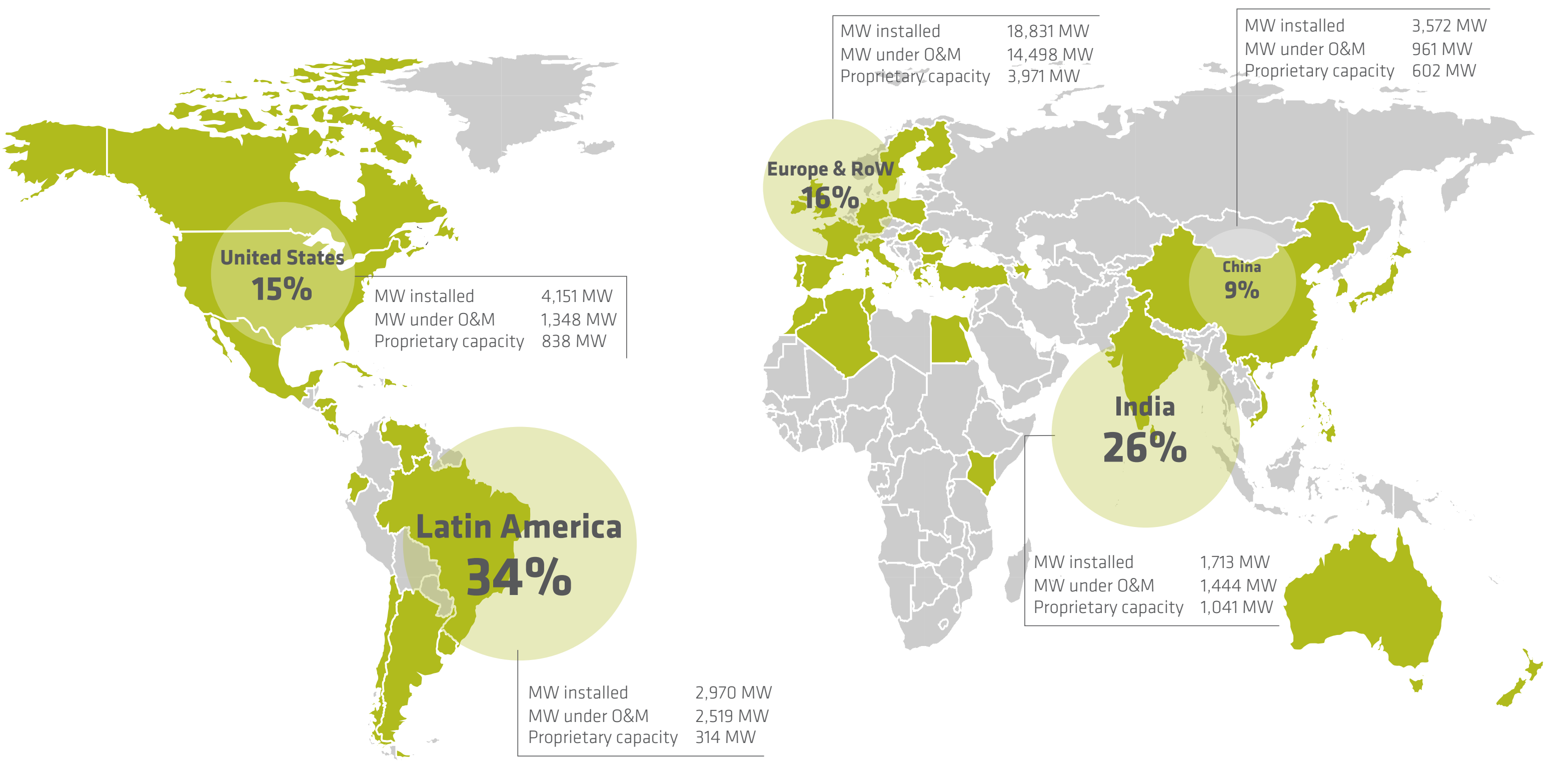
ANNUAL REPORT **2014**

Gamesa in 2014

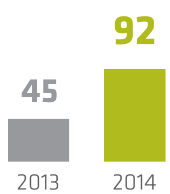


% MW sold in 2014.

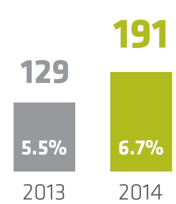
31,237 MW installed	**6,766 MW** proprietary capacity	**20,770 MW** under O&M

Economic indicators

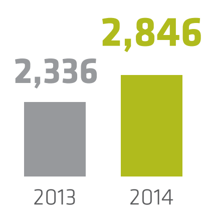
Net profit
MM €



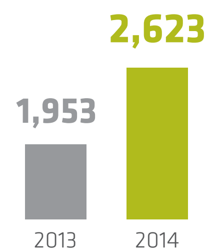
Recurring EBIT and EBIT margin
MM €



Sales
MM €



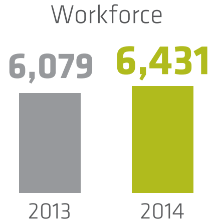
MW sold



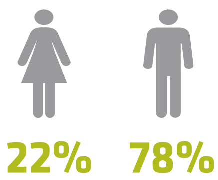
Social and environmental indicators

Employees

Workforce

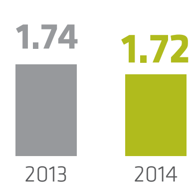


Gender

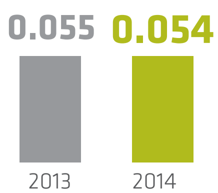


Health & Safety

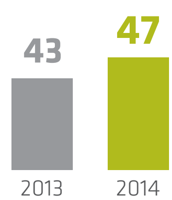
Frequency index



Severity index



CO_2 prevented
MM t



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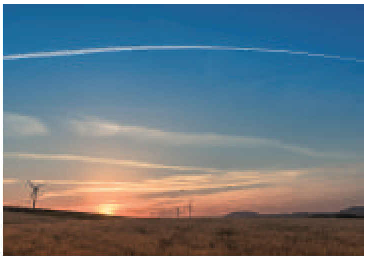
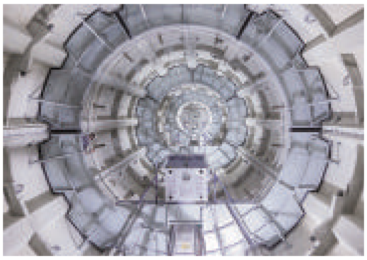
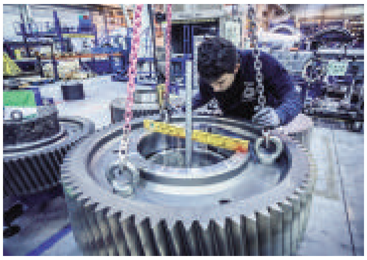






Message from the Chairman

Dear shareholders,

For the past couple of years Gamesa has been focused on executing its 2013-2015 Business Plan, designed with the aim of making the company profitable again and adapting it to the new sector paradigm without sacrificing the flexibility needed to tap potential market opportunities. To this end we have made major changes that have given a new dimension to the company, its technological leadership, its global footprint, its financial health and its corporate culture.

Today, into year three of our Plan, I can say that we have accomplished our guidance ahead of schedule, achieving our vision for 2015 already in 2014. And we have done so while laying the foundations for future growth.

In 2014, thanks to solid management, we topped all of the guidance set for the year: revenue rose 22% to €2.85 billion, with a recurring EBIT margin of 6.7%, driving two-fold growth in net profit to €92 million. During the year, we also took major steps to reinforce our balance sheet, ending 2014 with a net cash position of €143 million. This profitable growth has enabled us to renew dividend payments: we will propose the distribution of 25% of 2014 net profit at the upcoming Shareholders' General Meeting.

The company's strong performance since we rolled out the Plan, coupled with bright growth prospects, was reflected in our share price performance which, despite lingering economic uncertainties, has rallied by over 600% to €12 in the first few months of 2015.

I would like to specially thank the investors that took part in our capital increase last September for their vote of confidence; thanks to that transaction, we were able to reinforce our financial health indicators and raise funds for tapping additional business opportunities to those contemplated in our Business Plan. These new opportunities derive from improved growth prospects in the onshore segment and our entry into the offshore segment via Adwen, the 50/50 joint venture set up with Areva in March 2015.

Our estimates for the onshore market point to sustained growth in the coming years, driven by bright forecasts for demand for wind capacity worldwide, which having dipped to an all-time low of around 35 GW in 2013, rebounded in 2014, when 51.4 GW of new capacity was added globally. The outlook for 2015 is similarly upbeat with forecasts for capacity additions of 55 GW; this momentum is expected to continue in the following years, driven above all by demand in markets in which Gamesa commands a leadership position.

Moreover, we have signed the definitive agreements with French energy group Areva for the creation of Adwen, a joint venture for the development of both companies' offshore businesses, a segment offering significant growth potential. Europe is expected to install 25 GW of offshore capacity by 2020 and Adwen aspires to garner a 20% share of the market. Medium term, Asia is expected to emerge as this segment's growth engine, to put offshore capacity at 10% of total global wind capacity by 2020.

These estimates endorse the undeniable consolidation of wind power as a leading energy source all around the world. Wind power is already a competitive source of energy in countries with high wind resource. Its expansion is underpinned by growing demand for energy, the need to reduce dependence on fossil fuels by relying on home-market sources and the emission-cutting imperative.

Against this backdrop, Gamesa's objective is to reinforce its position as one of the leading players in this industry, by increasing its market share and leadership position in the fastest-growing markets such as India and Latin America. With this endgame in mind, we are steadfastly focused on profitable growth. We have the value-creation drivers needed to do so: cutting-edge technology for the development of premium products and services that help to reduce the cost of energy, a balanced industrial strategy with a local footprint, vertical integration and a competitive supply chain, all of which give us a clear-cut competitive advantage over other OEMs. But above all we boast a top-notch team of professionals who are committed to the Gamesa story, professionals who put end-to-end customer service at the heart of the business model.

A new horizon is looming and we are headed into it with optimism and ambition and the ultimate goal of defending Gamesa's position as one of the leading wind turbine markers in both the onshore and offshore segments, underpinned by the fundamentals of our business model, thanks to which we will continue to grow profitably, creating sustainable value for all our stakeholders.

With the hard work and dedication of over 6,000 professionals, the vote of confidence of our more than 200 customers and the support of all of you, our shareholders, we can do it.

Ignacio Martín
Chairman

Message from the Business CEO

Dear shareholder,

2014 was marked by growth at Gamesa, consolidating the momentum initiated in 2013 and putting us in a position to raise our growth targets for the short and medium term.

This business strength is underpinned by four cornerstones: our technological leadership, evidenced by the launch of products that become benchmarks in their sector; a solid global footprint, with a presence in more than 50 countries and a leadership position in the fastest-growing markets; our vertical integration; and the customer confidence earned thanks to the reliability of our products and efficiency of our services.

The company's effort to boost these growth levers enabled us to achieve several milestones in 2014. In the past year we installed the first G114-2.0 MW turbines in wind farms in Sweden and the US. This product was named best turbine of the year in the up to 2.9 MW category by trade journal Windpower Monthly. We also delivered our first G128-4.5 MW and G128-5.0 MW turbines in Finland and signed agreements for the installation of the maiden G114-2.5 MW models.

In parallel we continued to reinforce our international expansion, consolidating our presence in the markets currently exhibiting the strongest demand, such as India, Brazil and Mexico, while defending our strong positioning in the European and US markets. We also entered new markets such as Jordan, Jamaica, Mauritius and Belgium and strengthened our operations in India, a core region, by installing new line for the production of the G114-2.0 MW turbine at our nacelle plant in Mamandur.

Value creation for our stakeholders

Looking beyond our business performance, in 2014 we continued to work to create value for all our stakeholders, a target intrinsic to the company's culture.

The implementation of the supplier contracting and relations policy and the collaboration agreement reached with IndustriALL Global Union are good examples of how rigorously we upheld this commitment. In addition to these global initiatives, we also rolled out other specific projects in various markets such as India, Mexico and Spain that evidence the crystallisation of the company's ambition of helping to raise living standards in the communities in which it does business.

In tandem we extended our efforts to strengthen relations with our customers by means of a customer pledge underpinned by excellent product and service execution. To this end we launched new projects designed to detect opportunities for improvement that we share with our customers; these initiatives are already delivering very encouraging results.

Finishing up, I would like to single out our employees and their commitment to this great venture we have embarked upon. Aware of the importance of this talent, Gamesa fosters merit-based career development plans at all levels of the organisation, based on ability, equal opportunities and a zero-tolerance stance on discrimination. Our people come first. In this respect I would also like to mention the importance of our policies in the workplace health and safety arena, one of our top corporate priorities. Successful implementation of these policies enabled us to record the lowest rate of workplace accidents in the company's history, a milestone to which I attach great importance. I am confident that these positive results will continue going forward.

This review of 2014 gives us a chance to look back and assess the wisdom of the strategies and initiatives pursued in recent months. Our objective going forward can be none other than continuing to work to make Gamesa ever more competitive, efficient and profitable, placing it in a privileged position to tackle the opportunities and challenges looming.

Xabier Etxeberria
Business CEO

Corporate Governance

Gamesa's Corporate Governance system is structured to ensure excellent management, protect stakeholder interests and earn its shareholders' confidence by upholding the most stringent principles of transparency and independence.

Gamesa's Corporate Governance system is aligned with international best practices and underpinned by the principles of maximum transparency, independence and good governance. The system is designed to deliver excellent management, safeguard the interests of the company's various stakeholders and earn credibility in the eyes of its shareholders.

Gamesa's governance structure is articulated around two bodies: the Board of Directors and the Shareholders' General Meeting.

The Board of Directors is Gamesa's highest decision-making body, except with respect to the matters reserved for shareholder voting. The Board has general oversight duties and sets the firm's general strategies and policies with the overriding goal of upholding Gamesa's interests and creating value on a sustainable basis.

In order to carry out its management and supervisory work, the Board of Directors is assisted by an Executive Committee, which has been vested with general decision-making powers, and two expert committees: the Audit and Compliance Committee and the Appointment and Remuneration Committee.

The Board, made up of expert and renowned professionals, presents a balanced mix of executive and external directors. It currently comprises ten directors, two of whom are executive and the remainder, external. Of these external directors, six are independent and two are proprietary.

The Shareholders' General Meeting is the forum at which the company's shareholders decide by majority vote on the matters falling within their purview. All of the company's shareholders are bound by the resolutions ratified by this body.

Board Committees

Executive Committee	Audit and Compliance Committee	Appointment and Remuneration Committee
Participates in the business management and supports the Board's decision-making work.	An advisory and reporting body tasked with monitoring and controlling the audit systems, preparing the company's financial information and managing its risks.	An advisory and reporting body tasked with participating in the selection and establishing the general principles governing director and executive remuneration.

The 2014 Shareholders' General Meeting, held on May in Zamudio, Spain.

Remuneration policy

Remuneration of Gamesa's directors and executives is regulated in the company's Bylaws and Board Regulations.

The members of Gamesa's Board of Directors receive a fixed annual payment, which depends on their positions and the committees they sit on, plus a fee for every Board and committee meeting they attend. The Chairman & CEO also receives a fixed salary and annual bonus for performing his executive duties, as well as a bonus tied to medium/long-term objectives.

The principles governing remuneration policy at Gamesa are:

> **Transparency:** publication of an Annual report about the remuneration of the members of the Board of Directors disclosing the individual remuneration earned by each director.

> **Moderation:** performance-based pay, i.e., specific targets related to the company's business performance, financial health and health & safety record.

> **Oversight:** all director remuneration must be approved at the Annual General Meeting.

Code of Conduct

One of the Board of Director's duties is to set the company's values and corporate responsibility principles, which are enshrined in Gamesa's Code of Conduct.

This Board-approved Code is reviewed regularly and made available to Gamesa's employees via the corporate website and intranet; for employees without access to the corporate intranet, it is also publicised on noticeboards and by means of specific briefing sessions.

For more information on Gamesa's remuneration policy, see the 2014 Annual Report about the Director's Remuneration and the page 25 of the Annual Corporate Governance Report, both of which are available on Gamesa's corporate website.

Board of Directors

Chairman

Ignacio Martín	Executive

Deputy Chairman

Juan Luis Arregui	Independent

Members

José María Vázquez	Independent
Sonsoles Rubio	Proprietary
Luis Lada[1]	Independent
Ramón Castresana	Proprietary
José María Aldecoa	Independent
José María Aracama	Independent
Francisco Javier Villalba[2]	Proprietary

Secretary

Carlos Rodríguez-Quiroga	Executive

Deputy Secretary, non member

José Antonio Cortajarena

Member of

- Executive Committee
- Audit and Compliance Committee
- Appointment and Remuneration Committee

1. Lead Independent Director
2. He replaced Manuel Moreu in February 2015

For more information on the directors' backgrounds, see page 13 of the 2014 Annual Corporate Governance Report, which can be found on Gamesa's website.

Management

Executive Chairman
Ignacio Martín

Internal Audit
Félix Zarza

Business CEO
Xabier Etxeberria

Chief Financial Officer
Ignacio Artázcoz

Chief Corporate General Secretary
José Antonio Cortajarena

Corporate Development Managing Director
David Mesonero

CEO Europe & RoW
Ricardo Chocarro

CEO India
Ramesh Kymal

CEO USA
Borja Negro

CEO China
Álvaro Bilbao

CEO Latam
José Antonio Miranda

Services Managing Director
Pedro López

Business model

1

Competitive advantages

Gamesa's business model generates value for its shareholders, employees, suppliers, customers and communities, while respecting and caring for the environment.

Commitments

Value creation

In carrying out its business activities, Gamesa generates value for its shareholders, employees, suppliers, customers and communities.

Financial strength and risk control

Solid financial health and risk management

Gamesa has bolstered its financial health readying its capital structure for upcoming growth. Gamesa's risk management model safeguardes the company's performance.

Geographic diversification

Global presence
Gamesa boasts its presence in the most important wind markets - Europe, the US, Latin America, India and China - in which it also commands significant market shares.

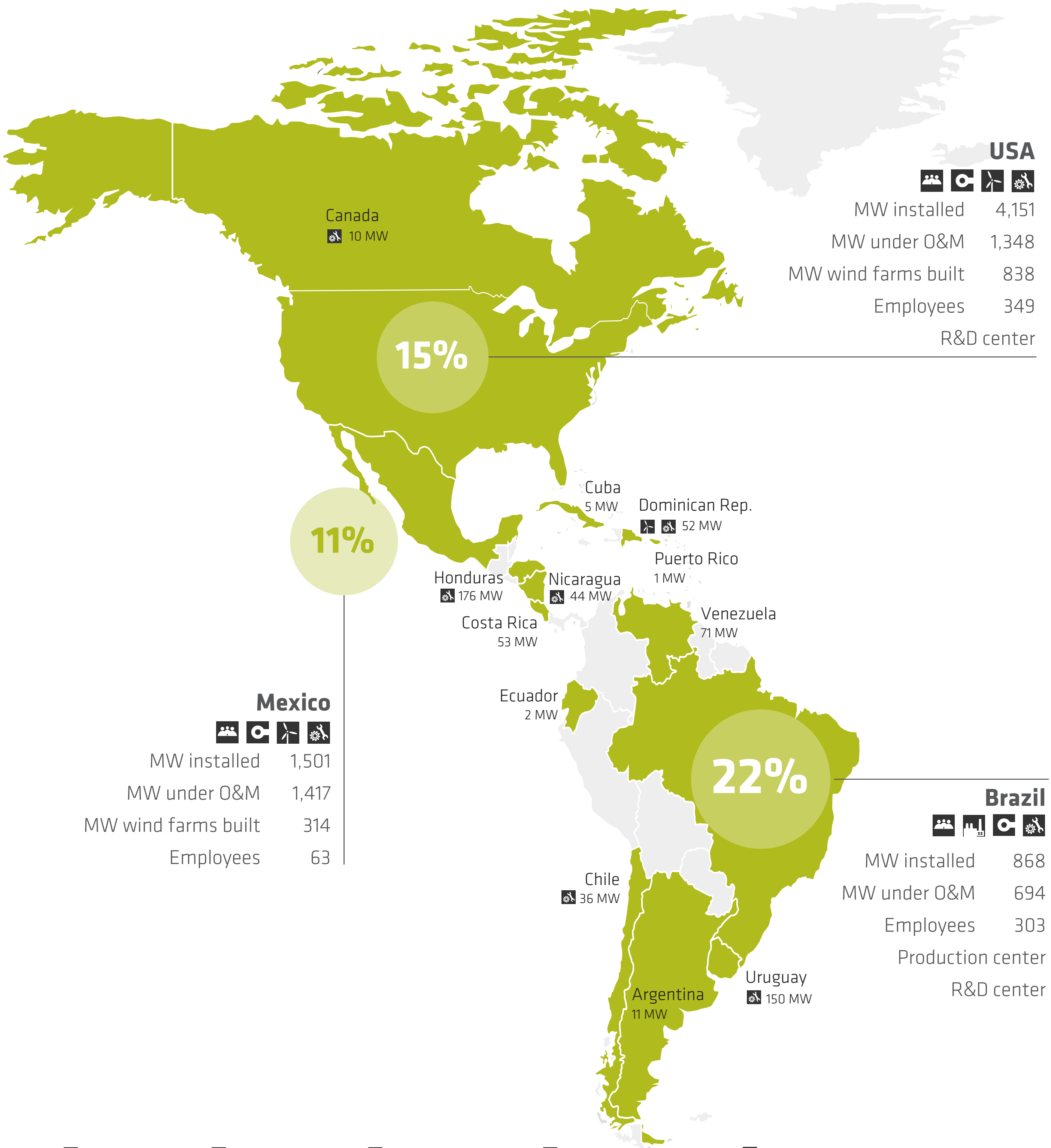
Vertical integration

Presence throughout the entire wind value chain
Gamesa offers its customers end-to-end service: from turbine design and manufacture to the development, operation and maintenance of wind farms.

Innovation

R&D targeted at making wind power ever more competitive
Gamesa's innovation effort is focused on the development of products and services that help to reduce the cost of energy.

