environmental risks embedded in the new processes associated with the manufacture, assembly and maintenance of the new multi-megawatt turbines and the modification of existing products.

The community pledge

The principles governing Gamesa's community engagement

> **Sensitivity to changes in society**
in order to understand evolving needs and anticipate future demands.

> **Systematic, two-way and accurate reporting on business operations**
in order to foster a climate of trust and credibility.

> **Respect for the environment**
by complying with prevailing legislation and working to preserve and protect our planet.

> **Job creation**
by spearheading new competitive business ventures.

> **Support for the development of the least privileged echelons of society**

> **Support for research**
to raise the level of scientific and technological know-how and promote the use of environmentally-friendly technology.

> **Collaboration with institutions**
for community development purposes.

> **Relations with the public authorities**
dictated by institutional respect and compliance with the law.

It is Gamesa's desire to contribute to raising living standards and creating wealth by means of the provision of its core services and by promoting and backing new business activities but also by sponsoring economic and social development using non-corporate channels.

With a presence in more than 50 markets worldwide, Gamesa assumes its responsibilities and duties as a business organisation to the communities in which it operates. Moreover, its products and services are part of the solution to some of the greatest challenges facing society today: population growth, sprawling urbanisation, economic and social changes, the search for renewable sources of energy and the need to repair the environment.

Community work

Gamesa's influence on the communities in which it has business interests extends beyond the impact of its business operations, representing more of a long-term commitment.

In 2013 Gamesa was particularly active in India, where the group channelled its community work through two lines of initiative: education and sports. On the educational front, Gamesa provides assistance to underprivileged children so that they can attend school as well as support for upgrading schools' basic infrastructure in remote areas.

In India there is a huge gap between the academic performance of students who live in rural areas and those who live in cities. The company has organised an awareness drive for children in rural schools, focusing on household health issues, the importance of safety and emergency readiness. To date the company has sponsored seven training programs benefitting over 4,000 school-goers.

The company also builds school benches and desks which are distributed in the towns located in the vicinity of its business operations and wind farms in order to increase access to basic schooling. In addition, Gamesa promotes academic excellence among rural students, awarding a special prize to students who score top marks in their school exams, among other initiatives.

As for sports, in 2013 Gamesa joined the Yuwa at Donosti Cup initiative whose goal is to facilitate the Yuwa India girls' participation in this international championship in the month of July. The team is made up of young girls from tribal areas presenting high levels of illiteracy, the aim being to combat social exclusion and discrimination through sport.

In Mexico, Gamesa has a collaboration agreement with Istmo University in the state of Oaxaca with a view to encouraging specialist wind power learning in the region, the country's windiest. Under the umbrella of this agreement, the company has designed a wind turbine operation and maintenance course which includes include theoretical and practical learning and is free for participants.

Membership of associations and institutional relations

The company's engagement with the public authorities is guided by institutional respect and strict compliance with the law: ties with, membership of or collaboration with political parties, institutions, foundations or associations with purposes that go beyond those of the company can only take place without involving the company and respecting the latter's political neutrality.

In 2013 Gamesa was a member of 17 organisations and associations in Spain and 31 other associations around the world.

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Gamesa

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