Geographic diversification



Corporate offices · Commercial office · Manufacturing plant · Wind farm development · Operation and Maintenance

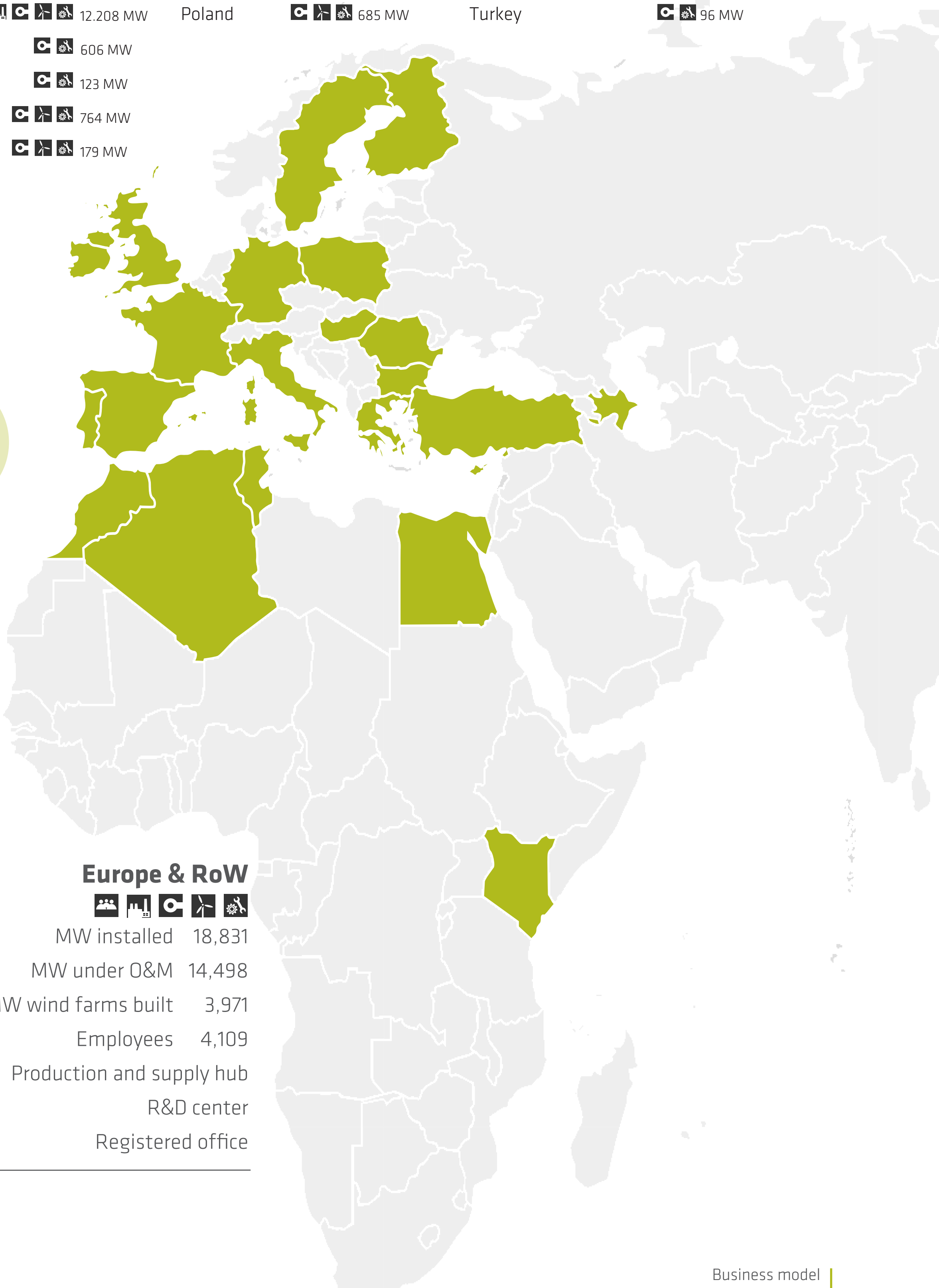
MW cumulative installed capacity

% MW sold in 2014

Europe & RoW

Germany	185 MW
Algeria	10 MW
Azerbaijan	8 MW
Bulgaria	90 MW
Cyprus	20 MW
Spain	12.208 MW
Egypt	606 MW
Finland	123 MW
France	764 MW
Greece	179 MW
Hungary	182 MW
Ireland	54 MW
Italy	1.669 MW
Kenya	14 MW
Morocco	238 MW
Poland	685 MW
Portugal	438 MW
United Kingdom	475 MW
Romania	284 MW
Sweden	57 MW
Tunisia	242 MW
Turkey	96 MW

16%



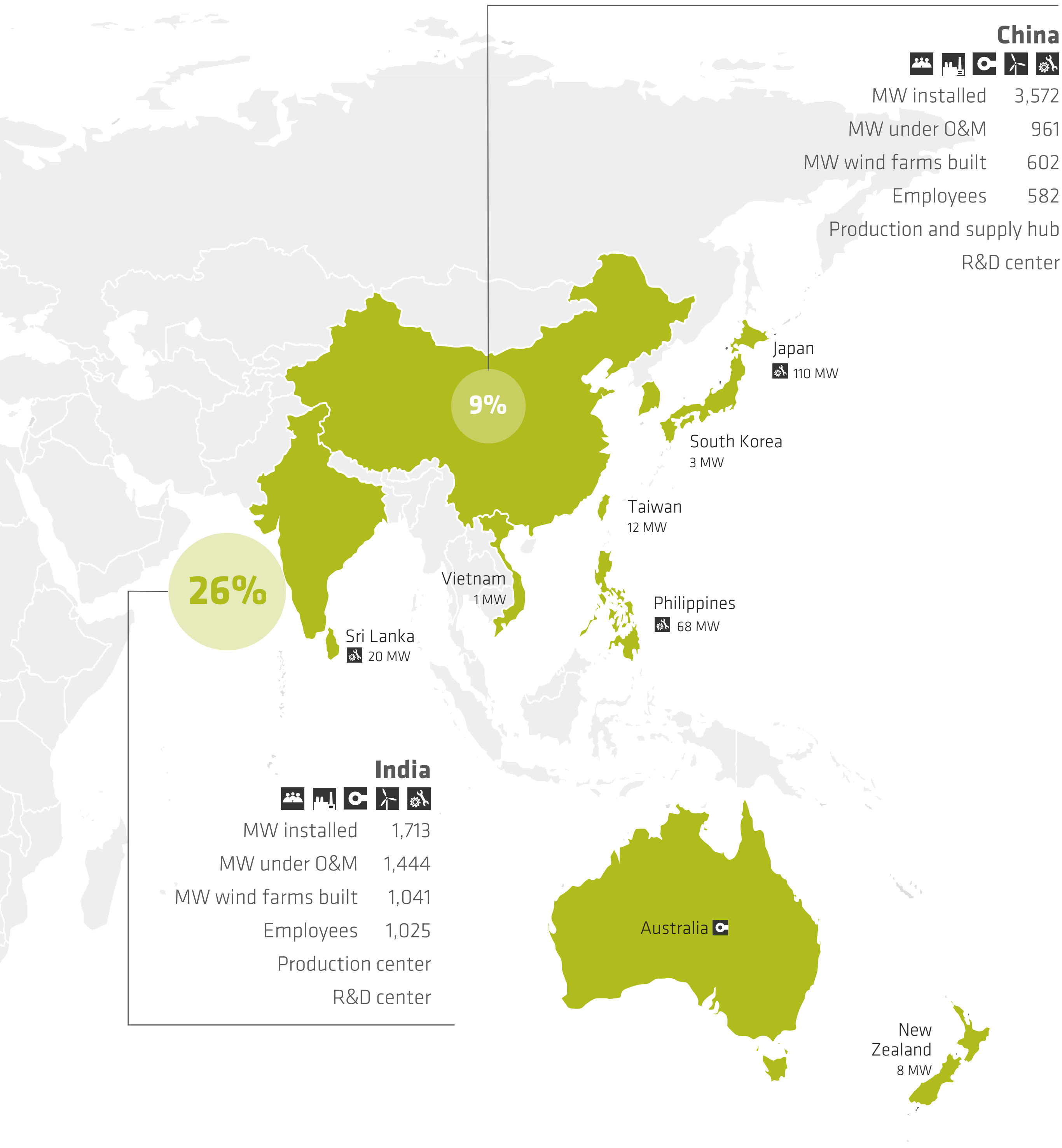
Europe & RoW

MW installed	18,831
MW under O&M	14,498
MW wind farms built	3,971
Employees	4,109

Production and supply hub

R&D center

Registered office



Corporate offices | Commercial office | Manufacturing plant | Wind farm development | Operation and Maintenance

MW cumulative installed capacity | % MW sold in 2014

Vertical integration

Gamesa is present in the entire wind value chain: it designs and manufactures wind turbines, develops and sells wind farms and provides operations and maintenance services.

Gamesa manages the entire wind process end-to-end, from technology research and development, the manufacture and installation of turbines to the operation and maintenance of wind farms. The company's ability to innovate is underpinned by an extensive track record industrialising and producing the key turbine parts. The ability to custom-develop these parts ensures design excellence and the highest standards of quality, while compressing delivery times and enabling quicker technical support during maintenance.

Gamesa has global production centres in Spain and China and a complementary industrial presence in other local markets (India and Brazil), as well as a broad commercial reach with offices in 18 countries, enabling it to respond to its customers' needs on all five continents.

Wind turbines

With 31,237 MW worldwide the company has two product platforms tailored to meet its customers' needs and bring down the cost of energy.

> **Gamesa 2.0 MW-2.5 MW.** This platform, with an installation track record of over 18 GW, is the most versatile in the market: six different rotor sizes (80, 87, 90, 97, 106 and 114 metres), tower heights ranging from 55 to 125 metres and environmental options designed to enable their installation at the most complex sites.

In 2014, the company installed its first G114-2.0 MW turbines at commercial wind farms in Sweden and the US and signed its first orders for the new G114-2.5 MW, which has higher nominal capacity of 2.5 MW, delivering higher output and a lower cost of energy.

> **Gamesa 5.0 MW.** This platform, the evolution of the 4.5 MW, represents the next generation of Gamesa turbines. Its innovative modular design and cutting-edge technology maximise reliability while complying with the most stringent international grid-connection codes and environmental standards.

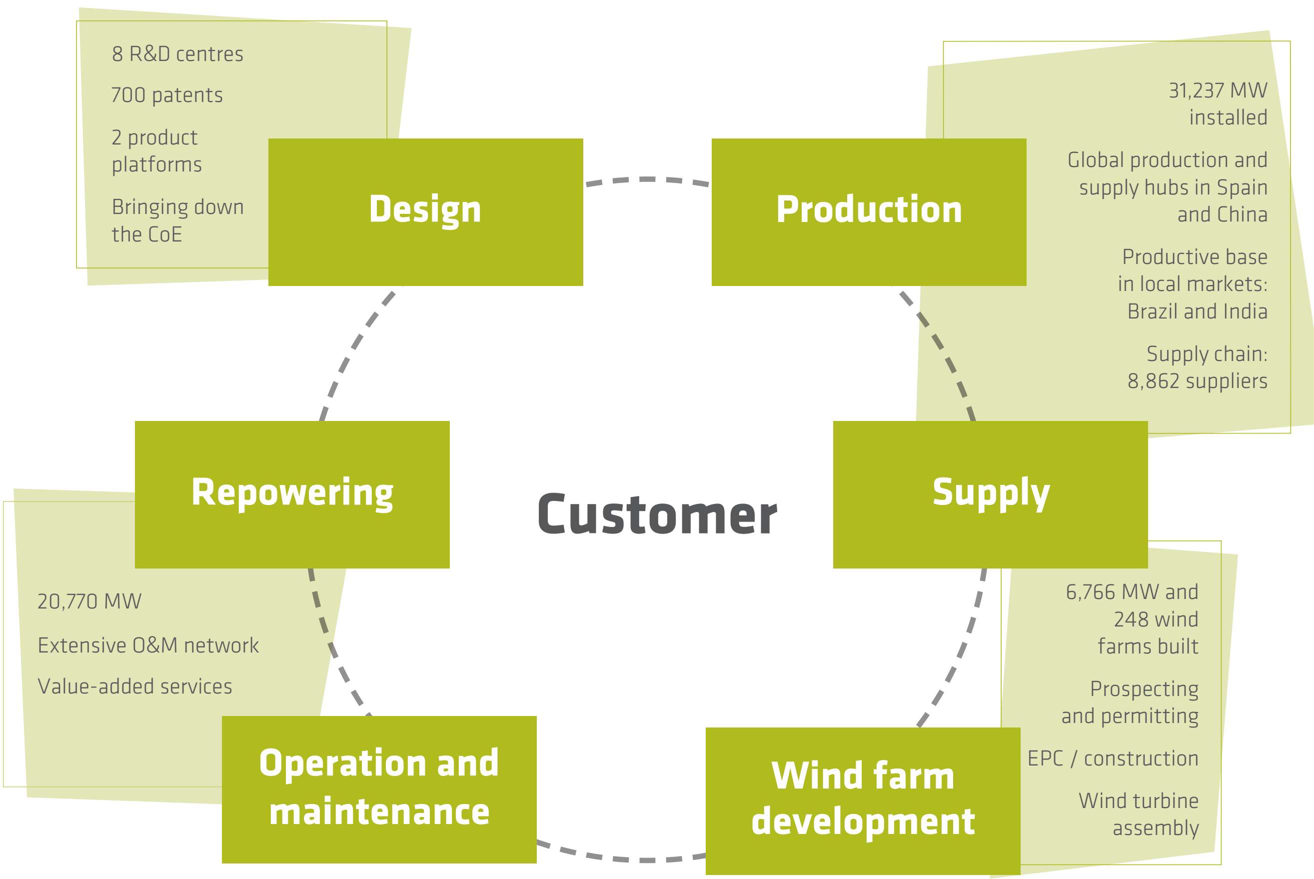
The first wind farm equipped with G128-5.0 MW turbines is already operating at full capacity in Finland.

The ability to develop and build wind farms on a turnkey basis sets Gamesa apart in the marketplace, particularly in markets such as India and Mexico where the company has emerged as a benchmark player in the self-supply segment.

This activity includes all the tasks associated with the development of a wind power generation project: from site identification and permitting to the ultimate sale and maintenance of the facility.

Having developed and built 248 wind farms with aggregate capacity of 6,766 MW worldwide, this area is key to Gamesa's wind value chain as it provides a sales channel and a gateway into new markets and customer accounts.

Wind value chain



Operation and Maintenance
Gamesa's end-to-end service offering is rounded out with an extensive range of operation and maintenance services.

A team of over 840 experts works to optimise the availability and profitability of the 20,700 MW maintained by the company in 32 markets.

As well as predictive, preventative and corrective maintenance, Gamesa has developed a suite of value-added solutions with the goal of reducing its customers' cost of energy. The most notable of these services are:

> **Life extension:** a series of structural reforms designed to prolong the useful lives of turbines made by Gamesa and other manufacturers from 20 to 30 years.

> **Energy Thrust:** by applying the latest software and hardware developments to Gamesa's 660 kW, 850 kW and 2.0 MW turbines, individual turbines can be tailored and upgraded to produce as much as 5% more power every year.

> **Overhaul:** complete reconfiguration of the electric and electronic systems of the turbines to enable application of the life-extension programme features, thereby guaranteeing availability until year 30 of the turbine’s useful life.

G128-5.0 MW turbine, installed in the R&D wind farm in Alaiz, Spain.

Technological diversification

Gamesa's technology capabilities and its vertically integrated model fostered the creation of subsidiaries specialised in electric and mechanical equipment designed not only with wind power in mind but also for other markets such as the hydro-electric, industrial and nuclear power segments.

> **Gamesa Electric:** with a 25-year track record, this unit provides end-to-end and flexible electric system solutions using next-generation manufacturing processes; it is capable of mass production as well as tailored ad-hoc solutions for customers worldwide.

> **Gamesa Energy Transmission (GET):** for more than 15 years, this business unit has been designing, manufacturing, selling and repairing gearboxes.

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

Innovation

Gamesa targets its R&D effort at continually making wind energy more competitive in order to help reduce its customers' cost of energy.

Gamesa views innovation as a crucial element of its development and sector positioning, which is why it integrates it into its entire value chain, as well as its products and services.

Its R&D activities are focused on the technological development of more efficient processes and products, tailored to multiple markets, with the overriding goal of continually helping to make wind power more competitive with the attendant reduction in its customers' cost of energy (CoE). In 2014, Gamesa earmarked €109 million to new products and platforms designed to reduce the cost of wind energy and to the adaptation of production facilities to these new developments.

Gamesa has been one of the most active industrial wind players on the patent front in recent years, with 184 patent families and a portfolio of 700 patents worldwide. Gamesa ranks ninth among all turbine OEMs worldwide in terms of patents and fourth in Europe.

Aware of the importance of its innovation effort to setting the company's technology offering apart, Gamesa formally acknowledges the invention effort and protects the company technological developments of its employees with its Patents and Inventors Competition, which in 2014 was held for the fourth time.

The company has eight R&D centres, located in Spain, China, India, the US and Brazil, and participates in the leading international, national and regional wind energy projects.

Noteworthy R&D projects

In 2014 Gamesa participated actively in several projects such as:

> **Windtrust,** a full-scale onshore prototype (2 MW) where the company's universe of technologies can be tested to increase turbine reliability.

> **Innwind,** demo small-scale prototypes in an offshore environment, tested for a host of technologies for a turbine size of 10 MW - 20 MW.

In addition to researching and developing wind turbines and services, Gamesa's R&D effort targets innovation in rotors, powertrains, supporting structures, the area of wind farm management, etc.

The Gamesa G97-2.0 MW Class S, custom-designed for the Indian market.

Wind turbines that deliver CoE reductions

In 2014, Gamesa focused its R&D work on developing new turbine models: the G106-2.5 MW, G114-2.5 MW and G97-2.0 MW class S, underpinned by technology proven and validated in Gamesa 2.0-MW platform, of which it has installed over 18,000 MW in 33 countries worldwide.

The first two turbines, designed for high and medium wind speeds, maximise efficiency and profitability, lowering the cost of energy in the 2-3 MW segment. The G106-2.5 MW and G114-2.5 MW produce 30% more power than the G90-2.0 MW and G97-2.0 MW models, respectively, while lowering the cost of energy by 10%.

In developing turbines that help reduce the cost of energy, Gamesa designs models that are tailored for individual market characteristics. In 2014 it unveiled a variant of its G97-2.0 MW turbine, the G97-2.0 MW class S, which, with a tower height of 104 metres, is custom-designed to maximise performance in low-wind sites in India. In India Gamesa also inaugurated a new production line at its nacelle factory in Mamandur, close to Chennai, in order to pave the way for introduction of the G114-2.0 MW. With a rotor spanning 114 metres, this turbine's sweep area is 38% greater than that of the G97-2.0 MW, while it produces 20% more energy a year.

In 2014, Gamesa also launched the G132-5.0 MW offshore: with blades 64.5 metres long and a rotor diameter of 132 metres, it is capable of generating enough power to supply 5,000 households a year. This new model, which is already part of Adwen's product portfolio, incorporates the know-how and experience acquired during the exhaustive 5.0-MW platform validation programme. The turbine is notably lightweight, which reduces the cost of related wind farm civil engineering work

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Gamesa has developed several solutions for minimising the impact of ice on turbines.

Maximising performance in extreme conditions

The Bladeshield anti-freeze system
Gamesa designs and provides specific tailored solutions conceived of to minimise the impact of cold temperatures on turbines. Notably these include an innovative anti-freeze paint designed to optimise blade performance and availability at wind farms located in cold regions. Turbine blades are coated with this innovative solution to prevent the build-up of ice; this solution also makes the paint more durable and resistant to erosion. Bladeshield is apt for application across all of Gamesa's onshore and offshore platforms as well as on other OEMs' blades.

First OEM to certify a wind turbine life extension programme
Gamesa was the first wind turbine manufacturer to manage to certify its life extension programme under the standard issued by certification body, DNV GL. This certification, which was awarded to the G47-660 kW turbine programme, is a testament to the company's technology prowess.

The life extension programme consists of a series of structural upgrades and monitoring features which allow owners to lengthen the useful lives of their turbines from 20 to 30 years of guaranteed safety and availability.

The G114-2.0 MW, best turbine of the year in the up to 2.9 MW category...

The G114-2.0 MW, a model designed to yield more power at lower cost at low and medium wind speed sites, was named the best turbine of the year in the up to 2.9 MW category by trade journal Windpower Monthly. In its appraisal of the winning turbine, the journal highlighted the fact that the rotor diameter guarantees a low power rating, in turn boosting the capacity factor attainable.

...and Gamesa's second eco-designed turbine

This turbine also obtained the eco-design seal awarded by independent certifier TÜV Rheinland. This is the second of the company's turbines to achieve eco-design certification: in June 2012, the G128-4.5 MW became the first turbine in the world to achieve this external validation. This certification accredits the turbine's reduced environmental impact throughout its entire life cycle, enhanced energy efficiency and lower operating costs.

The G114-2.0 MW, whose orderbook stands at over 800 MW, is already up and running in two commercial wind farms, one in Sweden and the other in the US. Its two prototypes, installed in Alaiz (Navarre, Spain) and Texas (US), generated 4.25 GWh in the first six months of 2014, evidencing the robustness, reliability and adaptability of this turbine.

The Gamesa G114-2.0 MW is the company's second eco-design certified turbine.

Financial strength

Gamesa continued to work last year to reinforce its financial and balance-sheet strength in order to ready the company for growth in business volumes.

One of the priorities around which Gamesa's 2013-2015 Business Plan is articulated is efficient management of its balance-sheet resources. To this end, Gamesa has deployed several initiatives that have delivered noteworthy results in the past two years, most important of which, control over capital expenditure and working capital requirements.

Gamesa made further progress on its efforts to focus its capital expenditure and R&D investment efforts around its objective of helping to bring down the cost of energy. More specifically, in the course of 2014, the company earmarked €109 million to the development of new products (the G114-2.0 MW, G114-2.5 MW and G106-2.5 MW) and adaptation of production facilities for making these new turbines.

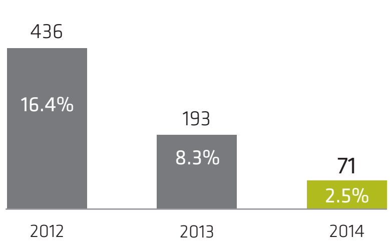
This focus enables Gamesa to maintain an investment ratio in tangible and intangible assets of less than 4% of revenues in 2014.

Against the backdrop of growing business volumes, Gamesa kept an iron grip on working capital management by monetising current assets, controlling investment in wind farm developments (focusing only on markets where this line of business is crucial to defending its leadership as OEM, such as India and Mexico) and a manufacturing-to-cash policy. The combination of these strategies drove a reduction in the working capital requirement to €71 million in 2014, just 2.5% of revenue.

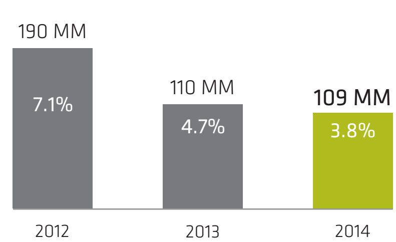
Organic debt reduction

Improved operating profitability > Control over working capital > Prioritisation of capital expenditure

- > Cost streamlining programme
- > Generation of operating cash flow: +200 MM



WC/revenue, %



Capex/revenue, %

The prioritisation of investments and streamlining of working capital requirements, coupled with the group's profitable growth and proceeds from asset sales of €120 million, enabled Gamesa to generate €330 million of net cash, four times more than in 2013.

In tandem with this organic debt reduction process, in September 2014 Gamesa increased its capital by 10%, raising €236.10 million, to put net cash at €143 million, implying a ratio of net financial debt/EBITDA of -0.4x. (See the Shareholders chapter for more information).

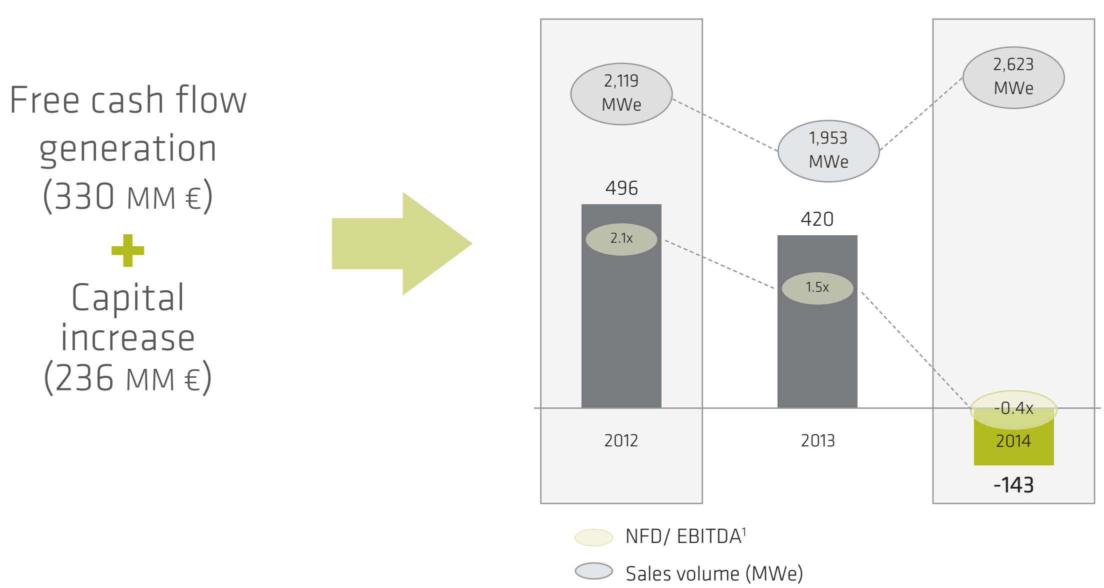
Together, these measures enabled Gamesa make progress on its value creation objectives: in 2014 its return on capital employed (ROCE) exceeded its weighted average cost of capital (WACC) by two percentage points.

Another achievement on the financing front last year was the negotiation of more favourable financing terms. The company signed a new €750 million loan with a syndicate of 15 Spanish and international banks, repayable in a single instalment in December 2019. This new loan structures the two existing syndicated loans, which originally matured in June 2016 and June 2018, respectively, into a single revolving loan, thereby lengthening the average term of the company's borrowings. The new loan also enhances the company's financing terms and conditions and borrowing costs.

This refinancing transaction, coupled with other undrawn credit facilities, leaves Gamesa with total available financing in excess of €1.8 billion. This, coupled with the growing ability to generate free operating cash flow, enhances the company's ability to finance itself in the short, medium and long term.

Trend in net financial debt

MM €



1. LTM EBITDA excluding non-recurring items.

Risk control and management

Gamesa's enterprise risk management model is designed to minimise the risks inherent to its business activities and markets, safeguarding the company's performance.

Gamesa's enterprise risk management model underpins the company's performance on all dimensions - delivery of business objectives, creation of value for the various stakeholders and support for the organisation's sustainable and profitable development -, by minimising the various risks intrinsic to the different countries, sectors and markets in which it operates and the activities it performs.

To this end, it develops internal risk control and management systems that are tied to the company's strategic planning, from a global and comprehensive organisational perspective, and integrated into its strategic and business activities. These systems are applied by means of procedures, IT systems and an organisational structure articulated around four levels of protection and defence designed to tackle and manage the company's significant risks. These systems contemplate the risks mapped in the Board-approved Business Risk Model, these are classified into four key categories which in turn encompass sub-categories, configuring a common language and base for periodically monitoring the lines of protection and defence.

Gamesa combines a general risk management method that aligns criteria and ensures deployment of the general risk management policy with other specific methodologies that may be required under specific laws, regulations or processes, including:

> Proactive contribution by all members to a preventative end-to-end, integrated risk management culture.

> Ongoing identification of significant risks, assessing their impact, probability of occurrence and level of control, in order to take the appropriate action (risk mitigation, transfer, sharing and/or elimination).

> Analysis of the risks associated with new investments as a core component of decision-making in terms of the risk-reward trade-off.

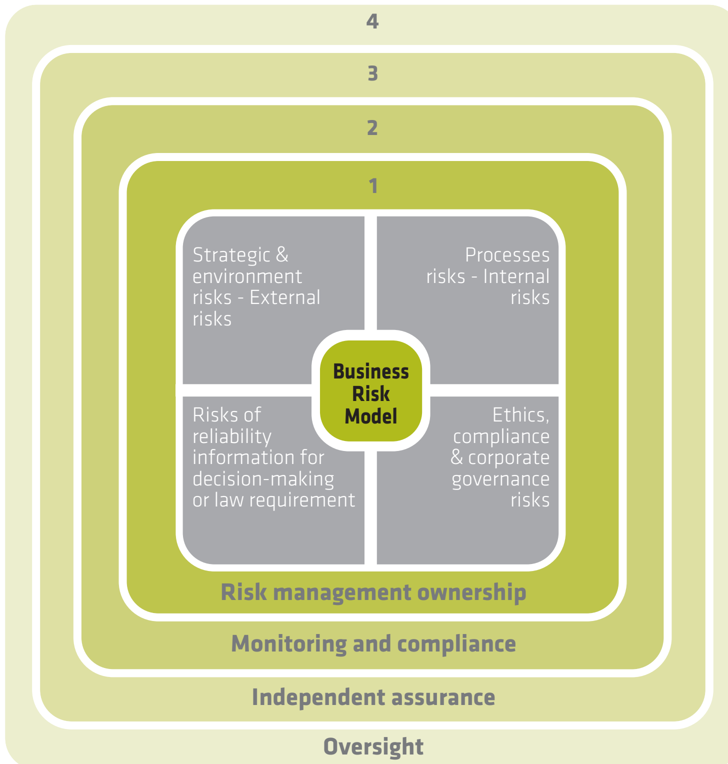
> Regular monitoring and control of earnings-related risks with a view to controlling volatility in annual profits.

> IT, reporting and control systems designed to enable regular and transparent assessment and reporting of performance on risk management.

The company has a corporate risk map which is updated six-monthly and monitored monthly or quarterly. Each year a more comprehensive review is also carried out in conjunction with the process of updating the annual targets. This corporate risk map is rounded out with specific risk maps for the key regions (Europe & RoW, US, China, India and Brazil); in compiling these maps management considers whether it is appropriate to add any of the risks identified in the corporate map.

For more information on risk management, see page 10 and beyond of the 2014 Annual CSR Report and chapter E of the 2014 Annual Corporate Governance Report.

Protection and defence's levels



Level 1 – Risk management ownershi:
The committees (Management, Executive Business and Regional Committees) are responsible for managing and controlling the risks intrinsic to their business and decision-making processes.

Level 2 - Monitoring and compliance:
The risk owners are tasked with the monitoring function, aided, among other things, by risk maps and automated tools. The Corporate Risk Control Department ensures the existence of such risk maps, controls and appropriate key risk indicators in order to facilitate the oversight duties of the Management Committee and Audit and Compliance Committee.

Level 3 - Independent assurance:
The internal audit function is tasked with independent oversight of the risk management and control systems and reports to the Audit and Compliance Committee on balance-sheet risks, risks related to functional activities and the reasonableness and integration of the internal control systems, among other matters.

Level 4 - Oversight:
The Board of Directors and the Audit and Compliance Committee periodically supervise the risk maps and the effectiveness of the internal risk control and management systems, analysing together with the auditor any significant internal control system weaknesses detected in the course of the audit process. They also ensure that the risk management policies duly identify the various types of risk to which Gamesa is exposed, including financial risks, contingent liability related risks and other off-balance sheet risks and check that risk levels fall within those deemed acceptable as per its Corporate Governance rules.

Commitments

Gamesa pursues and fosters ethical and responsible conduct throughout its value chain, adopting measures designed to facilitate the economic and social development of its stakeholders.

Employees

Customers

Shareholders

Suppliers

Environment

Communities

Voluntary commitments

Corporate social responsibility is embedded into Gamesa's corporate culture and as such drives ethical and responsible conduct in all its activities worldwide. The Board of Directors has enshrined this pledge in article 46 of its Regulations.

Gamesa wants its social responsibility to set it apart and increase the company's perceived value by garnering acknowledgement for a distinctive and singular business and management model that is committed to value creation and sustainable development.

In 2010 Gamesa defined a series of values and attitudes with the goal of consolidating a set of business ethics, crystallised in Gamesa's Code of Conduct, which regulate the behaviour of all of the company's employees. These values are: teamwork, innovation, excellence, respect and sustainability. And the attitudes: leadership, global mind-set and passion for the customer.

To endorse this commitment to social responsibility, in 2014 Gamesa signed a framework agreement with IndustriALL Global Union and Spain's most representative unions covering social, labour and environment issues, marking the first global agreement guaranteeing respect for labour rights signed by any company in the renewable energy sector.

Ethics

In order to foster familiarity and compliance with the Code of Conduct, in 2014 Gamesa set up a dedicated Ethics and Compliance Department that will report to the Audit and Compliance Committee twice a year on the degree of compliance with the Code and the company's in-house rules governing securities market dealings.

By means of the Compliance Channel, Gamesa's employees can report confidentially any irregularities detected and submit any queries regarding how to interpret or apply the Code of Conduct.

Human rights

Gamesa has an explicit commitment to upholding human rights, as enshrined in its Corporate Social Responsibility Policy and other complementary rules and regulations such as the Diversity and Inclusion Policy and the Supplier Contracting and Relations Policy. To put this culture into practice, the Code of Conduct regulates specific human rights related behaviour, establishing oversight mechanisms and disciplinary measures.

In parallel, Gamesa fosters equality. To this end it approved its Diversity Policy in 2014 as well as negotiating its second Equality Plan with its employees' representatives. The company has put in place mechanisms for detecting potential incidents of discrimination through its Regulatory Compliance Unit and its Sexual Harassment Prevention Committee in order to thwart gender discrimination, psychological abuse, bullying or mobbing in the workplace in Europe and Asia.

Child and compulsory labour

Gamesa strives to eliminate child labour and all other forms of forced labour. Against this backdrop, one of the items that Gamesa's Global Labour Agreement attempts to formalise in India, taking a precautionary stance, is adaptation to the SA8000 standard, a voluntary certification designed to improve labour conditions by regulating workdays, living wages, discrimination and child or compulsory labour.

Specifically, it has created a Social Accountability Manual encompassing management practices and procedures designed to minimise potential risks in India.

Employees

Gamesa aims to contribute to the professional and personal development of its employees, its most valuable asset and a lynchpin of the organisation's success.

Gamesa believes that its employee's social and career development holds the key to locking in a sustainable and successful future for the organisation. To this end it encourages their ongoing learning by creating job opportunities, rejecting all forms of discrimination, respecting diversity, promoting a safe and healthy workplace, facilitating communication and backing measures designed to enhance their work-life balance.

Against this backdrop, the broad strategic brushstrokes of the firm's HR policy pivot around change management, knowledge and the personal and professional development of its employees.

In 2014, Gamesa continued to fine-tune the cornerstones of its new organisational structure: regionalisation and organisation around processes with the goal of turning the company into a lean, cross-fertilising and flexible organisation articulated around basic business processes, thereby facilitating rapid decision-making.

Gamesa’s workforce increased to 6,431 employees worldwide in 2014, mainly due to growth in business volumes in India, China and Latin America.

6,431 employees

23% **77%**

63% university graduates

41% international workforce

36.9 average age

Talent management

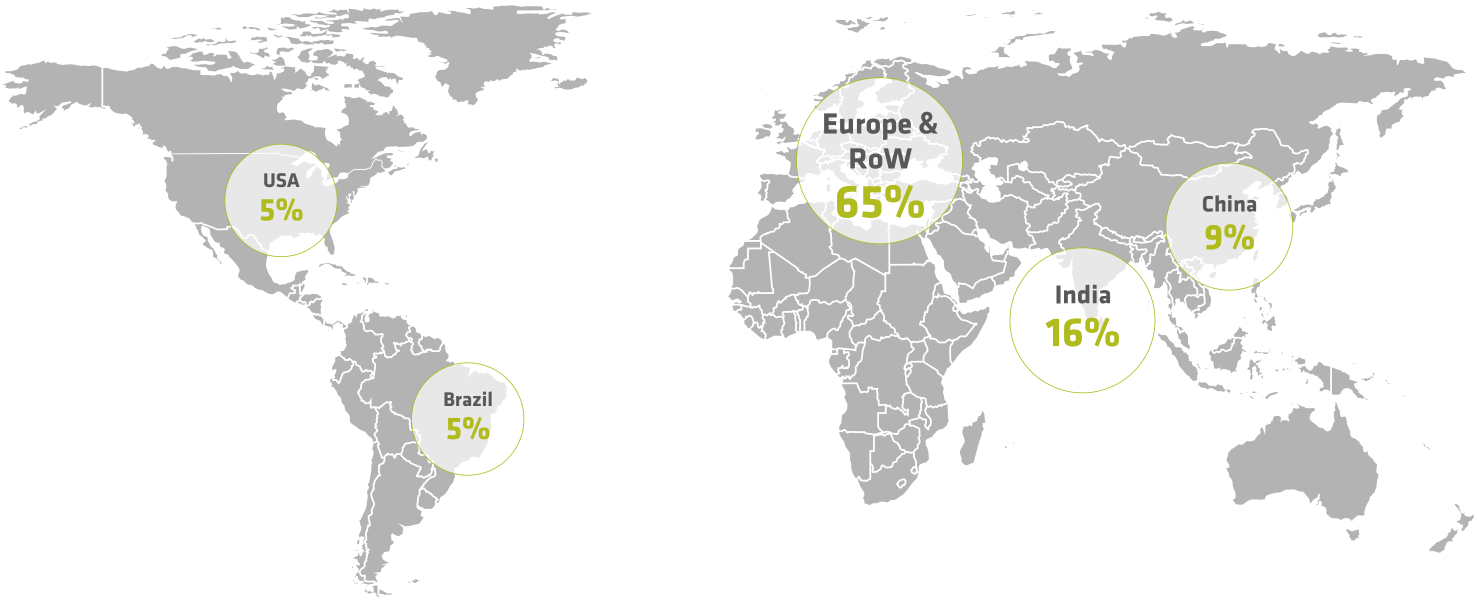
The company's global hiring policies attempt to identify and define all the selection process milestones and guarantee optimal management of this process, from candidate recruitment to evaluation, hiring and subsequent incorporation.

One of Gamesa's HR priorities is the search for local talent in its operating markets. As a result, in China, Spain, India and Brazil, Gamesa's most important markets, most of the local management positions are held by local professionals.

In addition, in response to the firm's decisive international expansion strategy, the company is strategically committed to the international mobility of its professionals, an initiative taken up by 803 employees in 2014, facilitating knowledge-sharing among the various regions.

Gamesa has developed a number of tools for retaining talent and fostering its professionals' career development, including its compensation, training, performance evaluation and internal mobility policies and initiatives.

Headcount: geographic breakdown



Gamesa's people management model targets career development, to which end performance evaluation is key to determining its employees' training needs. To this end, the company revised its performance evaluation process in 2014, cementing the following career development and talent scouting programmes:

> The *High Potential Candidates Programme*, designed to accelerate the development and formation of promising talent.

> The *Gamesa Leadership Programme*, a one-year training and career development programme designed to enhance the skills and attitudes needed to work on complex projects and in international environments, and also to boost and facilitate knowledge-sharing throughout the entire organisation.

> An *internal mentoring programme* targeted at key top-performing and highly-promising personnel.

> The *Gamesa Premium Scholarship*, a new programme designed to get young graduates involved in company projects, giving them responsibility and duties within a multi-disciplinary team and offering them a career plan at the company.

The rollout of these new programmes is complemented by the various training initiatives carried out by Gamesa Faculty, a centre focused on ensuring continual learning by covering the needs created by constant wind energy technological evolution and developments. The Faculty provides service to all Gamesa employees all over the world from a central training centre in Spain and permanent local training centres in the US, China, India and Mexico.

Remuneration and compensation policy are also crucial tools in guaranteeing, attracting and retaining the best professionals. The remuneration system is designed to stimulate individual performance and acknowledge hard work and commitment, while also guaranteeing fair and competitive employee remuneration graded by job categories and prevailing market conditions.

Diversity and equal opportunity

The commitment to equal opportunities, respect for diversity and a zero-tolerance stance on discrimination -expressly enshrined in the company's Code of Conduct -form the foundations of human resource management at Gamesa.

For more information on employees' training, see page 120 of the 2014 Corporate Responsibility Report.

Presentation of the conclusions of the Gamesa Leadership Programme, in Bilbao.

In 2014, Gamesa reinforced these pledges by means of:

> The launch of its *Diversity & Inclusion Policy*, applicable in all of the company's operating markets and to all its employees. This policy, which has been ratified by the Board of Directors and Gamesa's Diversity Committee, is intended to guarantee equality and inclusion and prevent any form of discrimination on the basis of race, gender, marital status, ideology, political convictions, nationality, religion or any other personal, physical or social grounds.

> The *second Equality Plan* in Spain, which reinforces the company's commitment to diversity and equal opportunities for men and women. To this end, a taskforce identified seven areas for improvement on which the firm will work during the next three years in order to ensure its goal of zero discrimination and improve employees' work-life balance.

> Signature of the *Diversity Charter*, promoted by the Diversity Foundation and championed by the European Commission and Spanish Ministry of Equality, thereby committing to compliance with equal opportunities and anti-discrimination legislation.

Gamesa has also written a protocol defining how to act to prevent harassment in the workplace with a view to preventing bullying on account of sexual bias or gender, including psychological harassment.

> Membership of the *Forum for Socially Responsible Hiring* in collaboration with the ONCE Foundation in order to foster the employment of disabled people.

> Execution of an agreement with workers' representatives for the extension of work-life balance measures in Spain.

> Backing for the *Pegasus youth employment campaign* promoted by the Novia Salcedo Foundation. The aim of this initiative is to place youth employment on the Global Human Development Agenda in the wake of the United Nations General Assembly's decision to declare 2019-2028 Youth Employment Decade.

These initiatives come on the heels of Gamesa's signature in 2010 of the *UN Women's Empowerment Principles.*

Workplace health and safety

Gamesa actively promotes a policy and culture of workplace risk prevention in order to guarantee a safe and healthy workplace. The company has promised continual improvement on this front, which is why it does not merely comply with prevailing legislation but attempts to adopt all possible preventative measures.

In recent years, Gamesa has been steadily reducing its accident rates, which hit a record low in 2014. In addition to achieving the health and safety targets set, the lost-time accident frequency rate fell notably last year, while the associated accident severity rate dropped substantially.

The company has an OHSAS 18001-certified Global Workplace Health and Safety Management Programme which is helping to reduce accident rates while boosting productivity and fostering a culture of prevention.

Gamesa has workplace safety committees at each workplace on which 100% of its employees are represented. These committees guarantee employee 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.

In 2014, Gamesa also began to work on a psychosocial risk action plan in order to improve aspects of job design and structure that may be causing psychological or physical harm to employees. This plan is based on a survey conducted at all of the company's corporate offices in Spain in which 70% of its professionals participated.

Employee communication

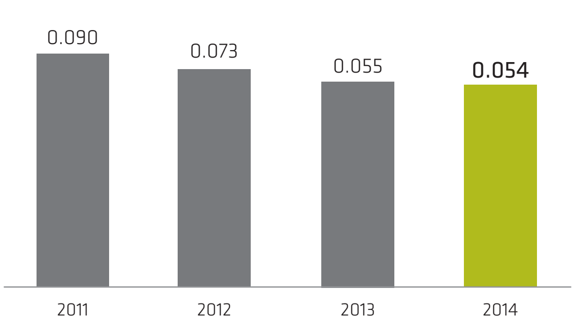
With a view to enhancing internal communication, Gamesa rolled out several new initiatives in 2014:

> Internal communication survey. For the second year in a row the company carried out a survey to assess how its employees rate its communication efforts.

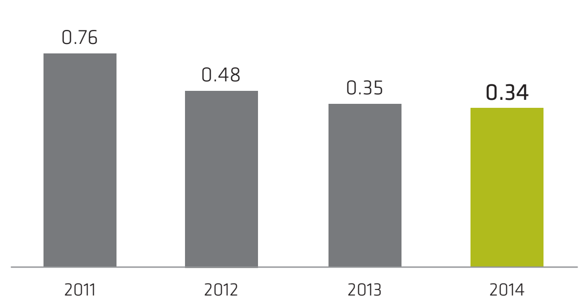
> Breakfast briefing sessions between management and employees. This initiative was designed as a result of the commitment made to improve employee communication, respond to their concerns and provide them with information about key aspects of the company's strategy. In 2014 more than 100 briefing breakfasts took place, meetings between Gamesa employees and executives from the organisation's management and executive committees. Over 10 executives gave these sessions which were attended by 2,101 of the company's professionals.

Health and Safety indicators

Accident severity rate



Frequency rate



Entrance to the Sarriguren I building in Pamplona (Spain).

- Gamesa Planet. The first edition of the in-house newsletter, Gamesa Planet, was distributed by e-mail in February. This monthly publication is also sent in PDF format to Gamesa's factory managers in Brazil, Spain, India and China for printing out and posting on the noticeboards. The 10 editions of the newsletter published to date have been visited 11,684 times and the average viewing time stands at 2.5 minutes.

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.

In Spain there are 35 employee committees, which meet with management regularly; the company also holds roundtable events to cover specific topics such as the psychosocial risk assessment and the training initiatives launched in 2014.

One of last year's most important milestones in this area was the execution of a global social responsibility agreement with the company's Spanish unions and IndustriALL Global Union. This is the first agreement of its kind in the renewable energy sector and is designed to reinforce the environmental, social and governance (ESG) issues covered by Gamesa's Corporate Social Responsibility Policy and Code of Conduct. The contents of the agreement will apply in all the countries in which Gamesa is present and, by extension, to all of its employees.

It is also worth noting the agreement signed with sector union SUTERM in Mexico, and the two remuneration deals reached in Brazil.

Customers

Passion for its customers is one of Gamesa's key success factors. The company aims to satisfy their needs and expectations by providing great service, generating credibility and adding value.

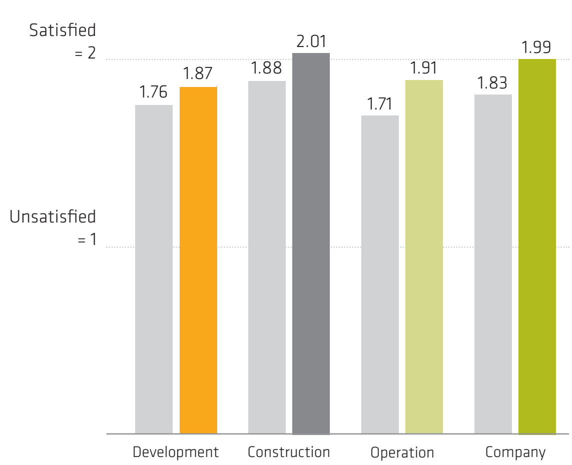
Gamesa works tirelessly to strengthen its relationship with its customers and cater to their full spectrum of needs, developing products and services that surpass their expectations and evidence the company's pledges of honesty, professional responsibility and transparency, areas on which it goes beyond legal requirements.

The company's broad product portfolio was further expanded in 2014 in response to customer demands: last year the company added the G132-5.0 MW Offshore, now part of Adwen's portfolio, the G106-2.5 MW and the G114-2.5 MW, tailored for low wind speed sites. It also developed the G97-2.0 MW class S, custom-designed for the Indian market (See Innovation Chapter).

In order to guarantee customer satisfaction, every two years Gamesa launches its Client Satisfaction Project: an in-person customer survey that enables the company to establish direct dialogue and measure the quality of its products and services by evaluating aspects related to the project development, construction and operation phases. Seventy-one customers from 17 countries participated in the last survey, marking representation of 81%. Gamesa fared better on all the aspects rated. The overall score was 1.90, compared to 1.78 in 2012.

Gamesa also reinforces its commercial relationships by participating in the most important sector trade fairs and organising events with customers, such as conferences and presentations on products and technology services.

2014 Client Satisfaction Project



Development

Gamesa is perceived by its customers as a flexible company, willing to achieve agreements that create value for both parties.

Construction

Lead times, adaptation to complex sites, and technical support during the construction phase is well perceived by its clients.

Operation and Maintenance

Clients are highly satisfied with the reliability of the products. The preventive and corrective maintenance is also well perceived.

Company

Customers see Gamesa as a Tier-1 supplier with a top quality price balance.

Shareholders

Gamesa pays special attention to its shareholders and investors relationship with a view to maximising value creation and reinforcing its credibility in the eyes of this stakeholder group.

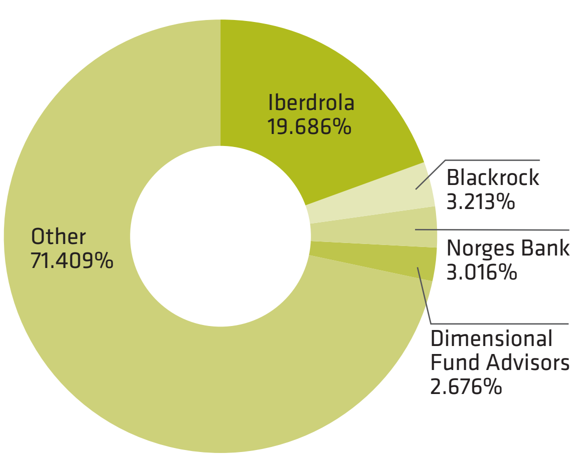
Gamesa strives to create as much value as possible for the investors that have tied their interests with those of the company, to which end it pursued a business model whose hallmarks are profitability, prudent risk management and financial health in 2014.

The company's commitment to its shareholders and the financial community is to provide transparent, accurate and comprehensive information that adequately reflects its situation. Against this backdrop, Gamesa continued to work throughout 2014 to reinforce its investor and shareholder relations channels. The main tools used to engage with this stakeholder group include direct contact via the Investor Relations Department and Shareholders Office, as well as the Annual General Meeting.

In 2014, the Investor Relations Department continued to engage actively with institutional investors and analysts by means of multiple meetings in Europe's main financial centres, as well as organising four roadshows, one after every quarterly earnings presentation.

Significant shareholders

Update as of December 2014



The Shareholders Office is the channel used by Gamesa to provide personal attention to non-institutional shareholders, to which end it offers a dedicated shareholder attention phone line and maintains the corporate website, as well as communicating by e-mail and regular mail. The Shareholders Office also helps with the Annual General Meeting by organising and attending to information requests. The quorum at the last Annual General Meeting, held on 28 May 2014, was 49.22% of the company's share capital.

Gamesa's share price

2014 was marked by a still-weak macroeconomic climate, shaped by uncertainty regarding the strength of the European recovery and growth in certain emerging markets. In this environment, Gamesa's share price intermittently reflected the company's solid performance, ending the year at the same level as it had ended 2013 (€7.56). The high for the year was recorded on 27 August (€9.88), one month after presentation of the first-half results, while the low was reached on 16 October (€6.79).

During the first half of 2014, the share price posted strong gains, in parallel with the company's strong underlying performance, as evidenced by the full-year 2013 and first-quarter 2014 results presentations. In addition to this positive performance, the announcement of a preliminary agreement with Areva for the creation of an offshore alliance, coupled with better financing terms, drove the share price higher, to €9.12 at the end of June.

The first-half results drove the share price to its high for the year (€9.88), as the market verified Gamesa's strength and the prospect of higher-than-forecast growth going forward.

Comparative quote of Gamesa vs Ibex 35

Key stock market indicators

Share capital (€):	Market capitalisation (€):	No. of shares:
47,475,694	**2,110,992,761**	**279,268,787**

However, during the last quarter of the year, weak macroeconomic indicators in some of the world's largest economies, including the US, China, Brazil and several European countries (Germany, France and Italy) drove not only Gamesa's share price but also the RENIXX, the renewable energy industrial stock index, to a low for the year.

The nine-month results once again gave the share price a boost, revealing extension of the profitable growth trend evidenced in the first half and further improvement in the company's financial structure with the company refinancing its existing syndicated loans with a single syndicated loan repayable in 2019. Gamesa's share price ended 2014 at €7.56, in line with the year-end 2013 closing price (€7.58). At year-end 2014, Gamesa's market capitalisation stood at €2.11 billion

.

Share capital

Gamesa's share capital amounted to €47.47 million at 31 December 2014, made up of 279,268,787 ordinary shares with a unit par value of €0.17 and represented by book entries, in the wake of the share capital increase completed during the year.

Capital increase

In September Gamesa carried out an accelerated equity placement, raising €236 million (pre-tax) and increasing its share capital by 9.99%. Specifically, it issued 25,388,070 new shares at a price of €9.30, a premium of 2.02% to the three-month trailing average share price and a discount of 4.66% to the closing price on the day prior to the announcement of the offering. With this transaction, Gamesa increased its shareholder base. The proceeds also enable the company to tap business opportunities in addition to those contemplated in the 2013-2015 Business Plan, while preserving a solid and optimal capital structure.

Suppliers

With almost 9,000 suppliers, Gamesa is working to drive a competitive and sustainable supply chain, with a high percentage of content sourced locally, that contributes to wealth creation in the communities where it does business.

Gamesa aims to establish relations with its suppliers, contractors and professional service providers based on mutual trust, transparent disclosures and the sharing of mutual know-how, experience and skills with a view to nurturing a sustainable and competitive supply chain that generates wealth in the regions in which it does business.

To this end, the company makes sure that its supplier selection processes are impartial and objective and commits to implementing the channels needed to obtain information about its suppliers, contractors and service providers' ethical conduct. In this sense, the company has approved a new Supplier Contracting and Relations Policy, which enshrines the principles and conduct needed to ensure delivery of these commitments.

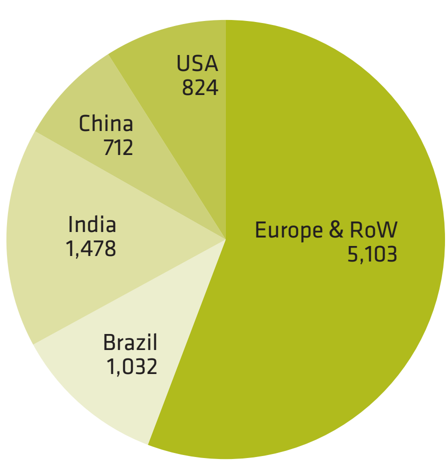
In 2014, Gamesa continued to flesh out development of its supply chains in its regional markets, focusing on their ability not only to supply locally but also to service other geographies. Gamesa increased its network of suppliers to 8,862. In total, the company made purchases valued at €2.2 billion, concentrated mainly in Spain, China, India, the US, Mexico and Brazil.

Gamesa also made further progress on its strategy of combining in-house production with external purchases of core turbine parts in order to maximise operational flexibility and rationalise investment. In this respect it is worth highlighting the outsourcing of blade production to TPI and LM in Mexico and China, respectively. Today, high percentages of the parts used by Gamesa are sourced outside the firm,

Competitive supply chain

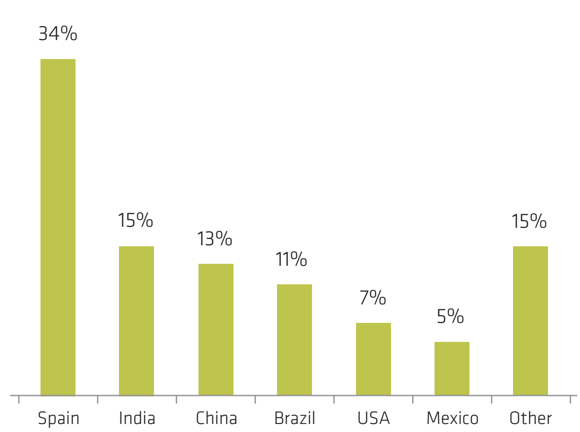
Supplier base

Total: 8,862 suppliers



Geographic breakdown of purchases

Total: 2,242 MM €



Gamesa-designed blade manufactured by a supplier in Mexico.

specifically 86% of its blades, 49% of its gearboxes, 12% of its generators and 24% of its power electronics.

Local supplier development

Gamesa also earmarks its own resources to upgrading its suppliers' facilities in order to boost their technological capabilities and competitiveness:

> In India it continued to foster the development of new local smelters such as Synergy Green Industries and local machining companies such as Premier India Bearings LT.

> In Brazil it developed processes for sharing smelting technology with local suppliers such as BR Metals and Romi, helped with the implementation of Spanish machining player Talleres Almería and developed hydraulic suppliers in order to supply the nacelle factory.

> In China regular deliveries from the new smelter, Nantong, gathered traction and new parts projects were launched with Wilson.

> In Mexico, the company developed a blade supplier that delivers blades finished with the Gamesa design seal.

By developing local supply chains, Gamesa contributes to the various regions' local capabilities.

The percentage of local purchases reached 88% in China, 61% in India and 29% in Brazil in 2014.

Responsible supply chain development

Gamesa's supplier management model attempts to factor in economic, environmental and social criteria with the aim of boosting ethical and responsible behaviours in its value chain. As a result, Gamesa's General Purchasing Terms and Conditions include social responsibility clauses and make explicit reference to the need to respect human rights and labour practices as well as evidencing a clear-cut zero tolerance stance on fraud and corruption.

Acceptance of and compliance with these terms and conditions (in terms of volumes) stands at 100% in the US, 96% in China, 96% in India and 94% in Europe. In Brazil, one of Gamesa's most recently created supplier bases; the compliance level is running at 60%.

Gamesa assesses supply chain compliance with human rights commitments at the global level every two years (supplier CSR assessments). This study analyses Gamesa supplier performance on issues such as regulatory compliance, efforts to fight corruption and bribery, respect for their employees' human rights, workplace health and safety, environmental protection and supply chain traction. The last assessment was carried out in 2013.

Environment

Gamesa is fostering and shaping the transition towards a low-carbon economy and embraces the challenge of defending its competitiveness by facilitating maximum power generation efficiency.

Gamesa takes an end-to-end approach to environmental management and sustainable development, building responsibility criteria into turbine design, production and dismantling. The goal is sustainable business development by adopting benchmark practices aimed at environmental protection and respect for biodiversity and ecosystems.

To this end it follows an integrated Health & Safety, Environment and Quality (HSEQ) Policy with a view to achieving excellence in all its processes and guaranteeing a safe workplace, respecting the environment throughout the product life cycle and implementing a quality management system. Since it is a global company, the existence of unified management processes is a genuine source of added value. Gamesa has made sure that virtually 100% of its productive capacity worldwide has been certified in accordance with international standards.

Gamesa also follows the precautionary principle enshrined in environmental protection legislation and regulation.

Life cycle assessment

The company has developed a Life Cycle Assessment process to evaluate the environmental burdens associated with a given product, process or activity, factoring in the entire life cycle: from creation until ultimate dismantling. Thanks these calculations, the company has observed that during its 20-year useful life, a single Gamesa 2-MW turbine will have prevented the consumption of fossil fuels equivalent to 17,150 tonnes of oil, as well as the emission of 57,900 tonnes of CO_2.

This assessment has also shown that a 2-MW turbine is already a carbon-neutral product just 10 months after installation, by which time it will have prevented as many CO_2 emissions as it will emit itself over its entire life cycle.

Eco-design certification

The Life Cycle Assessment also enables further progress on turbine eco-design, methodology deployed to minimise the product's environmental impact, maximise its energy efficiency and reduce costs. Gamesa has certified two of its newest multi-megawatt turbines under eco-design seals. The G128-4.5 MW was certified by independent organism TÜV Rheinland in 2012, making Gamesa the first OEM to officially eco-design a wind turbine. Two years later, in 2014, Gamesa obtained its second eco-design certification, for the G114-2.0 MW, which has also secured an environmental product declaration, or EPD (Type III eco-label).

As a result, these turbines are more efficient across all indicators: size, weight, visual impact, materials requirement, choice of more environmentally-friendly materials, production streamlining, reusable packaging, civil engineering and installation works required, noise and waste generation under maintenance.

Carbon footprint analysis

Another of the company's environmental initiatives is its carbon footprint analysis, specifically generation of a report detailing the company's GHG emissions.

In 2014 Gamesa worked to reduce the energy consumption and the cost of energy by means of energy-efficiency measures. Moreover, the 2,399 MW installed in 2014 will prevent the emission of 122 times more GHG emissions than the emissions accumulated during their manufacture.

Consumption

Raw materials		Energy		Water	
+8% consumption due to growth in business volumes		**-31%** consumption due to enhanced energy efficiency		**100%** water discharges at Indian factories are recycled for use for irrigation purposes	
112,044 t used	**17 t** employee/year	**695,514 GJ** used	**108.1 GJ** employee/year	**97,341 m^3** used	**15 m^3** employee/year

Emissions and waste

Waste		Emissions	
+5%		**-24%** due to efficient energy management	
10,841 t generated	**1.6 t** employee/year	**29,879 t** of CO_2 emitted	**46.8 M tonnes of CO_2** and **7 M toe** prevented

Recycling

Over 90% of a wind turbine's parts are made from metal materials apt for recycling. The company's goal is to make virtually 100% of the materials comprising a wind turbine recyclable. To this end it is pursuing several lines of research, most notably the Recyblade project for analysing the scope for recycling fibre glass waste from scrapped blades.

As a result, new items are being made from blade waste. Against this backdrop, Gamesa exported 10 tonnes of carbon fibre prepeg waste in 2014.

Progress made in 2014

Gamesa made substantial progress on improving its environmental performance in 2014. It verified its greenhouse gas emissions under ISO 14064 for the fourth year in a row, had its G114-2.0 MW turbine's eco-design credentials certified, cut hazardous waste by 8% and completed its analysis of ways to recover fibre glass waste from scrapped blades.

Biodiversity

In the course of its business operations, Gamesa interacts with several ecosystems, landscapes and species, mainly during the wind farm construction and operation phases. In order to minimise these impacts, the company carries out its projects in a sustainable manner in order to conserve and protect its natural surroundings.

To this end, Gamesa conducts environmental impact analyses before it builds wind farms and keeps these impacts in check after installation, during operations and throughout the dismantling process.

For more information on materials, consumption, emissions and waste, see page 78 of the 2014 Corporate Responsibility Report.

Communities

Gamesa's goal is to make a contribution to raising living standards in the communities in which it does business. Its influence extends beyond the scope of its direct business operations and materialises in a long-term commitment.

With a presence in 50 countries around the world, Gamesa is committed to upholding its duties as a company, specifically in its capacity as employer, customer, supplier and taxpayer. In parallel, its products and services are part of the answer to the growing need for sustainable energy.

However, Gamesa's commitment to the communities in which it does business extends beyond the scope of its direct business operations, taking the form of a long-term collaboration with governments, institutions and civil society platforms, as well as sponsorship and charitable initiatives.

The company gets involved in its local business communities by means of action plans targeted at generating well-being and local wealth creation and fostering local technology development. 2014 highlights:

India

Vicente Ferrer Foundation. Gamesa has signed a collaboration agreement with the Vicente Ferrer Foundation for the construction of a primary school in the village of Thimmirikuntapalli, in the state of Andhra Pradesh. The project will benefit around 60 Dalit children in the region who will receive schooling from an early age, facilitating their integration into society and access to the labour market. In addition, the school will be used as a meeting place for neighbours and women's and disability-related associations.

Andhra Pradesh is one of India's poorest states: one in five families lacks access to decent housing and most inhabitants lack access to drinking water. Just 67% of its adult population is literate (below the national average of 74%), ranking it 31st of out of the country's 35 states.

Slum Soccer. Gamesa collaborates with Slum Soccer, an organisation that has been working with homeless youths in India for 15 years, using football as the vehicle for introducing change into their lives.

Thanks to this initiative, participating youths attend a training campus where they not only develop their football skills but are also educated on how to care for the environment and eat healthily.

Gamesa Academic Excellence Programme. With over 460 pupils already enrolled, this programme aims to raise student skills in rural regions. The project also encompasses education on hygiene and the construction of sinks in rural schools.

Gamesa Gram Arogya Project. The project focuses on the provision of medical care in the villages located in the vicinity of Gamesa's wind farms, paying special heed to eye care and pregnant women. In 2014 the project attended to nearly 3,000 patients in five rural villages in the states of Andhra Pradesh and Madhya Pradesh.

Gamesa Vocational Training Programme. This programme encompasses two training initiatives. The first is a recycling initiative for the conversion of waste wood into school furniture for schools located close to Gamesa's plants in Chennai. Since it got underway at the start of 2012, the project has trained and employed more than 100 people and recovered 3,100 tonnes of wood for

Slum Soccer uses football to work with homeless children in India.

the construction of 3,058 desks and benches for around 10,000 students. The second initiative is called My Career and provides training on operations and maintenance tasks to youths who are subsequently employed by Gamesa.

Students of Gamesa Academic Excellence Program.

Employee volunteering. The purpose of this programme is to raise the social awareness of the employees of Gamesa India and to provide a platform for facilitating their involvement in community work. A series of events are articulated around this programme, such as Wind Day, international deaf week, blood donation drives and charitable donation campaigns.

Mexico

Promotion of healthy habits among youths. The project being undertaken by Gamesa with NGO CESAL will be carried out in the towns of Juchitán de Zaragoza and Unión Hidalgo, both of which are located in Mexico's Tehuantepec Isthmus. In this region, 30% of the population lives under the food poverty line, which means their income is not enough to buy a basic basket of food items.

The goal of the project is to promote healthy eating habits among children and youths in these communities and to raise awareness of the importance of hygiene. To this end, two educational programmes are being set up. The first, focused on hygiene, will attempt to raise awareness of the importance of proper waste handling by means of drawing competitions and the launch of collective action programmes. The second, which deals with nutrition, will show children how to make easy and healthy recipes and teach them about food properties. Regular medical check-ups will also be carried out with a view to detecting and addressing cases of malnutrition.

Spain

Social inclusion. The purpose of this initiative is to foster the social inclusion, artistic abilities and cultural opportunities of people with intellectual disabilities by means of organised leisure activities. To this end, Gamesa has reached an agreement with ANFAS (the Navarra association for people with intellectual disabilities), an association that has been supporting programmes of this nature for more than 40 years.

For more information on association and communities, see page 33 and 127, respectively, of the 2014 Corporate Responsibility Report.

The ANFAS centre organises pottery, dance, drama, make-up, first-aid, painting, sewing, etc. workshops and classes for over 500 people, while group-oriented leisure activities such as cinema outings, excursions and walks are organised at the weekends. In short, activities that address a need as basic as that of interacting with others and building friendships in normalised environments.

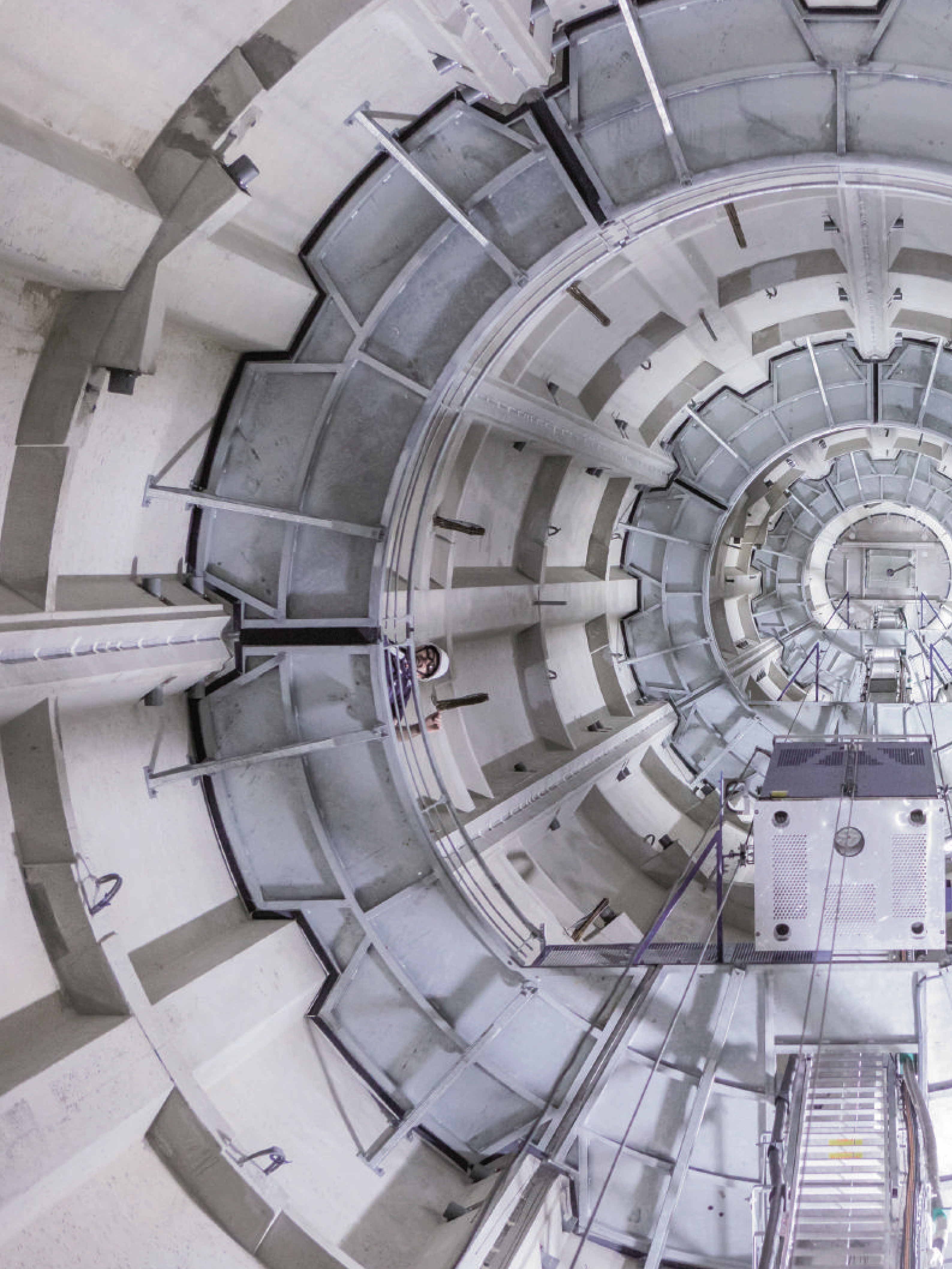
Gamesa Scholarship Programme and Pegasus - two initiatives for the promotion of youth employment

In 2014, Gamesa signed up for Pegasus, the youth employment campaign being spearheaded by the Novia Salcedo Foundation. The aim of this initiative is to place youth employment on the Global Human Development Agenda in the wake of the United Nations General Assembly's decision to declare 2019-2028 Youth Employment Decade.

In addition, the company launched the Gamesa Scholarship Programme, an initiative designed to identify and recruit high-potential candidates from Spain's leading universities. The goal is to train talented young people who will go on to develop their careers at the company by offering them 12 to 18-month work placement stints in several of Gamesa's divisions and/or regions.

On the other hand, Gamesa participates actively in sector and business associations and organisations. In 2014, it was an active member of 29 organisations and associations in Spain and 31 associations in the rest of the world, to which it contributed a total of €794,952.

Gamesa Gram Arogya Project attended to nearly 3,000 patients in five rural villages.



2014 Results

2

Market environment and outlook

In 2014 the global wind power market registered sharp growth: cumulative installed capacity neared 370 GW thanks to the addition of more than 51 GW last year, a record high spearheaded by China, India and Brasil.

In 2014 the global wind power market experienced sharp growth (+44%), thanks to the addition of 51.4 GW of new capacity last year, a record high that puts cumulative installed capacity at close to 370 GW, according to Global Wind Energy Council (GWEC) figures.

Growing energy needs, coupled with the need to diversify energy sources in order to reduce dependence on fossil fuels by resorting to native sources and ensure supply stability, have emerged as one of the drivers of the growth. In parallel, other factors such as increased regulatory visibility and wind power's growing competitiveness, with wind energy already competing directly with conventional sources of energy, foreshadow sustained growth in the medium and long term.

By market, the growth in capacity installed in 2014 was driven by recovery in the US and accelerating growth in demand in China, Brazil and India, countries which are working to reduce their energy dependence and cater to growing demand for electricity.

Moreover, these countries are set to remain the industry's growth engine in the medium and long term. According to Bloomberg New Energy Finance, the volume of new installations will increase again in 2015, to 55 GW, half of which concentrated in China, Brazil, India and Mexico. However, the pace of new capacity additions worldwide is expected to ease slightly in 2016 and 2017, due to the forecast slowdown in the European market from 2016 and in the US market in 2017, if production tax credits are not rolled over.

Asia is the world's largest wind energy market, with installed capacity of 142 GW; this market also presents the highest growth prospects in the short, medium and long term, led by China.

China's cumulative installed capacity stands at close to 115 GW, making it the country with the most installed capacity; it is also one of the most promising markets going forward. In 2014, it topped the ranks of new capacity additions for the sixth year in a row, adding 23 GW, 45% of all capacity added worldwide. Current estimates suggest that this growth will continue in the years to come, underpinned by energy needs and a commitment to reducing CO_2 emissions:

> A bilateral agreement with the US to reduce greenhouse gas emissions, specifically a Chinese commitment to peaking its emissions and increasing the share of non-fossil fuels in primary energy to 20% by 2030.

> The five-year plan covering 2016-2020 currently being drafted targets the annual installation of 20 GW of onshore capacity by 2020 to put cumulative capacity at 200 GW; the target proposed for offshore is 10,000 MW.

In India, the formation of a new government has triggered major reforms in favour of investment in renewable energy sources. As a result, this country added 2.3 GW to its nationwide wind capacity in 2014, consolidating its position as Asia's number-two wind powerhouse, with cumulative installed capacity of 22 GW.

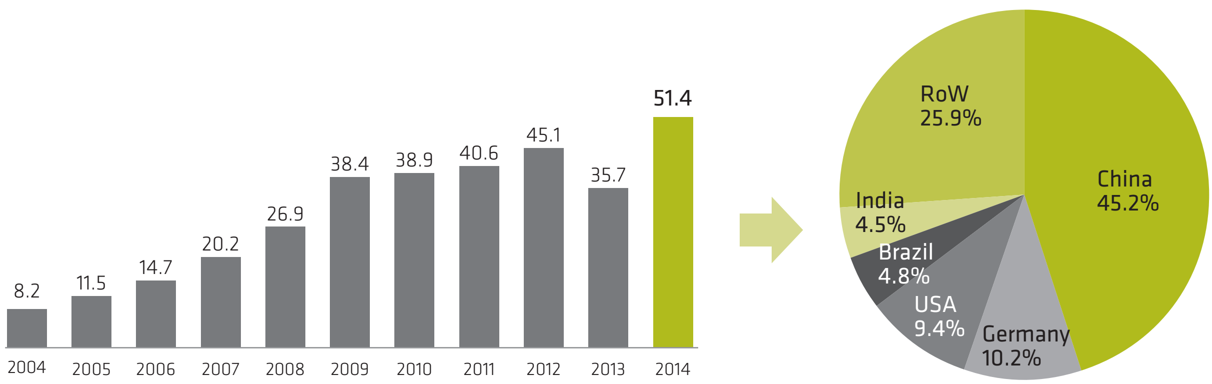
America

In the US, the extension of the investment and production tax credits (PTCs) was key to fuelling growth in new capacity additions. Against this backdrop, in 2014 new installations multiplied fourfold to 4.8 GW, to put installed capacity at close to 66 GW. However, the recovery in demand fell short of the business volumes witnessed in prior years. The ramp-up in demand recovery

Trend in global wind power capacity

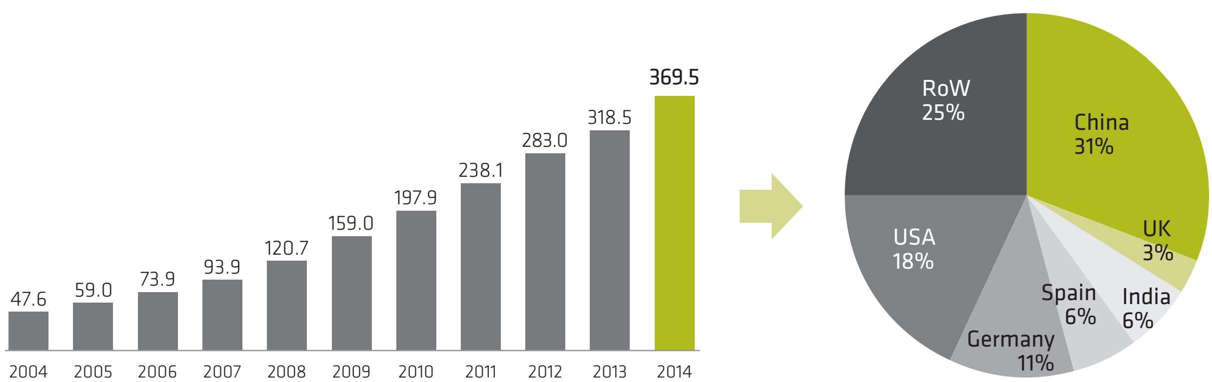
Annual capacity additions

GW



Cumulative capacity

GW



Source: GWEC

is behind forecasts for capacity additions of 8 MW in 2016, similar to the level forecast for 2015.

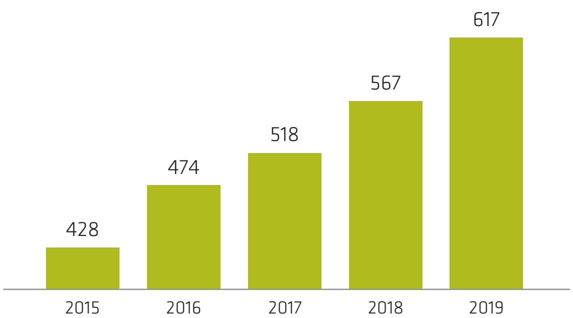
The outlook for 2017, however, will depend on whether these tax credits are rolled over; if not, it is estimated that the pace of capacity additions could fall by over 50%. Elsewhere, the US Environmental Protection Agency has published a Clean Energy Program designed to reduce carbon emissions by 30% below 2005 levels by 2030.

Installed capacity in Latin America stands at 8.5 GW, the largest markets being Brazil (5.9 GW) and Mexico (2.3 GW). Brazil is shaping up to become one of the largest wind power markets medium term. Having added 2.4 GW of new capacity in 2014, due to a higher allocation of power purchase agreements (PPAs), Brazil ended last year as the world's fourth-largest market in terms of installed capacity, behind China, Germany and the US. Mexico, meanwhile, Latin America's other important market, installed 522 MW in 2014.

Demand estimates

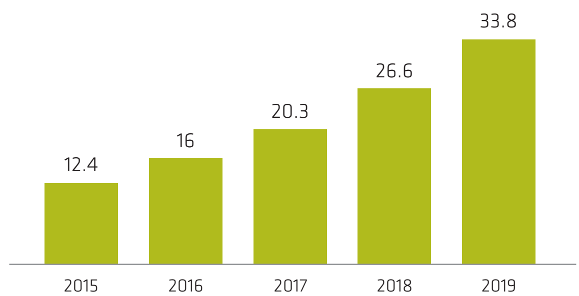
GW cumulative

Onshore



Source: GWEC

Offshore



Source: BTM

Europe

Europe, with installed capacity of almost 134 GW, is the world's second-largest market. However, the growth in this now-mature market in recent years has been hampered by the slowdown in Europe's economies and the paring back of renewable energy investment incentives.

In 2014, Europe added 13 GW of new capacity, led by Germany, which installed a record +5 GW, driven by regulatory changes that prompted developers to accelerate their wind power projects. Germany was followed by the UK (which added 1.7 GW in 2014), Sweden and France (1 GW each) and Turkey (804 MW). Capacity in Spain, however, increased by just 27 MW.

Despite the solid sector pipeline being executed in Europe, forecasts for 2015 point to continued demand stagnation in the onshore segment shaped by gradual adaptation to new regulations. However, the market is expected to recover from 2017, underpinned by two drivers: wind power's increasing competitiveness and a more settled regulatory panorama, facilitating new investment.

Africa, with cumulative installed capacity of 2.5 GW, added 934 MW of new capacity in 2014, driven by Morocco and South Africa which between them accounted for nearly half of new additions (560 MW). Australia, meanwhile, added 567 MW of new capacity last year (cumulative installed capacity in Oceania: 4.4 GW).

Offshore wind power

Offshore wind power promises to be one of the fastest-growing sources of energy in the years to come, according to European Wind Energy Association (EWEA) data. Europe currently boasts installed offshore wind power capacity of 8 GW (74 offshore facilities in 11 countries) led by the UK, Germany and Belgium, countries that are expected to continue to drive sector growth in the short term. Current forecasts point to cumulative installed capacity of 25 GW in Europe by 2020.

Medium term, Asia is expected to drive growth in the offshore segment: forecasts point to installed capacity of 17 GW by 2020, dominated by China. According to the GWEC, the offshore segment will represent 10% of total installed wind power capacity worldwide by 2020.

Financial performance

Gamesa generated a net profit of €92 million in 2014, twice that of 2013. This earnings momentum evidences the company's profitable growth, underpinned by higher revenue and wider margins.

Revenue from sales rose 22% year-on-year to €2.846 billion in 2014, driven by growth in Gamesa's two core businesses: turbine manufacturing (+22%) and operation and maintenance (O&M) services (+19%).

The topline growth sustained in the turbine division (+22%) which reported revenue of €2.41 billion, was underpinned by sharp growth in sales volumes (+34% to 2,623 MWe), in turn shaped by strong contributions by Latin America and India, the recovery in the US and Chinese markets and the role played by emerging markets such as the Philippines, Turkey and Sri Lanka.

By platform, Gamesa's 2.0 MW segment accounted for 97% of the total sales volume in 2014 (by MWe), compared to 93% in 2013.

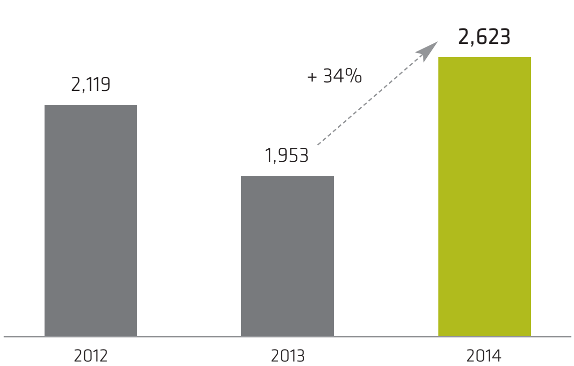
Meanwhile, revenue from O&M services, which account for 15% of the total, rose 19% in 2014 to €435 million and left an EBIT margin of 12.7%.

This growth in sales volumes and revenue was framed by renewed growth in global demand, after the drop sustained in 2013, coupled with Gamesa's strong commercial positioning, marked by geographic and customer diversification, a full product and service range and the vertical integration strategy.

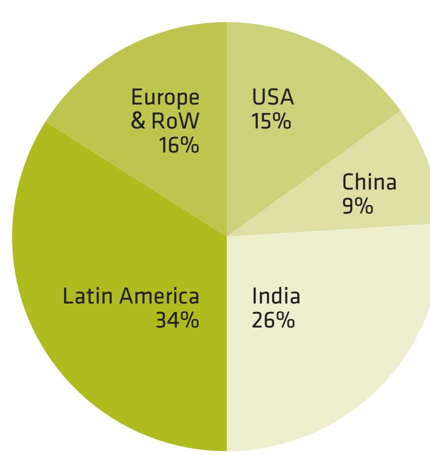
The order intake of 3.3 GW in 2014 - the largest in five years -, evidences this commercial strength and put the orderbook at 2,494 MW (+38%) at year-end: this means that at the start of 2015, Gamesa had already locked in 64% of projected sales volumes for the year and significant volumes for the following years.

Strengthening commercial activity

Sales volume (MW)



Geographic mix



Profitability

This business volume growth, coupled with control over the fixed cost structure and the variable cost streamlining programme, translated into growth in the company's profitability over the course of the year. Gamesa ended 2014 with recurring EBIT of €191 million, up 48% from 2013, which translates into an EBIT margin of 6.7% (vs. 5.5% in 2013). The EBIT margin in constant-currency terms was 7.2%, almost two percentage points above the 2013 level.

The programmes for continually reducing the cost of Gamesa's products are articulated around product design, the supply chain and internal manufacturing processes with the goal of enhancing the company's competitiveness and generating a competitive advantage for the group.

As part of the measures contemplated in the 9/15 cost streamlining programme, the group completed the introduction of infusion mould manufacturing for its blades in India and Europe, an initiative that will deliver the savings forecast for 2015. On the product redesign front, cost savings were eked out in towers, nacelle frames, lifts and cranes. Lastly, the supply base was expanded substantially and the 'build-to-print' model put in place is delivering significant improvements with respect to traditional supply terms.

Balance sheet

Over the course of the year, Gamesa continued to reinforce its financial health, readying its balance sheet for growth in business volumes.

Against the backdrop of growing business volumes, Gamesa cut its working capital requirement by 63% to €71 million, equivalent to 2.5% of revenue. This reduction in working capital needs, coupled with wider margins and control over capital expenditure, which is currently oriented towards driving the cost of energy lower, enabled Gamesa to generate €330 million of net cash in 2014, four times more than it generated in 2013, including proceeds from asset sales of €120 million.

This organic cash flow generation, together with the capital increase carried out in September (when the company issued 25.4 million new shares, equivalent to c.10% of the total outstanding), left the company with net cash of €143 ND/EBITDA ratio: -0.4x).

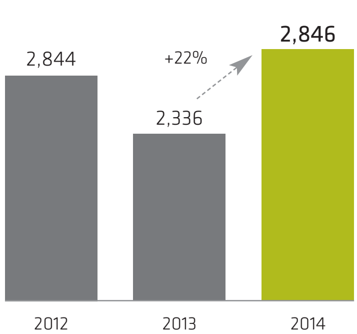
Last year the company also managed to enhance its borrowing terms, having signed a new €750 million syndicated loan repayable in a single bullet payment in 2019.

Higher than forecast sales growth, driven by robust commercial activity, margin expansion and the reduction in debt, enabled Gamesa not only to top its guidance for 2014 but to achieve its 2015 targets ahead of schedule

Profitable growth

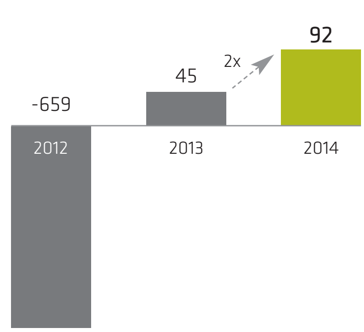
Sales

MM €



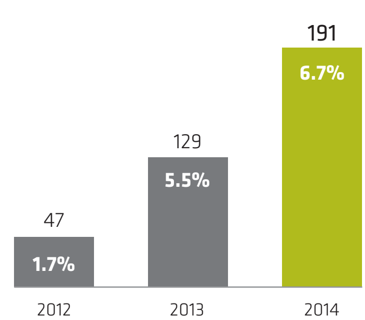
Net profit

MM €



Recurring EBIT and EBIT margin

MM €



2015 value creation

	2015 Guidance		
Volume (MWe)	2,800 - 3,100		
Revenues (€ MM)	3,150 - 3,400	↑	Additional profitable growth
EBIT margin[1]	≥ 8%		
WC / sales	< 5%		
Capex / revenues	≤ 4%	↓	With a significant reduction in capital consumption
Long-term NFD/EBITDA	< 1.5x		
ROCE	≥ WACC + 4%	↑	Enhancing capacity to create value
Dividend policy: Payout[2]	25%		Resuming dividends

(1) Average exchange rate in Jan-Feb 2015.

(2) Payout subject to prior approval from the Shareholders' General Meeting.

and implement a new dividend policy consisting of the payout of 25% of net profit (subject to approval at the Shareholders' General Meeting).

2015 guidance

Against the backdrop of anticipated growth in global demand for wind capacity, Gamesa is in a position to raise its guidance for 2015, underpinned by its competitive positioning, the continual improvement in its variable costs and efficient financial structure; moreover, it anticipates growing business volumes and profitability in the following years.

The company is targeting sales volumes in 2015 of between 2,800 MWe and 3,100 MWe, revenue of between €3.15 and €3.4 billion and an EBIT margin of ≥8%.

These targets would translate into enhanced value creation: an increase in the difference between the return on capital employed (ROCE) and the weighted average cost of capital (WACC) from two percentage points to four percentage points. And this momentum won't stop in 2015: Gamesa expects sustained growth in volumes and profitability in the following years which, together with continued effective management of its balance sheet, will deliver additional growth in the return on capital employed beyond 2015.

Results by regions

Latin America

Latin America was Gamesa's most important sales volume growth driver in 2014, accounting for 34% of the total. Specifically, Brazil and Mexico played a leading role, accounting for 22% and 11% of the group's total sales volume, respectively.

Gamesa's firm strategic commitment to this region made it a key force in 2014, shaped by its consolidated supply chain, extensive sales reach and operation and maintenance services. In all, the company is present in 14 countries in this region, Jamaica being the last added to this growing list in the wake of an order for the construction of a 24-MW wind farm under a turnkey contract.

Latin America is one of Gamesa's priority markets in the medium and long term. The outlook for growth in this region is underpinned by a pressing increase in energy requirements, attractive wind resources in Latin America and political interest in diversifying the region's energy mix.

Brazil

The inauguration in 2011 of the nacelle factory in Camaçari in the state of Bahía provided the definitive milestone in establishing an industrial and operating base in Brazil. From this factory Gamesa supplies its turbines not only to Brazil, but also to neighbouring markets such as Argentina, Chile and Uruguay.

Brazil is one of the company's priority markets, having accounted for 22% of Gamesa's total sales volumes in 2014. Moreover, the company took in firm orders for the delivery of over 1,000 MW last year, a record intake for the group in this market. Last year, Gamesa defended its position as the country's number-two OEM by market share in the ranking compiled by BTM. Among the orders secured in 2014, the following stand out:

> 220 MW for CPFL Renováveis: 110 G114-2.0 MW turbines.
> 108 MW for Serveng: 54 G114-2.0 MW turbines.
> 84 MW for the Iberdrola-Neoenergia consortium: 42 G114-2.0 MW turbines.

Mexico

Gamesa has been actively present in this market as OEM and wind farm developer since 1999. Early entry into the Mexican market, coupled with Gamesa's vertical integration strategy, has proven crucial to making it the established leader in this country by market share.

Noteworthy last year was the agreement entered into with Santander for the joint development of several wind farms in Oaxaca with aggregate installed capacity of up to 500 MW over the next three years.

Gamesa's strategic commitment to Mexico will be reinforced in 2015 by the construction of Gamesa's second-largest global operation and maintenance centre in Oaxaca. From this facility, which will encompass offices, a training centre, an operations centre, a repair workshop and warehouse, the company will service all of Latin America.

Assembly of the first Gamesa wind farm equipped with 5-MW turbines (Salo, Finland).

Europe & RoW

Europe & RoW accounted for 16% of the total sales volume in 2014. Throughout the year, Gamesa reached important agreements for the installation of turbines and the turnkey development of wind farms in several countries, including Sweden, Portugal, Belgium, the UK, Poland and Romania.

Europe & RoW continues to play a prominent role in Gamesa's business development, not only on account of the volume of capacity installed but also due to its role as trend-setter in the wind industry. In 2014, the company signed its first contracts for the installation of its new G114-2.5 MW turbine in Sweden and Belgium and completed assembly of its first wind farms equipped with the 5-MW and 2-MW variants of this model, in Salo, Finland and Notasen, Sweden, respectively.

Other aspect of Gamesa's European operations worth highlighting is the momentum in the operation and maintenance services segment, as evidenced by the contracts signed for the maintenance of SER's entire fleet in Italy (245 MW) and the contract to upgrade 19 GDF turbines in southern France.

As for the company's expansion into new markets, in 2014, Gamesa signed its first orders in Jordan, for the supply of 66 MW to Elecnor; Belgium, where it will install seven of its new G114-2.5 MW turbines; and Mauritius, for the supply of nine G58-850 kW turbines.

Key milestones:

> Orders for the supply of the new G114-2.5 MW in Sweden and Belgium placed by John Laing and EDF, respectively.

> Sale to the Greek subsidiary of EREN of two turnkey wind farms with aggregate installed capacity of 82 MW.

> New service contracts: maintenance of 116 MW for Terna Energy in Poland and Bulgaria for five years and of 132 MW for Gestinver in Spain for eight years.

> Turnkey construction of the Pisco wind farm in Portugal for Exus Management Partners.

India

Gamesa's presence in India - as technology provider and wind farm developer - dates back to 2009. Since then the company has emerged as the country's number one OEM by market share, a milestone it achieved for the second year in a row in 2014. To date, Gamesa has installed 1,713 MW and services 1,444 MW under O&M agreements in India.

The strong growth in wind energy in India and Gamesa's strong competitive positioning meant that this market accounted for 26% of the group's total sales volume in 2014, making it one of the company's priority markets alongside Latin America.

Underpinned by deep knowledge of its local markets, its track record developing and selling wind farms and the strength of its supply chain and industrial presence, Gamesa was able to take advantage of the growth opportunities that presented themselves in India: throughout the course of 2014, Gamesa signed orders for the delivery of 840 MW.

- > Supply of 220 MW across five wind farms for several independent power providers.
- > Contract for the supply of 160 MW (80 G97-2.0 MW Class S turbines) for Greenko, under a 300-MW framework agreement.
- > Turnkey construction of a 100-MW wind farm for CLP.

In addition to a blade factory in Halol (Gujarat) and a repair centre in Red Hills (Chennai), the company has a nacelle factory in Mamandur (Chennai) which it recently expanded to add a new production line. Given the 'multi-model' configuration of this new line, the company will be able to manufacture two different turbines at the same time: the G97-2.0 MW (already entrenched in the market, having installed over 700 MW) and the new G114-2.0 MW, which will be introduced into the Indian market in the course of 2015.

Another of Gamesa's key success factors in the Indian market has been its effort to tailor its products to its customers' needs, as illustrated by the development of a new turbine variant, the G97-2.0 MW Class S, with a tower height of 104 metres, which has already been certified by TÜV NORD. This variant, custom-developed for the Indian market, maximises turbine output for this country's low wind speed conditions.

In order to defend its leadership position in India, Gamesa plans to invest €100 million in the next five years to reinforce its local operations, most particularly with the launch of new products such as the G114-2.0 MW, further development of its local supply chain and growth in its wind farm development portfolio, as this capability gives it a strong competitive advantage in India.

United States

Ever since Gamesa inaugurated its first wind farm in the US back in 2004, the company has been cementing its presence in this market, establishing itself as one of the country's leading turbine suppliers. This region accounted for 15% of the company's total sales volume in 2014, compared to just 2% in 2013. Highlights:

- > Gamesa was named exporter of the year by Export-Import Bank of the US.
- > Commissioning of the first G114-2.0 MW prototype with the 60 Hz electric system in Texas.
- > Supply of 95 G114-2.0 MW turbines at the Waverly wind farm for EDPR.

China

China was the first Asian market penetrated by Gamesa 15 years ago, a market in which it makes turbines and develops wind farms. Alongside Spain, China is the company's other manufacturing and supply hub.

2014 was a very good year for Gamesa in this market: China represented 9% of total sales volumes last year. The company took astute advantage of its local presence and the development of a competitive local supply chain (95% of supplies are sourced locally) to gain market share and become the leading non-Chinese OEM.

On top of its compelling competitiveness, the company stands out for its ability to develop products tailored to the Chinese market's needs: Gamesa has installed turbines custom-designed to withstand the low temperatures encountered in north-eastern China, the strong winds typical along the coast of the province of Fujian and the low air density of Yunnan, at 2,000 metres above sea level.

The main contracts entered into in 2014:

> Three contracts for the supply of 214 MW of its G97-2.0 MW turbines to CGN.

> Sale of the Barchín wind farm (28 MW) in Spain to Chinese utility Huadian.

> Contracts with HCIG, Everbright and UPC for the supply of 188 MW of its G97-2.0 MW turbines.

> Supply of 48 MW of the G90-2.0 MW turbine to Fujian Energy.

Advent of Adwen, the joint venture set up by Gamesa and Areva to lead the offshore segment

In March, Gamesa and Areva signed the final agreements creating Adwen, a joint venture dedicated to offshore wind, having 700 employees, 50-50 owned by the two companies, registered in Zamudio, Spain. Adwen has offices in Spain, Germany, France and UK.

Combining both Gamesa and Areva wind expertise and extensive track-record, Adwen is ideally positioned to become a leading player in the offshore wind segment, with a 2.8 GW project pipeline and the objective of garnering a market share of close to 20% in Europe by 2020.

Adwen offers its customers a comprehensive products and services portfolio, providing solutions adapted to project specific requirements with:

> The Adwen 8MW platform, initiated by Areva and further optimized thanks to Gamesa's technological expertise, will reach serial production in 2018. With its 1GW project pipeline and an outstanding energy production, the AD 8 MW is set to be a market frontrunner.

> The Adwen 5MW platform offers two complementary 5 MW turbines available for immediate projects: the AD 5-135 and AD 5-132. The AD 5-135, formerly called M5000-135, is AREVA's 5MW technology with an installed base of 650 MW which will reach 1GW with Wikinger wind farm installation. The AD 5-132, developed by Gamesa and formerly called G132-5.0 MW Offshore, complements the product portfolio with a competitive turbine.


STABILA

Consolidated financial statements

3

Gamesa Corporación Tecnológica, S.A. and Subsidiaries composing the GAMESA Group

Auditors' Report

Consolidated Financial Statements for the year ended 31 December 2014

Consolidated Management Report

Translation of a report and consolidated financial statements originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDIT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.:

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. (the parent company) and its subsidiaries (the Group), which comprise consolidated statement of financial position at December 31, 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto for the year then ended.

Directors' responsibility for the consolidated financial statements

The directors of the parent company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the consolidated equity and consolidated financial position and the consolidated results of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. and its subsidiaries, in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying consolidated financial statements based on our audit. We conducted our audit in accordance with prevailing audit regulations in Spain. Those standards require that we comply with ethical requirements and plan and pe obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of consolidated financial statements by the directors of the parent company in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. and its subsidiaries at December 31, 2014, and its consolidated results and consolidated cash flow for the year then ended, in accordance with IFRS, as adopted by the EU, and other provisions in the regulatory framework for financial information applicable in Spain.

Report on other legal and regulatory requirements

The accompanying consolidated 2014 management report contains such explanations as the directors of the parent company consider appropriate concerning the situation of the Group, the evolution of its business and other matters; however, it is not an integral part of the consolidated financial statements. We have checked that the accounting information included in the aforementioned consolidated management report agrees with the 2014 consolidated financial statements. Our work as auditors is limited to verifying the consolidated management report in accordance with the scope mentioned in this paragraph, and does not include the review of information other than that obtained from the accounting records of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. and its subsidiaries.

ERNST & YOUNG, S.L.

Alberto Peña Martínez

February 25, 2015

Consolidated balance sheets at december 31 2014 and 2013 (*) (Thousands of euros)

ASSETS	Notes	31.12.14	31.12.13 (*)
NON-CURRENT ASSETS:			
Intangible assets			
Goodwill	8	386,756	386,756
Other intangible assets	9	235,047	207,060
		621,803	**593,816**
Property, plant and equipment	10		
Property, plant and equipment in use		315,941	362,928
Property, plant and equipment in the course of construction		17,596	14,764
		333,537	**377,692**
Investments accounted for using the equity method	11	56,203	60,037
Non-current financial assets	13		
Derivatives	22	1,864	186
Investment securities		35,683	38,774
Other non-current financial assets		3,158	2,777
		40,705	**41,737**
Deferred tax assets	25	405,289	379,361
Total non-current assets		**1,457,537**	**1,452,643**
CURRENT ASSETS:			
Inventories	14	564,492	495,770
Trade and other receivables	15	1,052,597	928,868
Trade receivables from related companies	32	67,592	273,408
Tax receivables	26	192,529	410,385
Other receivables		44,446	162,138
Current financial assets			
Derivative financial instruments	22	8,963	19,579
Other current financial assets		19,041	8,105
Other current financial assets from related companies	32	2,108	1,424
		30,112	**29,108**
Cash and cash equivalents	16	811,029	893,600
Total current assets		**2,762,797**	**3,193,277**
Current assets classified as held for sale	36	31,516	113,457
TOTAL ASSETS		**4,251,850**	**4,759,377**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 39 and the Appendix are an integral part of the consolidated balance sheet at December 31 2014.

EQUITY AND LIABILITIES	Notes	31.12.14	31.12.13 (*)
EQUITY:			
Of the Parent	18		
Share capital		47,476	43,160
Share premium		386,415	154,619
Other reserves		884,118	839,887
Unrealised asset and liability revaluation reserve		1,762	188
Translation differences		(1,426)	(48,248)
Treasury shares		(24,873)	(21,340)
Net profit for the year		91,848	45,033
Other equity instruments		-	(565)
		1,385,320	**1,012,734**
Of non-controlling interests	19	93	4.924
Total equity		**1,385,413**	**1,017,658**
NON-CURRENT LIABILITIES:			
Provisions for contingencies and charges	23	235,040	252,570
Bank borrowings	21	527,311	523,768
Other non-current liabilities	24	53,629	53,722
Deferred tax liabilities	25	83,405	81,232
Derivative financial instruments	22	738	1,164
Total non-current liabilities		**900,123**	**912,456**
CURRENT LIABILITIES:			
Bank borrowings and other financial liabilities			
Bank borrowings	21	92,583	737,535
Derivative financial instruments	22	13,448	10,187
		106,031	**747,722**
Trade and other payables		1,448,770	1,381,828
Trade payables to related companies	32	237,949	325,962
Other payables			
Tax payables	26	99,859	280,920
Other current liabilities		71,725	92,193
		171,584	**373,113**
Total current liabilities		**1,964,334**	**2,828,625**
Current liabilities a'ssociated with assets classified as held for sale	37	1,980	638
TOTAL EQUITY AND LIABILITIES		**4,251,850**	**4,759,377**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 39 and the Appendix are an integral part of the consolidated balance sheet at December 31 2014.

Consolidated income statements for the years ended december 31 2014 and 2013 (*)

(Thousands of euros)

	Notes	(Debit) Credit 2014	2013 (*)
CONTINUING OPERATIONS:			
Revenue	7 and 29.a	2,846,157	2,335,618
+/- Changes in inventories of finished goods and work in progress		54,996	(171,976)
Procurements	29.b	(1,996,070)	(1,390,336)
Other operating income	29.a	59,199	79,373
Staff costs	29.c	(302,924)	(309,625)
Other operating expenses	29.d	(296,863)	(258,264)
Depreciation	29.e	(91,955)	(86,574)
Provisions	29.e	(83,393)	(67,948)
Net impairment losses on assets	9 and 10	(7,968)	(7,198)
Operating income		**181,179**	**123,070**
Finance income	29.f	11,682	10,490
Finance costs	29.g	(54,355)	(55,040)
Exchange differences (gains and losses)		(3,712)	(9,536)
Results of companies accounted for using the equity method	11	(667)	(8,523)
Profit before tax from continuing operations		**134,127**	**60,461**
Income tax on profit from continuing operations	27	(38,119)	(11,132)
Net profit for the year from continuing operations		**96,008**	**49,329**
DISCONTINUED OPERATIONS:			
Profit from the year from discontinued operations	7 and 36	(4,839)	(3,092)
NET PROFIT FOR THE YEAR		**91,169**	**46,237**
Non-controlling interests	19	(679)	1,204
TOTAL PROFIT FOR THE YEAR ATTRIBUTABLE TO THE PARENT		**91,848**	**45,033**
Earnings per share in euros (basic and diluted) from continuing and discontinued operations attributable to the parent	**35**		
From continuing operations		0.3737	0.1919
From discontinued operations		(0.0187)	(0.0123)
Earnings per share in euros (basic and diluted)		**0.3550**	**0.1796**

(*) Presented for comparison purposes only.
The accompanying Notes 1 to 39 and the Appendix are an integral part of the consolidated income statement for 2014.

Consolidated statements of comprehensive income for the years ended december 31 2014 and 2013 (*) (Thousands of euros)

	Notes	2014	2013 (*)
CONSOLIDATED PROFIT FOR THE YEAR (I)		**91,169**	**46,237**
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY (II)			
Income and expense recognised directly in equity			
Arising from cash flow hedges	18.c	(717)	4,169
Translation differences		46,822	(58,127)
Tax effect	18.c	245	(1,369)
		46,350	**(55,327)**
TRANSFERS TO PROFIT OR LOSS:			
Arising from cash flow hedges	18.c	2,940	4,422
Tax effect	18.c	(894)	(1,360)
		2,046	**3,062**
TOTAL TRANSFERS TO PROFIT OR LOSS (III)		**48,396**	**(52,265)**
TOTAL COMPREHENSIVE INCOME (I+II+III)		**139,565**	**(6,028)**
Attributable to the Parent		140,244	(7,232)
Attributable to non-controlling interests	19	(679)	1,204
TOTAL COMPREHENSIVE INCOME (I+II+III)		**139,565**	**(6,028)**
From continuing operations		144,404	2,078
From discontinued operations		(4,839)	(8,106)

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 39 and the Appendix are an integral part of the consolidated statement of comprehensive income for the 2014.

Consolidated statements of changes in equity for the years ended december 31 2014 and 2013 (*)

	Share capital	Share premium	Unrealised asset and liability revaluation reserve	Restricted reserves: Legal reserve	Restricted reserves: Reserve for redenomination of capital in euros	Restricted reserves: Reserve for treasury shares
BALANCES AT JANUARY 1 2013 (*)	**43,160**	**154,619**	**(5,674)**	**8,408**	**1**	**7,157**
Total comprehensive income for 2013	-	-	5,862	-	-	-
Distribution of 2012 profit:						
Other reserves	-	-	-	-	-	-
Dividend with in charge of 2013 profit	-	-	-	-	-	-
Treasury share transactions (Notes 3.p and 18.e)	-	-	-	-	-	14,183
Incentive plans (Note 18.e)	-	-	-	-	-	-
Transactions with non-controlling interests (Note 19)	-	-	-	-	-	-
Other transactions	-	-	-	-	-	-
BALANCES AT DECEMBER 31 2013 (*)	**43,160**	**154,619**	**188**	**8,408**	**1**	**21,340**
Total comprehensive income for 2014		-	1,574	-	-	-
Capital increase	4,316	231,796	-	-	-	-
Distribution of 2013 profit:						
Other reserves	-	-	-	224	-	-
Treasury share transactions (Notes 3.p and 18.e)	-	-	-	-	-	3,533
Incentive plans (Note 18.e)	-	-	-	-	-	-
Other transactions	-	-	-	-	-	-
BALANCES AT DECEMBER 31 2014	**47,476**	**386,415**	**1,762**	**8,632**	**1**	**24,873**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 39 and the Appendix are an integral part of the consolidated statement of changes in equity for 2014.

Treasury shares	Other reserves	Translation differences	Net profit for the year	Interim Dividend	Non-controlling interests	Total equity
(7,157)	**1,469,830**	**9,879**	**(659,440)**	**-**	**7,892**	**1,028,675**
-	-	(58,127)	45,033	-	1,204	(6,028)
-	(659,440)	-	659,440	-	-	-
-	-	-	-	(565)	-	(565)
(14,183)	150	-	-	-	-	150
-	1,895	-	-	-	2	1,897
-	-	-	-	-	(4,174)	(4,174)
-	(2,297)	-	-	-	-	(2,297)
(21,340)	**810,138**	**(48,248)**	**45,033**	**(565)**	**4,924**	**1,017,658**
-	-	46,822	91,848	-	(679)	139,565
-	(2,588)	-	-	-	-	233,524
-	44,809	-	(45,033)	-	-	-
(3,533)	(1,653)	-	-	-	-	(1,653)
-	2,729	-	-	-	-	2,729
-	(2,823)	-	-	565	(4,152)	(6.410)
(24,873)	**850,612**	**(1,426)**	**91,848**	**-**	**93**	**1,385,413**

Consolidated statements of cash flows from continuing operations for the years ended december 31 2014 and 2013 (*) (Thousands of euros)

	Notes	2014	2013 (*)
CONSOLIDATED STATEMENTS OF CASH FLOWS			
Cash flows from operating activities:			
Profit before tax		131,833	57,369
Adjustments for:			
Depreciation charge, provisions and allowances	9, 10, 22 and 29.e	175,348	155,200
Incentive plan	18.e and 29.c	2,729	7,690
Finance income and costs	29.f and 29.g	50,232	64,803
Net impairment losses on assets	10 and 11	7,968	7,198
Changes in working capital:			
Change in trade and other receivables		426,626	266,665
Change in inventories		(71,295)	94,647
Change in trade and other payables		(263,171)	(165,584)
Effect on working capital of changes in consolidation method and/or scope		(923)	(2,996)
Effect of translation differences on working capital of foreign companies		39,306	(37,106)
Provisions used for their intended purpose	23	(108,706)	(180,541)
Income taxes paid		(30,402)	(4,185)
Interest received		8,829	3,802
Interest paid		(59,288)	(53,634)
NET CASH FLOWS FROM OPERATING ACTIVITIES (I)		**309,086**	**213,328**
Cash flows from investing activities:			
Investments in intangible assets	9	(55,692)	(64,414)
Investments in property, plant and equipment	10	(55,383)	(73,880)
Investments in other non-current financial assets	13	(3,249)	(2,084)
Investments in other current financial assets		(11,409)	-
Receipts from disposal of tangible and intangible fixed assets		26,107	11,056
Receipts from disposal of financial and non financial assets		10,717	676
Receipts from disposal of of subsidiaries		85,416	-
NET CASH FLOWS FROM INVESTING ACTIVITIES (II)		**(3,493)**	**(128,646)**
Cash flows from financing activities:			
Equity issue of subsidiaries		(4,060)	(50)
Capital increase		232,520	-
New bank borrowings		97,517	287,407
Dividends paid		-	(989)
Cash outflows relating to bank borrowings		(725,379)	(369,124)
Acquisition and disposals of treasury shares		(1,653)	150
NET CASH FLOWS FROM FINANCING ACTIVITIES (III)		**(401,055)**	**(82,606)**
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS (IV)		**12,875**	**(25,017)**
EFFECT OF CHANGES ON CASH AND CASH EQUIVALENTS AND OF TRANSFERS TO ASSETS CLASSIFIED AS HELD FOR SALE (V)		**-**	**-**
NET INCREASE IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS (I+II+III+IV+V)		**(82,587)**	**(22,941)**
Cash and cash equivalents from continuing operations at beginning of year		893,615	916,556
TOTAL CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS AT END OF YEAR		**811,028**	**893,615**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 39 and the Appendix are an integral part of the consolidated statement of cash flows for 2014.

Gamesa Corporación Tecnológica, S.A.
and Subsidiaries
composing the GAMESA Group

Notes to the Consolidated Annual Accounts
for the year ended December 31, 2014

1- Formation of the Group and its activities

The Company Gamesa Corporación Tecnológica, S.A. (hereinafter "the Company" or "GAMESA") was incorporated as a public limited liability company on January 28 1976. Its registered office is located at Parque Tecnológico de Vizcaya, Edificio 222, Zamudio (Vizcaya - Spain).

Its company object is the promotion and development of companies through temporary ownership interests in their share capital, for which it can perform the following transactions:

a) Subscription and acquisition of shares, or securities that are convertible into shares, or which grant rights for their preferential acquisition, in companies whose shares may be listed or not on Spanish or foreign stock markets.

b) Subscription and acquisition of fixed-income securities or any other securities issued by the companies in which it holds an interest, as well as the granting of participating loans or guarantees.

c) Direct provision to investees of counselling, technical assistance and other similar services related to the management of investees, to their financial structure or to their production or marketing processes.

The indicated activities will focus on the development, design, manufacture and supply of products, installations and technologically advanced services in the renewable energy sector.

All the activities which make up the aforementioned company object may be carried on in Spain or abroad, and may be carried on indirectly (totally or partially) through the ownership of shares or other equity investments in companies with an identical or a similar corporate purpose. The Company may not carry on any business activity for which the applicable legislation provides for specific conditions or limitations unless it fully meets such conditions or limitations.

The Company's bylaws and other public information on the Company may be consulted on the website www.gamesacorp.com and at its registered office.

In addition to the operations carried on directly by it, GAMESA is the head of a group of subsidiaries that engage in various business activities and which compose, together with the Company, the GAMESA Group ("the Group" or "the GAMESA Group"). Therefore, in addition to its own separate financial statements, the Company is obliged to present consolidated financial statements for the Group including its interests in joint ventures and investments in associates. The companies that form part of the Group are listed in the Appendix.

The GAMESA Group currently operates as a manufacturing group and principal supplier of cutting-edge products, facilities and services in the renewable energy industry, as well as maintenance services rendered, structured after January 1, 2013 into the following business units (Note 7):

- Wind Turbines (*)
- Operations and maintenance

(*) Wind turbine manufacturing includes the development, construction and sale of energy plants.

Information on the environment

In view of the business activities carried on by the GAMESA Group, it does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position and results. Therefore, the directors did not include any specific disclosures relating to environmental issues in these notes to the consolidated financial statements.

2- Basis of presentation of the consolidated financial statements and basis of consolidation

a) Basis of presentation

The consolidated financial statements for 2014 of the GAMESA Group were formally prepared:

- By the directors of GAMESA, at the Board of Directors Meeting held on February 25 2015.
- Since 2005, in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, including the International Accounting Standards (IASs) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and by the Standing Interpretations Committee (SIC). The consolidated financial statements have been prepared on a historical cost basis, as modified by the revaluation of available-for-sale financial assets and financial assets and liabilities (including derivatives) at fair value. The principal accounting policies and measurement bases applied in preparing the GAMESA Group's consolidated financial statements for 2014 are summarised in Note 3.
- Taking into account all the mandatory accounting policies and rules and measurement bases with a material effect on the consolidated financial statements.
- So that they present fairly the consolidated equity and consolidated financial position of the GAMESA Group at December 31, 2014, and the consolidated results of its operations and its consolidated cash flows in the year then ended.
- On the basis of the accounting records kept by GAMESA and by the other Group companies. However, since the accounting policies and measurement bases used in preparing the Group's consolidated financial statements for 2014 (IFRSs) could differ from those used by the Group companies when preparing their individual financial statements in accordance with local standards, the required adjustments and reclassifications were made on consolidation to unify the policies and methods used and to make them compliant with International Financial Reporting Standards (IFRS).

The consolidated financial statements of the GAMESA Group for 2013 were approved by the shareholders at the Annual General Meeting of GAMESA held on 28 May 2014 and were filed at the Vizcaya Mercantile Registry. The Group's 2014 consolidated financial statements have not yet been approved by the shareholders at the Annual General Meeting. However, the Board of Directors of GAMESA considers that these consolidated financial statements will be approved without any changes.

b) Adoption of new or Revised International Financial Reporting Standards (IFRS)

In 2014 new accounting standards and amendments came into force and were therefore taken into account when preparing these Consolidated Financial Statements as the following:

b.1) Standards and amendments published by the IASB (International Accounting Standards Board) and adopted by the European Union for its aplication in Europe from January 1, 2014:

- IFRS 10: “Consolidated Financial Statements”, IFRS 11: “Joint arrangements”, IFRS 12: “Disclosure of interests in other entities”, amendments to the IAS 27: “Separate Financial Statements”, amendments to the IAS 28: “Investments in Associates and joint ventures” and amendments to the IFRS 10, 11 and 12: “Guidance on implementing”.

  These standards and amendments have been jointly issued and they replace the standards regarding the consolidation and accounting of investments in Subsidiaries, Associates and joint agreements, which have remained in force until the year 2013.

  IFRS 10 changes the definition of control, concluding that an investor has control over an investee company only if it meets the following requirements: power over the investee, exposure or right to the variable yields from its involvement in the investee and capacity to use his power over the investee in order to have influence in the amount of the investor’s yield.

  IFRS 11 changes the approach of the joint agreements analysis and defines only two types of joint agreements: joint operations or joint ventures. The joint ventures will be recorded by the equity method.

IFRS 12 brings together in a single standard the disclosure requirements concerning participations in other entities.

- Amendments to IAS 32: "Offsetting of financial assets and liabilities".

  These amendments give some explanations on the standard requirements in order to offset a financial asset and liability in its presentation in the consolidated statement of the financial position.

- Amendments to IAS 39 and IFRS 9: "Novation of derivatives and continuation of the hedge".

  These amendments provide exceptions that allow continuing with the recording of hedges when the novation of a derivative, designated as a hedging instrument, meets certain criteria.

- Amendments to IAS 36: "Recoverable amount disclosures for non-financial assets".

  These amendments remove the unintended consequences by IFRS 13 on IAS 36. Additionally, these amendments require the breakdown of the recoverable amount of the cash-generating unit for which impairment has been recognised or reversed during the year.

These standards did not have a significant impact on these Consolidated Financial Statements.

b.2) At the date of preparation of these Consolidated Financial Statements there have been issued the following standards, amendments and interpretations whose effective date is subsequent to December 31, 2014:

		MANDATORY APPLICATION FOR YEARS BEGINNING FROM
	Annual improvements to several standards period 2010-2012	February 1 2015
	Annual improvements to several standards period 2011-2013	January 1 2015
Amendments to IAS 19	Defined benefit Plans: employee contributions	February 1 2015
IFRIC 21	Levies	January 1 2015
IFRS 14	Deferred regulatory accounts	January 1 2016
Amendments to IAS 1	Disclosure Initiative	January 1 2016
Amendments to IFRS 11	Joint arrangements	January 1 2016
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment companies: exemption to consolidation	January 1 2016
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint	January 1 2016
Amendments to IAS 16 and 38	Accepted depreciation methods	January 1 2016
Amendments to IAS 16 and 41	Biological assets	January 1 2016
Amendments to IAS 27	Equity method in the separate financial statements	January 1 2016
	Annual improvements to various standards period 2012-2014	January 1 2016
IFRS 15	Income from client agreements	January 1 2017
IFRS 9	Financial instruments	January 1 2018

At the preparing date of this Consolidated Financial Statements, these standards, interpretations and amendments are pending on the adoption by the European Union with the exception of IFRIC 21, the annual improvements to various standards period 2010-2012 and period 2011-2013 and the amendments to IAS 19.

None of these standards have been adopted in advance by GAMESA. The Group is, at present, analyzing the impact of the application of those approved standards, interpretations and amendments whose application is not mandatory in the year 2014. In the specific case of IFRS 9 and IFRS 15, that analysis will continue during the year 2015 due to their complexity. Regarding the rest of the standards, GAMESA estimates that its application would not supose a significant impact in the moment of its initial application.

c) Functional and presentation currency

The accounting records kept by Group companies are measured using the currency of the principal economic environment in which the company operates («functional currency»). The consolidated financial statements are presented in thousands of euro, which is Gamesa Group's functional and presentation currency.

Transactions denominated in currencies other than the euro are recognised in accordance with the policies described in Note 3.l.

d) Responsibility for the information

The information in these consolidated financial statements is the responsibility of GAMESA's Board of Directors.

e) Information relating to previous year

As required by IAS 1, the information relating to 2014 contained in these notes to the consolidated financial statements is presented, for comparison purposes, with the information relating to 2013 and, accordingly, it does not constitute the GAMESA Group's statutory consolidated financial statements for 2013.

f) Basis of consolidation

Subsidiaries

The subsidiaries over which the GAMESA Group exercises control were fully consolidated.

Subsidiaries are all companies (including structured entities) over which the Group has control. The Group controls a company when it receives, or is entitled to receive, variable yields due to its involvement in the investee company and it has the capacity to use its control to influence these yields.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Joint ventures

A joint venture is an entity in which two or more parties maintain joint control, which is understood to be the distribution of control by a contract concluded in the joint venture agreement and which exists only when the decisions regarding relevant activities require the unanimous consent of the parties sharing control.

Gamesa Group records its stakes in joint ventures on an equity basis.

Associated companies

The associates over which the GAMESA Group is in a position to exercise significant influence, but not control, were accounted for in the consolidated balance sheet using the equity method. For the purpose of preparing these consolidated financial statements, it was considered that the GAMESA Group is in a position to exercise significant influence over companies in which it has an investment of between 20% and 50% of the share capital, except in specific cases where, although the percentage of ownership is lower, the existence of significant influence can be clearly demonstrated. Also, significant influence is deemed not to exist in cases where, although an ownership interest of more than 20% is held, the absence of significant influence can be clearly demonstrated. Significant influence is deemed to exist when the GAMESA Group has the power to influence the financial and operating policies of an investee (see Notes 2.g and 11).

A list of GAMESA's subsidiaries, joint ventures and associates, together with the consolidation or measurement bases used in preparing the accompanying Consolidated Financial Statements and other relevant information are disclosed in the Appendix of these Consolidated Financial Statements.

Basic standards of consolidation

The operations of GAMESA and of the consolidated companies were consolidated in accordance with the following basic principles:

- The Group is considered to be carrying out a business combination when the assets acquired and liabilities assumed constitute a business. The Group accounts for each business combination by applying the acquisition method, which entails identifying the acquirer, determining the acquisition date-which is the date on which control is obtained- and cost of acquisition, recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree and, lastly, recognising and measuring goodwill or a gain from a bargain purchase.

- Goodwill arising as described in the preceding paragraph has not been amortised since January 1 2004, the date of transition to IFRSs, although it is reviewed for impairment at least once a year (see Note 8).

- Goodwill is initially measured as the amount in excess paid, the amount of any non-controlling stake in a target company and, in a business combination carried out by stages, the fair value at the acquisition date of any prior stakes in the target company's equity, if any, above the fair value of the identifiable net assets acquired. If the total amount paid, the non-controlling stake recognised and the interest previously maintained is less than the fair value of the acquired company's net assets in the event of very favourable conditions, the difference is recognised directly in the income statement.

- Identifiable assets acquired and liabilities assumed are initially valued at their fair value at the acquisition date.

- At the date each business combination is acquired the buyer will measure the components of non-controlling shareholdings held by the acquiree that constitute current ownership and grant the holder the right to a proportional part of the company's net assets in the event of liquidation, at:

  (a) fair value, or

  (b) the proportional part that the current ownership instruments that represent in the amounts recognised by the acquiree as net identifiable assets.

  All other components of non-controlling shareholdings will be measured at their fair value at the date of acquisition, unless IFRS require another basis of valuation.

- The value of non-controlling shareholdings in the equity and results of the fully consolidated subsidiaries is presented under "Equity - Of Non-Controlling Interests" in the consolidated balance sheet and "Profit for the Year - Attributable to Non-Controlling Interests" in the consolidated income statement.

- Any contingent compensation to be transferred by the Group is recognised at fair value on the date of acquisition. Subsequent changes in the fair value of the contingent compensation that is considered to be an asset or a liability are recognised in the income statement or a change in other comprehensive results in accordance with IAS 39. Contingent compensation that is classified as equity is not remeasured and subsequent payment is recorded under equity.

- Acquisitions-related costs are recognised as expenses in the year in which they are incurred and, therefore, are not considered to be an increase in the cost of the combination.

- In business combinations achieved in stages, the acquirer remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognises the resulting gain or loss, if any, in profit or loss.

- Purchases and sales of non-controlling interests in companies that are and continue to be subsidiaries both prior and subsequent to the aforementioned transactions are considered to be transactions between shareholders and, therefore, the payments made will be recognised in the Group's consolidated equity (see Note 19).

- When the Group loses control over a subsidiary, it derecognises the subsidiary's assets (including goodwill) and liabilities and the non-controlling interest at the carrying amount thereof at the date on which control is lost. The consideration received and the investment retained in the aforementioned company are measured at their fair value at the date when control is lost and any gain or loss is recognised in profit or loss.

- The financial statements of foreign companies were translated to euros using the year-end exchange rate method. This method consists of translating to euros all the assets, rights and obligations at the exchange rates prevailing at the date of the consolidated financial statements, the consolidated income statement items at the average exchange rates for the year, and equity at the historical exchange rates at the date of acquisition (or in the case of retained earnings at the average exchange rates for the year in which they were generated), and the differences are recognised with a charge or a credit, as appropriate, to "Equity - Of the Parent - Translation Differences" in the consolidated balance sheet.
- The accompanying consolidated financial statements include certain adjustments to bring the accounting policies and procedures applied by the subsidiaries into line with those of GAMESA.
- All significant balances and transactions between fully and proportionally consolidated companies have been eliminated in the consolidation. Gains that arise on intra-group transactions that are recognised as assets are also eliminated (including transactions with associated companies).
- The result of accounting for ownership interests using the equity method (after eliminating results on intra-Group transactions) is reflected under "Equity - Of the Parent – Other Reserves" and "Results of Companies Accounted for Using the Equity Method" in the accompanying consolidated balance sheet and consolidated income statement, respectively. The equity method consists of initially recognising the investment at cost and subsequently adjusting it, based on the changes in the portion of the entity's net assets that corresponds to the investor, recognising in the investor's profit or loss the corresponding portion of the investee's result for the year (see Note 11).

g) Changes in the scope of consolidation

The most significant inclusions in the scope of consolidation in 2014 and 2013 were as follows:

Incorporation of new companies

Year 2014

INCORPORATED COMPANY	INCORPORATING COMPANY	INTEREST HELD BY THE GROUP
Gesan México 1, S.A.P.I. de C.V.	Gamesa Energía, S.A. (Unipersonal)	100%
Energía Eólica de México, S.A. de C.V.	Gamesa Energía, S.A. (Unipersonal)	50%
Energía Renovable del Istmo, S.A.P.I. de C.V.	Gamesa Energía, S.A. (Unipersonal)	50%
Societe Dexploitation Du Parc Eolien Du Tonnerois	Gamesa Inversiones Energéticas Renovables S.C.R. de Régimen Simplificado, S.A.	100%
Lichnowy Windfarm Sp. z o.o.	Gamesa Energía, S.A. (Unipersonal)	100%
Ujazd Sp. z o.o.	Gamesa Energía, S.A. (Unipersonal)	100%
Gamesa Mauritania SARL	Gamesa Eólica, S.L. (Unipersonal)	100%
Gamesa Ukraine LLC	Gamesa Europa, S.L. (Unipersonal) (*)	100%
Windar Offshore, S.L.	Windar Renovables, S.L.	32%

(*) Gamesa Europa, S.L. (Unipersonal) (formerly Gamesa Energía Galicia, S.L. Unipersonal) holds 99% of the share capital in this company while Gamesa Eólica, S.L. (Sociedad Unipersonal) owns the remaining 1%.

At the end of 2014, the incorporated companies are fully consolidated, except Windar Offshore, S.L. that consolidates through the equity method.

Year 2013

INCORPORATED COMPANY	INCORPORATING COMPANY	INTEREST HELD BY THE GROUP
Gamesa Taiwan Limited	Gamesa Eólica, S.L. (Unipersonal)	100%
Elliniki Eoliki Energiaki Kseropousi SA	Gamesa Energía, S.A. (Unipersonal)	86%
Elliniki Eoliki Energiaki Pirgos SA	Gamesa Energía, S.A. (Unipersonal)	86%
Elliniki Eoliki Energiaki Kopriseza SA	Gamesa Energía, S.A. (Unipersonal)	86%
Elliniki Eoliki Energiaki Likourdi SA	Gamesa Energía, S.A. (Unipersonal)	86%
Zefiro Energy S.R.L.	Gamesa Energía, S.A. (Unipersonal)	51%
Gamesa Finland OY	Gamesa Eólica, S.L. (Unipersonal)	100%
Gamesa Financiación S.A.-Unipersonal	Gamesa Energía, S.A. (Unipersonal)	100%
Servicios Eólicos Globales, SRL de CV (*)	Gamesa Europa, S.L. (Unipersonal) (*)	100%
Medicine Bowl Wind LLC	Gamesa Wind US	100%

(*) Gamesa Europa, S.L. (Unipersonal) (formerly Gamesa Energía Galicia, S.L. Unipersonal) holds 99% of the share capital of this Company while Gamesa Eólica, S.L. (Sociedad Unipersonal) owns the remaining 1%.

At the end of 2013 the incorporated companies are fully consolidated.

Acquisition of new companies

Year 2014

On October 29, 2014, Gamesa Energía, S.A has acquired 100% of Central Eólica de México I, S.A. de C.V for an amount of €2,577 thousand. This company is the holder of rights over the use of lands for the promotion of wind turbines in México.

Year 2013

In 2013 no companies were acquired.

Exits from the scope of consolidation - Sales

Year 2014

COMPANY	ACTIVITY	REGISTERED ADDRESS	%
Parco Eolico Orune, Srl	Operation of wind farms	Italy	100.00%
Parque Eólico do Pisco, S.A.	Operation of wind farms	Portugal	100.00%
Energiaki Ptoon, S.A.	Operation of wind farms	Greece	100.00%
Eólica El Retiro S.A.P.I. de C.V.	Operation of wind farms	Mexico	87.50%
Energiaki Maristi MEPE (SLU)	Electric energy production	Greece	100.00%
Elecdey Barchín, S.A.	Operation of wind farms	Spain	100.00%
Worldwater & Solar Technologies Inc.	Operation of wind farms	USA	25.67%
Vento Artabro, S.A.	Operation of wind farms	Spain	80.00%
Sistemas Energéticos Almodóvar del Río, S.L.	Electric energy production	Spain	100.00%

Year 2013

COMPANY	ACTIVITY	REGISTERED ADDRESS	%
Eoliki Eliniki, A.E.	Operation of wind farms	Greece	86.00%
Energiaki Pilou - Methonis, S.A.	Operation of wind farms	Greece	100.00%
Dzialdowo Sp. Z o.o.	Operation of wind farms	Poland	100.00%
Eolo Re, S.A.	Reinsurance	Luxemburg	100.00%
Carscreugh Renewable Energy Park Ltd.	Operation of wind farms	United Kingdom	100.00%
Societe Du Parc Eolien de la Valliere	Operation of wind farms	France	51.00%

The other exclusions from the scope of consolidation mainly relate to wind energy plants that were disposed of in 2014 and 2013 whose net assets are classified as inventories and, therefore, the sale thereof, as indicated in Note 3.a, is recognised under "Revenue" in the accompanying consolidated income statement for 2014 and 2013, for an amount equal to the sum of the price of the shares of the wind energy plants plus the amount of the net debt relating to the plants.

Exits from the scope of consolidation - Winding up of companies

Year 2014

COMPANY	ACTIVITY	REGISTERED ADDRESS	%
Sistemas Energéticos Ferrol Nerón, S.A.U.	Operation of wind farms	Spain	100.00%
Xeneración Eólica de Galizia, S.A.	Development of wind farms	Spain	65.00%
Gamesa Estonia OÜ	Manufacturing and holding company	Estonia	100.00%

Year 2013

COMPANY	ACTIVITY	REGISTERED ADDRESS	%
Shaffer Mountain Wind LLC	Operation of wind farms	USA	100%
Sistemas Energéticos Carellana, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos Ritobas, S.A. Unipersonal	Operation of wind farms	Spain	100%
Urgeban Grupo Energético, S.A. Unipersonal	Development of wind farms	Spain	100%
Sistemas Energéticos Las Canteras, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos Los Claveros, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos Egea, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos Sierra de Lucar, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos Sierra de Oria, S.A.Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos Almirez, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos Caniles, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos El Periate, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos Mojonera, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos Zújar, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos Capellán, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos las Pedrizas, S.A. Unipersonal	Operation of wind farms	Spain	100%
Main Wind 1	Development of wind farms	USA	97%
Eagle Rock Wind, LLC	Operation of wind farms	USA	100%
Elk Falls Wind, LLC	Operation of wind farms	USA	100%
Gulf Ranch Wind, LLC	Operation of wind farms	USA	100%
Jackson Mountain Wind, LLC	Operation of wind farms	USA	100%
Nescopeck Wind, LLC	Operation of wind farms	USA	100%
Pine Grove Wind, LLC	Operation of wind farms	USA	100%
Sistemas Energéticos Odra, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos Castillejo, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos La Jauca, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos Del Toro, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos Cañarete, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos El Pertiguero, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos Herrera, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos Del Zenete, S.A. Unipersonal	Operation of wind farms	Spain	100%
Gamesa Energía Zaragoza, S.L. Unipersonal	Operation of wind farms	Spain	100%
Gamesa Energía Teruel, S.L. Unipersonal	Operation of wind farms	Spain	100%
Sistema Energético El Olivar, S.L. Unipersonal	Operation of wind farms	Spain	100%

COMPANY	ACTIVITY	REGISTERED ADDRESS	%
Skybuilt Power, Inc.	Operation of wind farms	USA	29%
Eólica San Bartolomé, S.L. Unipersonal	Operation of wind farms	Spain	100%
Jiloca Promociones Eólicas, S.L.	Operation of wind farms	Spain	100%
Qgrid Technologies, S.L.	Operation of wind farms	Spain	60%
Rock River Wind, LLC	Operation of wind farms	USA	100%
Sandstone Wind, LLC	Operation of wind farms	USA	100%
Vaquillas Wind, LLC	Operation of wind farms	USA	100%
Whispering Prairie Wind, LLC	Operation of wind farms	USA	100%
Trinity Wind, LLC	Operation of wind farms	USA	100%
Lancaster Wind Farm, LLC	Operation of wind farms	USA	100%
Parque Eólico Monte Selva, S.R.L.	Operation of wind farms	Italy	87%
Energies Renouvelables Development, S.A.R.L.	Operation of wind farms	France	100%
SAS SEPE des Potences	Operation of wind farms	France	100%
SAS SEPE Serre du Bichou	Operation of wind farms	France	100%
SAS SEPE du Parc Éolien du Haut Chemin, S.R.L.	Operation of wind farms	France	100%
SAS SEPE de L'Epinette	Operation of wind farms	France	100%
SAS SEPE Janaillat at Saint Dizier Leyrenne	Operation of wind farms	France	100%
SAS SEPE Poullan	Operation of wind farms	France	100%
SAS SEPE Kaymard	Operation of wind farms	France	100%
SAS SEPE Monplaisir	Operation of wind farms	France	100%
SAS SEPE du Mont de Chatillon	Operation of wind farms	France	100%
SAS SEPE de la Pomarede	Operation of wind farms	France	100%
SAS SEPE D´ Atlancia	Operation of wind farms	France	100%
SAS SEPE de Meuse et Mouzon	Operation of wind farms	France	100%
Parco Eólico Marsica Vento, S.R.L.	Operation of wind farms	Italy	90%
Parque Eólico Ortona Vento, S.R.L.	Operation of wind farms	Italy	88%
Parco Eolico Nevena, Srl	Operation of wind farms	Italy	100%
Parco Eólico Piano di Lopa SRL	Operation of wind farms	Italy	100%
Parco Eólico Punta Ferru, S.R.L.	Operation of wind farms	Italy	90%
White Wind Farm, LLC	Operation of wind farms	USA	100%

Changes in the shareholdings of subsidiaries

Year 2014

During 2014 GAMESA Group has increased the participation in Gesacisa Desarrolladora, S.A de CV and Eólica Dos Arbolitos, S.A.P.I de CV, up to 100% of both companies from which already had control. Additionally, it has increased the participation in New Broadband Network Solutions, S.L.up to 39.62% (18.81% in 2013). Those changes have no significant impact on the Consolidated Equity at December 31, 2014.

On the other hand, in the first semester of 2014, GAMESA has increased the participation in Compass Transworld Logistics, S.A. up to 100% (51% at December 31, 2013). The operation performed with Compass Transworld Logistics, S.A. has meant that the difference between the amount paid and the minority interests acquired, that come to €4.4048 thousand, has been registered as a debit to the heading “Equity – Other reserves” of the attached consolidated balance sheet at December 31, 2014.

Year 2013

In addition, over the course of 2013 GAMESA Group increased its stake to 100% of the following companies, of which it already held control: Kurnool Wind Farms Privated, Ltd., Kadapa Wind Farms Privated Ltd and Anantapur Wind Farms Privated, while it decreased its stake in Lingbo SPW AB to 75.43%. These amendments did not have any significant impact on consolidated equity at December 31, 2013.

Other corporate transactions

Year 2014

In 2014, the companies Especial Gear Transission, S.A. Unipersonal, Tranmisiones Eólicas de Galicia, S.A. y Gamesa Burgos, S.A. has been taken over through merger into the company Gamesa Energy Transmission, S.A., so there have been no changes in the Group’s perimeter.

Likewise in 2014, the Company Valencia Power Converters, S.A. has been taken over through merger into the company Enertron S.L. and the company Wind Power Brasil S.L has been taken over through merger into de company Windar Renovables, S.L. Both cases have not caused any changes in the Gorup’s perimeter.

In 2014, the denomination of the following companies mentioned has changed: Ger Baneasa S.R.L (formerly Ger Ludud, S.R.L.) and Parco Eolico Forleto Nuovo 2 S.r.l (formerly Parco Eolico Aria del Vento S.R.L).

Year 2013

In addition, during 2013 the companies Fiberblade, LLC. Fiberblade East, LLC, Tower & Metallic Structures, Inc and Gamesa Energy ISA Inc. Were merged into the company Gamesa Wind US LLC, and therefore there has been no change whatsoever in the Group's scope of consolidation.

In 2013 the names of the following companies were changed: SAS SEPE Champagne Berrichonne (formerly SAS SEPE Lingevres), SAS SEPE Source de Sèves (formerly SAS SEPE Villiers Vouille et Yversay), Parco Eolico Banzi S.R.L. (formerly Parco Eolico Prechicca S.R.L.) and Parco Eolico Aria del Vento S.R.L. (Parco Eolico Monte Maggio Scalette S.R.L.).

3- Accounting principles and policies and measurement methods applied

a) Revenue recognition

Revenue from sales is measured at the fair value of the assets or rights received as consideration for the goods and services provided in the normal course of the Group companies' business, net of discounts and applicable taxes. Sales of goods are recognised when the goods have been delivered and title thereto has been transferred and services are recognised when rendered. Revenue from construction contracts is recognised in accordance with the GAMESA Group’s accounting policy described in Note 3.b.

Sales of wind farms whose non-current assets are classified as inventories (see Note 3.i) are recognised under “Revenue” in the consolidated income statement for the total price of the shares of the wind farm plus the amount of the net borrowings relating to the facility (total debt less current assets).At the same time, the related inventories are derecognised with a charge to “Changes in Inventories of Finished Goods and Work in Progress” in the consolidated income statement. The difference between the two amounts represents the operating profit or loss obtained from the sale.

Each wind farm that has been already sold adopts the legal structure of a public or private limited liability company (see Appendix), the shares of which are fully consolidated in the accompanying consolidated financial statements. As a general rule, a wind farm is effectively sold once it has entered into operation and has successfully completed the start-up period.

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to that asset's carrying amount.

Dividend income from investments are recognised when the shareholders' right to receive payment have been established.

b) Stage of completion

The GAMESA Group applies the percentage of completion method (see Note 17) to firm wind farm construction contracts and contracts for the sale of WTGSs to non-Group third parties that have the following characteristics:

- There is a firm commitment from the buyer.
- The total revenues to be received may be estimated with an acceptable degree of confidence.
- The costs up until fulfilment of the contract, and the degree of completion to date, can be reliably estimated.
- If the contract is unilaterally terminated by the buyer, the latter is obliged to compensate the GAMESA Group for at least the costs and profit margin accrued up to the date of termination.

This policy involves the recognition as revenue in the consolidated income statement of the result of applying to the estimated overall profit margin on each contract for the sale of wind farms the stage of completion of the wind farm at the end of the reporting period.

In the case of the manufacture and assembly of WGTSs for third parties outside the GAMESA Group, the stage of completion is measured by reference to economic criteria, calculating the proportion that contract costs incurred until the end of the reporting period bear to the estimated total contract costs to be incurred until contract completion. The percentage completion method is used based on criteria/technical milestones (location of sites, issuance of permits and authorization to connect wind energy plants to the electrical grid), in the case of separate agreements for the development and sale of wind energy plants.

The GAMESA Group recognises the total cost incurred plus the relevant margin in excess of that corresponding to the related stage of completion under “Trade and Other Receivables” and “Trade Receivables from Related Companies” in the consolidated balance sheet with a credit to “Revenue” in the consolidated income statement. The costs incurred on the manufacture of wind turbines and the relevant construction of wind energy plants are charged against the heading "Procurements" in the consolidated income statement (Note 17).

If the total estimated costs exceed the contract revenue, the related loss is recognised immediately in the consolidated income statement (Notes 3.q and 23).

If circumstances arise that change the initial estimates made for ordinary income, costs or the extent of completion, the estimates are changed. Revisions may result in increases or decreases in estimated income and costs and they are reflected in the income statement in the period in which the circumstances giving rise to those revisions are known by management.

c) Goodwill

Goodwill is initially measured as the amount in excess paid, the amount of any non-controlling stake in a target company and, in a business combination carried out by stages, the fair value at the acquisition date of any prior stakes in the target company's equity above the fair value of the identifiable net assets acquired. If the total amount paid, the non-controlling stake recognised and the interest previously maintained is less than the fair value of the acquired company's net assets in the event of very favourable conditions, the difference is recognised directly in the income statement.

Goodwill is not depreciated and at least at the end of each financial year it has to be estimated if there has been any impairment that reduce its recoverable value to an amount smaller than the net cost registered, doing, in such case, an appropriate sanitation.

d) Other intangible assets

Intangible assets are recognised initially at acquisition or production cost and are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses.

Internally generated intangible assets - Development expenditure

Expenditure on research activities is recognised as an expense in the year in which it is incurred.

In conformity with IFRSs, the GAMESA Group classifies as intangible assets the expenses incurred in the development of projects for which it can be demonstrated that the following conditions have been met:

- The expenditure is specifically identified and controlled by project and its distribution over time is clearly defined.
- They are feasible projects from a technical standpoint; it is intended to complete the projects and it is possible to use the results thereof.
- There are technical and financial resources to be able to complete the project.
- The project development expenditure can be measured reliably.
- Future economic benefits will foreseeably be generated through the sale or use of the project by the GAMESA Group.

If it cannot be demonstrated that these conditions have been met, development expenditure is recognised as an expense in the period in which it is incurred.

In-house work performed by the GAMESA Group on intangible assets is recognised at accumulated cost (external costs plus in-house costs, determined on the basis of the hourly costs of the employees engaged therein), and is recognised with a credit to the account “Other Operating Income - Group Work on Non-Current Assets” in the consolidated income statement (see Note 29.a).

The amortisation of development expenditures begins when the projects are in the conditions necessary for them to be capable of operating in the manner initially intended by the GAMESA Group. The expenditure is amortised in general on a straight-line basis over the estimated period of time that the new product will generate economic benefits, being this period between 5 and 7 years.

In addition, the production unit method of depreciation is used when the financial reality shows that this method most reliably reflects the expected pattern of consumption of the future financial benefits deriving from the asset. This is the case of the Multi-MW wind turbine platform.

Concessions, patents, licences, trademarks and similar

The amounts recognised by the GAMESA Group in connection with concessions, patents, licences and similar items relate to the costs incurred in their acquisition, which are amortised on a straight-line basis over the estimated useful lives of the assets, which range from five to ten years.

Software

The acquisition and development costs incurred in relation to the basic computer systems used in the management of the GAMESA Group are recognised with a charge to "Other Intangible Assets" in the consolidated balance sheet. The costs of maintaining computer systems are charged against the consolidated income statement in the year in which they are incurred.

Computer software is amortised on a straight-line basis over five years from the entry into service of each application.

e) Property, plant and equipment

Property, plant and equipment, which are all for own use, are stated in the balance sheet at acquisition cost less any accumulated depreciation and any recognised impairment losses. In addition to purchase price, acquisition cost includes non-recoverable indirect taxes and any other costs related directly to the entry into service of the asset for its intended use (including interest and other borrowing costs incurred during the construction period).

The costs of expansion, modernisation or improvements leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised, together with the borrowing costs incurred during the construction period only. Repairs that do not lead to a lengthening of the useful lives of the assets and maintenance expenses are charged to the income statement for the year in which they are incurred.

In-house work performed by the GAMESA Group on property, plant and equipment assets is recognised at accumulated cost (external costs plus in-house costs, determined on the basis of the hourly costs of the employees engaged therein), and is recognised with a credit to the account "Other Operating Income - Group Work on Non-Current Assets" in the consolidated income statement (see Note 29.a).

The GAMESA Group depreciates its property, plant and equipment using the straight-line method, distributing the cost of the assets over the following years of estimated useful life:

	Average estimated useful life
Buildings	20 – 33
Plant and machinery	5 – 10
Other property, plant and equipment	3 – 10

Since the GAMESA Group does not have to incur any significant costs in relation to the closure of its facilities (disassembly or other similar costs) the accompanying consolidated balance sheet does not include any provisions in this connection.

f) Asset impairment

At the end of each financial statements, the GAMESA Group reviews its non-current assets to determine whether there is any indication that those assets might have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset itself does not generate cash flows that are independent from other assets, the GAMESA Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In the case of goodwill and other intangible assets with an indefinite useful life or which have not yet came into operation, at the end of each reporting period GAMESA Group systematically analyses their recoverability, unless they present signs of impairment, in which case it will be directly estimated the recoverable amount of that asset (see Notes 3.c, 8 and 9).

The recoverable amount is the higher of its value in use and its fair value less the costs to sell, which is taken to be the present value of the estimated future cash flows. In assessing value in use, the assumptions used in making the estimates include pre-tax discount rates, growth rates and expected changes in selling prices and costs. The GAMESA Group estimates pre-tax discount rates which reflect the time value of money and the risks specific to the cash-generating unit. The growth rates and the changes in selling prices and costs are based on in-house and industry forecasts and experience and future expectations, respectively.

The discount rates used by the GAMESA Group are based on the weighted average cost of capital (WACC), which is between 9.2% (9.5% in 2013), depending on the risks associated with each specific asset.

If the recoverable amount of an asset is less than its carrying amount, an impairment loss is recognised for the difference with a charge to the consolidated income statement. Impairment losses recognised for an asset in prior years are reversed when there is a change in the estimates concerning the recoverable amount of the asset, increasing the carrying amount of the asset, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised, except in the case of the impairment of goodwill, which must not be reversed.

g) Inventories

"Inventories" in the consolidated balance sheet includes the assets that the GAMESA Group:

- holds for sale in the ordinary course of its business,
- has in process of production, construction or development to this end, or
- expects to consume in the production process or in the provision of services.

Raw materials and supplies, work in progress and finished goods are stated at the lower of average acquisition or production cost and realisable value.

Goods held for resale are stated at the lower of acquisition cost and market value.

The non-current assets (basically WTGSs, fixtures and civil engineering work) of the wind farms that are included in the scope of consolidation and are held for sale are classified as inventories and are measured in the same way as other inventories, including the borrowing costs borne until they are ready for use.

If a wind farm held for sale has been in operation for over one year and has no related third-party purchase commitment, purchase option or similar agreements, and none is any foreseen, the non-current assets assigned thereto are transferred from "Inventories" to "Property, Plant and Equipment - Property, Plant and Equipment in Use" in the consolidated balance sheet.

Obsolete, defective or slow-moving inventories have generally been reduced to realisable value.

h) Financial assets and liabilities

Financial investments

Investments are recognised initially at fair value plus the transaction costs for all financial assets not carried at fair value through changes in profit or loss. Financial assets stated at fair value through changes in profit and loss are initially recognised at their fair value and the transaction costs are expensed in the income statement.

The GAMESA Group classifies its current and non-current financial assets in four categories:

- *Financial assets at fair value through changes in profit or loss*. These assets have certain of the following characteristics:
    - The GAMESA Group intends to generate a profit from short-term fluctuations in their prices.
    - They have been included in this asset category since initial recognition, since they form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.
    - Derivative financial instruments that do not qualify for hedge accounting.

  The financial assets included in this category are stated in the consolidated balance sheet at fair value, and the changes in fair value are recognised under "Finance Costs", "Finance Income" and "Exchange Differences (Gains and Losses)", as appropriate, in the consolidated income statement.

  The GAMESA Group recognised in this category derivative financial instruments which, although they are effective as hedges in accordance with the GAMESA Group's risk management policies, do not qualify for hedge accounting under IAS 39, Financial Instruments. At December 31, 2014 and 2013, the impact of these financial instruments on the accompanying consolidated financial statements is not material (Note 22).

- *Held-to-maturity investments*. These are financial assets with fixed or determinable payments and fixed maturity that the GAMESA Group has the positive intention to hold until the date of maturity. The assets included in this category are measured at amortised cost, and the interest income is recognised in profit or loss on the basis of the effective interest rate. The amortised cost is understood to be the initial cost minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest rate is the discount rate that, at the date of acquisition of the asset, exactly matches the initial amount of a financial instrument to all its estimated cash flows of all kinds through its residual life.

  At December 31, 2014 and 2013, the GAMESA Group did not have any financial assets in this category.

- *Loans and receivables*. These are financial assets originated by the companies in exchange for supplying cash, goods or services directly to a debtor. The assets included in this category are also measured at amortised cost and are tested for impairment.

- *Available-for-sale financial assets*. These are financial assets not classified in any of the aforementioned three categories, nearly all of which relate to equity investments. These assets are presented in the consolidated balance sheet at fair value, which in the case of unlisted companies, is obtained using alternative methods, such as comparison with similar transactions or, if sufficient information is available, by discounting expected future cash flows. Changes in this market value are recognised with a charge or a credit to "Equity - Of the Parent - Unrealised Asset and Liability Revaluation Reserve" in the consolidated balance sheet until these investments are disposed of, at which time the accumulated balance of this heading relating to these investments is allocated in full to the consolidated income statement.

  However, investments in the share capital of unlisted companies whose fair value cannot be measured reliably are measured at acquisition cost. This procedure was used for all the available-for-sale financial assets at December 31, 2014 and 2013 (Notes 12 and 13).

Management of the GAMESA Group decides on the most appropriate classification for each asset on acquisition and reviews the classification at the end of each reporting period.

Category of financial assets at fair value

Following is an the analysis of the financial instruments which at December 31, 2014 and 2013 were measured at fair value subsequent to their initial recognition, classified in categories 1 to 3, depending on the fair value measurement method:

- Category 1: their fair value is obtained from directly observable quoted prices in active markets for identical assets and liabilities.

- Category 2: their fair value is determined using observable market inputs other than the quoted prices included in category 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Category 3: their fair value is determined using measurement techniques that include inputs for the assets and liabilities that are not directly observable market data.

	Fair value at December 31, 2014			
	Thousands of euros			
	Category 1	**Category 2**	**Category 3**	**Total**
Non-current financial assets				
Derivative financial instruments (Note 22)	-	1,864	-	1,864
Current financial assets				
Derivative financial instruments (Note 22)	-	8,963	-	8,963
Non-current liabilities				
Derivative financial instruments (Note 22)	-	(738)	-	(738)
Current liabilities				
Derivative financial instruments (Note 22)	-	(13,448)	-	(13,448)
TOTAL	**-**	**(3,359)**	**-**	**(3,359)**

	Fair value at December 31, 2013			
	Thousands of euros			
	Category 1	**Category 2**	**Category 3**	**Total**
Non-current financial assets				
Derivative financial instruments (Note 22)	-	186	-	186
Current financial assets				
Derivative financial instruments (Note 22)	-	19,579	-	19,579
Non-current liabilities				
Derivative financial instruments (Note 22)	-	(1,164)	-	(1,164)
Current liabilities				
Derivative financial instruments (Note 22)	-	(10,187)	-	(10,187)
TOTAL	**-**	**8,414**	**-**	**8,414**

The market value of the various financial instruments is calculated as follows:

- The market value of derivatives listed on an organised market is their market price at year-end.
- Hedging and trading derivatives consist of forward exchange rate contracts and interest rate swaps. These forward exchange rate contracts have been stated at fair value using the forward exchange rates listed on an active market Interest-rate swaps are measured at fair value using forward interest rates extracted from observable yield curves. The effects of discounting are generally not significant for Tier 2 derivatives.
- To measure derivatives not traded on an organised market, the GAMESA Group uses assumptions based on year-end market conditions. Specifically, the fair value of interest rate swaps is calculated by discounting at a market interest rate the difference between the swap rates, and the market value of foreign currency forward contracts is determined by discounting the estimated future cash flows using the forward rates existing at year-end.
- The Group's policy is to recognize transfers to or from the fair value hierarchy levels on the date of the event concerned or the date on which the circumstances that gave rise to the transfer change.
- There have been no transfers at any level during 2014.

- The measurement criteria for the derivatives at December 31, 2014 are those taken into consideration by IFRS 13. The entry into force of this legislation in January 2013 required a revision of the impact that the consideration of credit risk, including GAMESA itself, had on the fair value of certain financial instruments. Credit risk is the possibility of incurring a loss if the counter party to a transaction does not fully comply with its financial obligations agreed by contract in due time, form or amount. However, in general terms, it may also be defined as a decline in the value of assets due to the impairment of the counterparty's credit rating, even in the case where the counterparty fully complies with agreed payments. The impact due to the adjustment for credit risk made to the measurement of financial instruments depends on several factors.

  - A higher nominal amount implies a larger loss in the event of delinquency by one of the parties.

  - A longer-term means higher credit risk.

  - Counterparty credit ratings are the primary risk factor.

  - Guarantees are signed in order to reduce the exposure to counterparty credit risk.

  The application of IFRS 13 to the measurement of derivatives at December 31, 2014 did not give rise to any significant impact.

The effect of credit risk on the measurement of financial instruments depends on their future settlement. In the event that the settlement is favourable to the Group, a credit spread for the counterparty is included to quantify the probability of non-payment at maturity. Otherwise, if the settlement is expected to be negative for the Group the credit risk itself is applied to the final settlement for the Group. To determine whether or not the future settlements are favourable to the Group, a stochastic model must be used that simulates the performance of the derivative in various scenarios using complex mathematical models based on the volatility of the underlying asset, and applying the resulting credit spread in each simulation. The fair value of the rest of the financial assets and liabilities measured at amortized cost is considered to approximate their carrying value in accordance with IFRS 13.

Impairment of financial assets

Except for the financial assets classified at fair value through profit or loss, the financial assets are analysed by GAMESA Group in order to test them for impairment periodically and at least at the end of each reporting period. A financial asset is impaired if there is objective evidence that the estimated future cash flows of the asset have been affected as a result of one or more events that occurred after the initial recognition of the financial asset.

The GAMESA Group considers that a significant or prolonged decrease in fair value to below cost of unlisted shares classified as available for sale is objective evidence that the instrument has become impaired.

For the other financial assets, the GAMESA Group considers the following to be objective indicators of impairment:

- financial difficulty of the issuer or significant counterparty;
- default or delinquency in interest or principal repayments; or
- likelihood that the borrower will enter bankruptcy or a financial reorganisation process.

Cash and cash equivalents

“Cash and Cash Equivalents” in the consolidated balance sheet includes cash on hand, demand deposits and other highly liquid short-term investments that can be readily realised in cash (within a maximum of 3 months) and are not subject to a risk of changes in value (see Note 16).

Bank borrowings

Loans, bonds and similar interest-bearing items are initially recognised at the amount received, net of direct issue costs, under "Bank Borrowings" in the consolidated balance sheet. Borrowing costs are recognised on an accrual basis in the consolidated income statement using the effective interest method and they are aggregated to the carrying amount of the financial instrument to the extent that they are not settled in the year in which they arise. Also, obligations under finance leases are recognised at the present value of the lease payments under this consolidated balance sheet heading (see Note 21).

Trade payables

Trade payables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method.

Derivative financial instruments and hedge accounting (see Note 22)

Financial derivatives are initially recognised at fair value in the consolidated balance sheet and the required valuation adjustments are subsequently made to reflect their fair value at all times. Gains and losses arising from these changes are recognised in the consolidated income statement, unless the derivative has been designated as a hedge which is highly effective, in which case it is recognised as follows:

- In the case of fair value hedges, changes in the fair value of the derivative financial instruments designated as hedges and changes in the fair value of a hedged item due to the hedged risk are recognised with a charge or credit, as appropriate, to the consolidated income statement.

- In the case of cash flow hedges, the changes in the fair value of the hedging derivatives are recognised, in respect of the ineffective portion of the hedges, in the consolidated income statement, and the effective portion is recognised under "Equity - Of the Parent - Unrealised Asset and Liability Revaluation Reserve" and "Equity - Of the Parent - Translation Differences", respectively, in the consolidated balance sheet. If a hedge of a firm commitment or forecasted transaction results in the recognition of a non-financial asset or a non-financial liability, this balance is taken into account in the initial measurement of the asset or liability arising from the hedged transaction. If a hedge of a firm commitment or forecasted transaction does not result in the recognition of a non-financial asset or a non-financial liability, the amount recognised under "Equity - Of the Parent - Unrealised Asset and Liability Revaluation Reserve" in the consolidated balance sheet is recognised in the consolidated income statement in the same period as that in which the hedged item affects the net profit or loss.

  The GAMESA Group tests the effectiveness of its hedges, and the related tests are performed prospectively and retrospectively.

When hedge accounting is discontinued, any cumulative loss or gain at that date recognised under "Equity - Of the Parent - Unrealised Asset and Liability Revaluation Reserve" is retained under that heading until the hedged transaction occurs, at which time the loss or gain on the transaction will be adjusted. If a hedged transaction is no longer expected to occur, the gain or loss recognised under the aforementioned heading is transferred to the consolidated income statement.

Derivatives embedded in other financial instruments are treated as separate derivatives in accordance with the policies described in this Note for the other derivatives when their characteristics and risks are not closely related to those of the host contracts and the host contracts are not stated at fair value, and the changes in value are recognised with a charge or a credit to the consolidated income statement.

Financial liabilities and equity instruments

The financial liabilities and equity instruments issued by the GAMESA Group are classified on the basis of the nature of the issue as liabilities or equity instruments, as appropriate.

The GAMESA Group considers equity instruments to be any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Disposal of financial instruments

The GAMESA Group derecognises financial instruments only when the contractual rights on the cash flows from the assets expire, or the financial asset and substantially all the risks and rewards of ownership are transferred to another entity.

The Group derecognises the collection rights assigned (factored) and drawn down, since the rewards, rights and risks associated with these accounts receivable are contractually transferred to the factor, and, specifically, the factor assumes the related bad debt risk. The unmatured balances receivable arising from without-recourse factoring transactions at December 31, 2014 that were derecognised by the Group, amounted to €247.5 million (€250 million in December 31, 2013). The average amount of factored receivables in 2014 was €142.9 million (€226 million in 2013).

An exchange of debt instruments between a lender and borrower, provided that the instruments have substantially different conditions, will be recognised as the cancellation of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the current conditions governing a financial liability or a portion thereof (regardless of whether or not it is attributable to financial difficulties affecting the debtor) is recognised as a cancellation of the original financial liability and a new financial liability is recognised (Note 21).

i) Non-current assets (or disposal groups of assets) classified as held-for-sale and discontinued operations

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use, for which they must be available for immediate sale in their present condition and their sale must be highly probable.

For the sale of an asset or disposal group to be highly probable, the following conditions must be met:

- The GAMESA Group must be committed to a plan to sell the asset or disposal group.
- An active programme to locate a buyer and complete the plan must have been initiated.
- The asset or disposal group must be actively marketed for sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale.
- It is unlikely that significant changes to the plan will be made.

Assets and disposal groups classified as held for sale are measured in the consolidated balance sheet at the lower of carrying amount and fair value less costs to sell. Also, non-current assets are not depreciated while they are classified as held for sale.

There are events and circumstances that could spend the period necessary to complete the sale beyond one year. An extension of the period required to complete a sale does not mean that the asset (or disposable group of assets) is classified as held-for-sale if the delay is caused by events or circumstances outside of the company's control and there is sufficient evidence that the company remains committed to its plan to sell the asset (or disposable group of assets).

A discontinued transaction or activity is a component that has been sold or otherwise disposed of, or classified as held for sale and:

- represents a significant line of business or a geographic area and which may be considered to be independent from the rest;
- forms part of an individual and co-ordinated plan to sell or otherwise dispose of a significant line of business or a geographic area of operations that may be considered to be independent from the rest, or
- is a subsidiary acquired solely for the purpose of resale.

j) Leases

The GAMESA Group classifies leases as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are classified in the appropriate asset category in the consolidated balance sheet based on their nature and function at the lower of the fair value of the leased asset and the aggregate present values of the amounts payable to the lessor plus the purchase option, with a credit to "Bank borrowings" in the consolidated balance sheet. These assets are depreciated using methods similar to those used for the assets owned by the GAMESA Group (see Note 10).

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

k) Segment reporting

Reporting on operating segments is presented in accordance with the internal information that is provided to the maximum decision-taking authority. The maximum decision-taking authority has been identified, and is responsible for assigning resources and evaluating performance of operating segments, as the Board of Directors which is in charge of taking strategic decisions.

l) Transactions in foreign currency

l.1. Group companies

The functional currency of most of the GAMESA Group companies is the euro.

For all of the GAMESA Group's foreign companies with a functional currency other than the euro, the functional currency is the same as the local currency. Therefore, there are no functional currencies which are different from the local currencies in which each company pays the corresponding income tax. Consequently, changes in exchange rates do not give rise to any temporary differences which might lead to the recognition of a deferred tax asset or liability.

l.2. Transactions and balances

Transactions in a currency other than the functional currency of the GAMESA Group companies are translated to euros at the exchange rates prevailing on the date of the transaction. During the year, exchange differences between the exchange rate at which the transaction was translated and the exchange rate at which the collection or payment was translated are recognised with a charge or a credit to the consolidated income statement.

Also, foreign currency fixed-income securities and receivables and payables at December 31, of each year are translated to the functional currency at the exchange rates prevailing at the consolidated balance sheet date. Any exchange differences arising are recognised with a charge or a credit, as appropriate, to "Exchange differences (Gains and Losses)" in the consolidated income statement.

Exchange differences arising on a monetary item that forms part of the net investment in a company's foreign investment is recognised in profit and loss in the separate financial statements for the reporting company, or in the individual financial statements for the foreign business, as appropriate. In the consolidated financial statements that can attain the foreign business and the reporting company, there is exchange differences are initially recognised as a component separate from equity under the heading exchange differences and they are subsequently recognised in profit and loss when the foreign business is disposed of or the investment is recovered in full or in part by other means (Note 20).

The hedges that the GAMESA Group uses to reduce foreign currency risk are described in Note 22.

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The detail of the equivalent euro value of the monetary assets and liabilities denominated in currencies other than the euro held by the GAMESA Group at December 31, 2014 and 2013 is as follows:

Currency	**Equivalent value in thousands of euros**			
	12.31.2014		**12.31.2013**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Pound sterling	2,911	6,760	11,403	14,102
US dollar	503,246	317,957	441,387	434,127
Japanese yen	7,923	535	847	247
Egyptian pound	18,296	-	18,455	5,432
Chinese yuan	222,583	177,546	135,750	106,637
Polish zloty	11,139	-	21,972	1,868
Indian rupees	270,061	156,144	177,992	143,817
Brazilian real	222,487	158,824	385,158	386,118
Moroccan Dirham	12,049	18,304	10,066	23,355
Romanian lev	11,342	2,341	11,403	1,366
Mexican peso	23,914	6,797	13,502	6,796
Other currencies	24,206	416	1,232	14,402
TOTAL	**1,330,157**	**845,624**	**1,229,167**	**1,138,267**

The detail of the main foreign currency balances, based on the nature of the items concerned, is as follows:

Nature of the balances	**Equivalent value in thousands of euros**			
	12.31.2014		**12.31.2013**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Trade receivables (Note 15)	683,675	-	684,814	-
Cash and other liquid assets (Note 16)	646,482	-	544,353	-
Payables	-	815,751	-	1,028,193
Bank borrowings (Note 21)	-	29,873	-	110,074
TOTAL	**1,330,157**	**845,624**	**1,229,167**	**1,138,267**

m) Government grants

Government grants related to assets are deducted from the carrying amount of the assets financed by them and, therefore, they reduce the annual depreciation/amortisation charge relating to each asset over its useful life (see Notes 9 and 10).

Grants related to income are allocated to income in the year in which the related expenses are incurred. “Other Operating Income” in the consolidated income statements for 2014 and 2013 includes €214 thousands and €626 thousand, respectively, in this connection (Note 29.a).

n) Classification of current and non-current liabilities

Liabilities are classified as current or non-current on the basis of the projected period to maturity, disposal or settlement. Therefore, non-current liabilities are amounts due to be settled within more than twelve months from the date of the consolidated balance sheet, except as explained below.

Loans and credit facilities assigned to wind farms held for sale are classified at current or non-current on the basis of the period in which the wind farm will foreseeably be sold, since such sale, which is carried out through the sale of the shares of the public/private limited liability companies in which these wind farms are legally structured, entails the exclusion from the scope of consolidation of all the assets and liabilities of the wind farms.

Accordingly, regardless of the repayment schedule contractually relating to these borrowings, the total amount of borrowings assigned to the wind farms that will foreseeably be sold within twelve months from year-end is classified as a current liability.

o) Income Tax

Since 2002 GAMESA and certain subsidiaries located in the Basque Country subject to local income tax legislation pay taxes under the special consolidated tax regime. This regime is now regulated under the chapter VI of the title VI of the local Income Tax Regulation 11/2013, of 5 December, of the Vizcaya Historical Area.

Also, since 2010 the subsidiaries located in the Autonomous Community of Navarre Gamesa Eólica, S.L., Gamesa Innovation and Technology, S.L. Unipersonal and Estructuras Metálicas Singulares, S.A. Unipersonal have filed consolidated tax returns pursuant to Navarre Corporation Tax Regulation 24/1996, of 30 December.

Since 2005, Gamesa Technology Corporation, Inc. and its subsidiaries are taxed bay the Federal Income Tax under the Consolidated Tax consolidation.

Foreign companies and the rest of the Spanish companies that are not taxed under tax consolidation, are taxed in accordance with the legislation in force in their respective jurisdictions.

The income tax expense is accounted for using the balance sheet liability method. This method consists of determining deferred tax assets and liabilities on the basis of the differences between the carrying amounts of assets and liabilities and their tax base, using the tax rates that can objectively be expected to apply when the assets are realised and the liabilities are settled. Deferred tax assets and liabilities arising from direct charges or credits to equity accounts are also accounted for with a charge or credit to equity.

However, if the deferred taxes arise from the initial recognition of an asset or liability on a transaction other than a business combination that at the time of the transaction has no effect on the tax gain or loss, they are recognised.

The GAMESA Group recognises deferred tax assets to the extent that it is expected that there will be future taxable profits against which tax assets arising from temporary differences can be utilised (see Notes 25 and 27).

Deferred income tax is provided on temporary differences arising on subsidiary's undistributed profits, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Double taxation and other tax credits and tax relief earned as a result of economic events occurring in the year are deducted from the income tax expense, unless there are doubts as to whether they can be realised.

p) Parent company treasury shares

The treasury shares held by the Parent of the GAMESA Group at year-end are recognised at acquisition cost with a charge to "Equity - Of the Parent - Treasury Shares" in the consolidated balance sheet (see Note 18.e).

The gains and losses obtained by the GAMESA Group on disposals of treasury shares are recognised with a charge or a credit to the Group's consolidated equity.

q) Provisions

A distinction is drawn between:

- Provisions: present obligations at the balance sheet date arising from past events which are uncertain as to their amount and/or timing.
- Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events beyond the control of the consolidated companies; or possible obligations, whose occurrence is unlikely or whose amount cannot be reliably estimated.

The Group's consolidated financial statements include all the material provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled and whose amount can be measured reliably. Contingent liabilities are not recognised in the consolidated financial statements but rather are disclosed, except for those which arise in business combinations (see Notes 2.g and 23).

Provisions, which are quantified on the basis of the best information available on the consequences of the event giving rise to them and are reviewed and adjusted at the end of each year, are used to cater for the specific obligations for which they were originally recognised. Provisions are fully or partially reversed when such obligations cease to exist or are reduced.

Provisions are recognised when the liability or obligation arises with a charge to the relevant heading in the consolidated income statement based on the nature of the obligation, for the present value of the provision when the effect of discounting the obligation is material.

Provisions for warranty costs are recognised at the date of sale of the relevant products, at the best estimate of the expenditure required by the GAMESA Group to settle its liability, calculated on the basis of historical information and reports drawn up by the Technical Department (Note 23).

Present obligations deriving from those contracts considered to be onerous are recognised and recorded as provisions (Notes 3.b and 23). Onerous contracts are considered to be those in which the unavoidable costs to comply with the associated obligations exceed the financial benefits that are expected to be received from those contracts.

Court proceedings and/or claims in progress

At December 31, 2014 and 2013, certain litigation and claims were in progress against the consolidated companies arising from the ordinary course of their operations. The Group's legal advisers and its directors consider that the provisions recognised for this purpose are sufficient and that the outcome of these proceedings and claims will not have an additional material effect on the consolidated financial statements for the years in which they are settled (see Note 23).

At December 31, 2014 and 2013, there were no significant contingent liabilities or provisions that had not been recognised or disclosed in these consolidated financial statements.

r) Termination benefits

Under current labour legislation, the consolidated companies are required to pay termination benefits to employees terminated under certain conditions. The provisions related to restructuring processes when the Group has the implicit obligation to cover an outflow of resources due to the existence of a detailed formal plan and the generation of valid expectations among affected parties that the process will take place, either because the plan has started to be executed or because its main characteristics have been announced. The provisions for restructuring only include the payments that are directly related to restructuring that are not associated with the Group's continuing operations.

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s) Share-based payment

Equity-settled share-based payments are measured at the fair value of these obligations at the date of grant. This fair value is expensed on a straight-line basis over the vesting period, based on the GAMESA Group's estimate of the shares that will ultimately be delivered and credited to equity (see Note 18.e).

Fair value is measured using the market prices available on the measurement date, taking into account the characteristics of the related plan. If market prices are not available, generally accepted valuation techniques for measuring financial instruments of this nature are used (see Note 18.e).

If a concession of equity instruments is cancelled or liquidated during the period in which the concession is irrevocable (for a reason other than cancellation for failure to comply with the conditions for its irrevocable nature), Gamesa Group recognises the cancelation or liquidation as an acceleration of the consolidation of rights and, accordingly, will immediately recognise the amount in accordance with the preceding paragraphs that otherwise would have been recognised for the services received over the course of the period remaining for complying with the conditions.

For cash-settled share-based payments, a liability equal to their current fair value determined at each balance sheet date is recognised.

t) Consolidated cash flow statement

The GAMESA Group presents the consolidated cash flow statement using the indirect method, whereby first the net profit or loss is presented, which is then corrected for the effects of non-monetary transactions, of all manner of deferred and accrued payment items resulting from collections and payments in the past or in the future, and of consolidated income statement items associated with cash flows from activities classified as investing or financing activities.

The following terms are used in the consolidated statement of cash flows with the meanings specified:

- Cash flows. Inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.
- Operating activities. The principal revenue-producing activities of the GAMESA Group companies and other activities that are not investing or financing activities.
- Investing activities. The acquisition, sale or disposal through other means of non-current assets and other investments not included in cash and cash equivalents.
- Financing activities. Activities that cause changes in the size and composition of equity and liabilities and do not form part of operating activities.

There have been no significant additional non-monetary transactions in 2014 and 2013.

u) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year by the weighted average number of ordinary shares outstanding during the year, excluding the average number of GAMESA shares held.

Diluted earnings per share are calculated by dividing the net profit or loss for the year by the weighted average number of ordinary shares outstanding in the year, adjusted by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares of the Company. For such purposes, conversion is deemed to take place at the start of the period or when the potentially dilutive ordinary shares are issued, where they have become outstanding during the period in question.

Basic earnings per share in 2014 and 2013 coincided with diluted earnings per share, since there were no potential shares outstanding in those years (see Note 35).

v) Dividends

Any interim dividends approved by the Board of Directors are deducted from "Equity - Of the Parent" in the consolidated balance sheet. However, the final dividends proposed by the Board of Directors of GAMESA to the shareholders at the Annual General Meeting are not deducted from equity until they have been approved by the latter.

w) Interest cost

General and specific interest expense directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily require a substantial period of time to be prepared for use or sale, the cost of those assets is added, up until the time at which they are substantially prepared for use or sale.

Financial income obtained on the temporary investment of specific loans until used on qualifying assets is deducted from the interest expense that may be capitalised.

All other interest expenses are recognised in the income statement in the year in which they are incurred.

4- Financial risk management policy

Gamesa Group is exposed to certain financial risks that it manages by grouping together risk identification, measurement, concentration limitation and oversight systems. Gamesa's Corporate Division and the business units coordinate the management and limitation of financial risks through the policies approved at the highest executive level, in accordance with the established rules, policies and procedures. The identification, assessment and hedging of financial risks are the responsibility of each business unit.

a) Market risk (foreign currency risk)

This risk arises as a result of the international transactions carried out by the GAMESA Group in the ordinary course of its business. Part of its revenues and its expenses are denominated in US dollars, Indian rupees, Chinese yuan, Brazilian reals and Mexican pesos and, to a lesser extent, other currencies apart from the euro. The main line of action of the hedging strategy is based on maximizing natural hedging of the business by locating the supply of components and the manufacturing in the main regions where Gamesa Group is stablished and sells its products (e.g. India, Brazil and China).

However, the Group also uses financial instruments and hedging strategies in order to manage the exposure of the results to the foreign currency risk, which are affected by fluctuations that occur in the exchange rates.

In order to manage and minimise this risk, Gamesa Group uses hedging strategies, since its objective is to generate profits only through its ordinary business, and not by speculating in relation to exchange rate fluctuations.

For this purpose, the Group analyses the impact of the foreign currency risk on the basis of its firm order book, the forecasted portfolio and the planned transactions that are highly probable on the basis of contractual evidence. Risk exposure limits are established each year for a time horizon, which is in the range of 12-24 months, although a time horizon of less than one year is also considered which enables the Group, where necessary, to adapt to market trends, always associated with its net cash flows.

The Group's risk management policy is to cover up to a maximum of 80% of projected cash flows in each principal currency in the following period ranging 12 and 18 months. Periodically, new cash flow forecasts are updated in order to manage the adequate hedging strategy.

The main foreign currency balances at December 31, 2014 and 2013 are detailed in Note 3.l to the accompanying notes to the consolidated financial statements.

The instruments used to hedge against this risk are basically exchange rate swaps (see Note 22).

The following table shows the effects on profit and loss and equity of changes in exchange rates at the year-end for the Group's most significant currencies:

		Thousands of euros Debit / (Credit) (*)			
		5% euro devaluation		5% euro appreciation	
Currency	**Exchange rate at 12.31.2014**	**Impact on profits before taxes**	**Impact on equity before taxes**	**Impact on profits before taxes**	**Impact on equity before taxes**
US dollar	1.2141	(4,938)	(3,783)	4,507	3,427
Chinese yuan	7.5358	(1,354)	(5,857)	1,219	5,299
Indian rupees	76.7165	(593)	(8,403)	532	7,602
Brazilian real	3.2207	(1,912)	(5,018)	1,730	4,552
Mexican peso	17.9183	(1,181)	(1,629)	1,068	1,473

		Thousands of euros Debit / (Credit) (*)			
		5% euro devaluation		5% euro appreciation	
Currency	**Exchange rate at 12.31.2013**	**Impact on profits before taxes**	**Impact on equity before taxes**	**Impact on profits before taxes**	**Impact on equity before taxes**
US dollar	1.3791	(5,146)	(2,747)	5,691	2,664
Chinese yuan	8.3491	(43)	(5,185)	179	5,309
Indian rupees	85.336	(3,304)	(4,488)	3,533	4,370
Brazilian real	3.2600	(5,644)	(507)	6,130	507
Mexican peso	18.0700	(9,645)	(1,113)	10,710	1,113

(*) Income and equity increase in negative and expenses and equity decrease in positive.

b) Market risk (price)

The price risk considered by the Group is related to the price of raw materials that the Group mitigates, in general, transferring the risk to customers through sales contracts.

c) Market risk (interest rate)

The Group uses external financing sources for the performance of some of their operations, and the it is exposed to rising interest rates on its debt.

Loans at variable rates expose the Group to interest rate risk, which is partially offset by cash held at variable rates. Loans at fixed rate expose the Group to fair value interest rate risks.

The hedging instruments assigned specifically to debt instruments are limited to a maximum of the same nominal amounts and have the same established maturities as the hedged items (Note 22).

The Gamesa Group implements an interest rate risk management analyzing periodically, at least every six months, the loans exposure to the interest rates and terms, determining the ideal percentage of fixed or variable rate (maximum of 50% fixed rate), always with a non-speculative hedging purposes.

The debt structure at December 31, 2013 and 2014, drawing a distinction between fixed and floating rate borrowings (Note 21), is as follows:

	Thousands of euros			
	2014		2013	
	Excluding hedges	Including hedges	Excluding hedges	Including hedges
Fixed income	-	12,805	-	389,582
Variable rate	619,894	607,089	1,261,303	871,721

The floating-rate debt is basically tied to the LIBOR or EURIBOR.

The sensitivity of results and equity to changes in interest rates, taking into consideration the effect of the interest rate hedging derivatives, is as follows:

	Thousands of euros Debit / (Credit) (*)			
	Change in the interest rate -0,25%		Change in the interest rate +0,25%	
	Impact on profits before taxes	Impact on equity before taxes	Impact on profits before taxes	Impact on equity before taxes
Year 2014	(2,304)	(2)	2,304	2
Year 2013	(2,286)	(6)	2,286	6

(*) Income and equity increase in negative and expenses and equity decrease in positive.

d) Liquidity risk

The GAMESA Group holds cash and highly liquid non-speculative short-term instruments through leading banks in order to be able to meet its future obligations. Also, it attempts to maintain a financial debt structure that is in line with the nature of the obligations to be financed and, therefore, non-current assets are financed with long-term financing (equity and non-current borrowings), whereas working capital is financed with current borrowings.

Also, in 2014 the GAMESA Group had an average of unused credit facilities equal to approximately 60.77% in 2014 of the bank financing drawn down (34.06% in 2013).

e) Credit risk

The GAMESA Group is exposed to credit risk to the extent that a counterparty or customer does not meet its contractual obligations. Products and services are sold to customers that have an appropriate and adequate credit history with respect to which solvency analyses are established.

In addition, GAMESA Group's customer portfolio is mainly made up of large electric companies with high credit ratings. For customers with no credit rating and in the case of international sales to non-recurring customers, mechanisms such as irrevocable letters of credit and insurance policies are used to ensure collection. Also, the financial solvency of customers is analysed and specific terms and conditions are included in contracts aimed at guaranteeing payment of the stipulated price.

The analysis of the age of financial assets outstanding for which no provision whatsoever has been deemed necessary at December 31, 2014 and December 31, 2013 is as follows:

	Thousands of euros	
	2014	**2013**
90 – 180 days	18,439	19,535
More than 180 days	80,385	60,145
TOTAL	**98,824**	**79,680**

Moreover, historically the Group has considered that, due to the characteristics of the customers, receivables with lower than 90 days maturity have no credit risk because it is considered the normal period of payment of the sector.

The credit quality of cash and other cash equivalents at December 31, 2014 and 2013 is as follows:

	Thousands of euros	
	2014	**2013**
A+	52,185	101,675
A	152,342	15,741
A-	94,666	115,172
AA-	5,592	359
BBB+	74,767	10,392
BBB	280,386	180,343
BBB-	121,502	448,771
BB+ o BB	19,332	19,156
BB- o inferior	10,257	1,991
TOTAL	**811,029**	**893,600**

5- Estimates and sources of uncertainty

The preparation of these consolidated financial statements made it necessary for the GAMESA Group to make assumptions and estimates. The estimates with a significant effect on the accompanying consolidated financial statements are as follows:

- GAMESA launched a new business plan 2013-2015 published on October 25 2012, which includes measures that requires Management's estimation of the recoverable value of certain fixed assets (Note 10), intangible assets, (Notes 9) and stocks (Note 14).
- The GAMESA Group recognises by reference to the stage of completion revenue from wind farm and WTGS sale contracts that meet the requirements established in this connection (see Note 3.b). This requires that a reliable estimate must be made of the revenue from each contract and the total contract costs, as well as of the percentage of completion at year-end from technical and economic standpoints.

- As is indicated in Note 3.d) and 3.e), GAMESA Group determines the estimated useful lives and the relevant depreciation/amortization charges for its intangible assets and property, plant and equipment. The Group will increase the depreciation/amortisation charge where useful lives are shorter than previously estimated, and write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.
- The GAMESA Group estimates the current provisions required for warranties for possible repairs and start-up costs that the Group will have to incur in connection with sales of WTGSs (see Notes 3.q and 23).
- The GAMESA Group has made certain assumptions in order to calculate the liability arising from obligations to employees (see Notes 3.r and 18.e) The fair value of those financial instruments granted as share-based payments that are not traded in an active market is determined by using measurement techniques. The Group uses judgments to select a variety of methods and to develop assumptions that are primarily based on the market conditions existing at each balance sheet date. Changes in these assumptions would not have a significant impact on these consolidated financial statements.
- The impairment tests require the estimation of the future evolution of the businesses and the most appropriate discount rate in each case. GAMESA Group believes that its estimates in this area are adequate and coherent with the current economic environment and they reflect its investment plans and the best estimates available regarding its future revenues and income, and it considers that its discount rates adequately reflect the risks relating to each cash generating unit.
- GAMESA analyses its accounts receivable and, on the basis of its best estimates, quantifies the amount thereof that could be uncollectible (Note 15).
- GAMESA Group estimates its contingent liabilities (Notes 3.q and 23).
- The Group is subject to income taxes in numerous jurisdictions. A significant level of judgment is required to determine the worldwide provision for income tax. There are many transactions and calculations with respect to which the ultimate calculation of the tax is uncertain in the ordinary course of business. The Group recognizes liabilities for potential tax claims based on an estimation of whether or not additional taxes will be necessary. When the final tax result differs from the amounts which were initially recognised, such differences will have an effect on income tax and the provisions for deferred taxes in the year in which they are deemed to arise (Note 27).
- The GAMESA Group recognises deferred tax assets, tax loss carryforwards and unused tax credits and tax relief only to the extent that their future realisation or utilisation is sufficiently assured (Note 25).
- As is indicated in Notes 1 and 36, in accordance with the Business Plan 2013-2015 and the new strategic orientation of wind energy plant development and sale, the assets and liabilities relating to the development activity in the United States are presented as disposal groups held for sale after the decision by Management to suspend the development and sale of wind energy plants in the United States.

Although these estimates were made on the basis of the best information available at December 31, 2013 and 2012 on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively in accordance with the requirements of IAS 8, recognising the effects of the change in estimates in the related consolidated income statements.

6- Application of results

The proposal for distributing 2014 net profits by Gamesa Corporación Tecnológica, S.A. that the Board of Directors will present to shareholders at a General Meeting for approval, calculated in accordance with Spanish accounting legislation applicable to the Company's individual financial statements, is as follows:

	Thousands of euros
BASIS OF DISTRIBUTION:	
Profit for the year	49,659
TOTAL	**49,659**
DISTRIBUTION:	
Legal reserve	86
Voluntary reserves	25,757
Dividends	23,040
TOTAL	**49,659**

7- Segment reporting

As a result of the development and implementation of the Business Plan 2013-2015, GAMESA Group revised the operating configuration of the business units during the first half of 2013, which had relevant impacts on the financial information and management information used by the executive boards at the Group. This review had an impact on the reportable segments which are as follows at December 31, 2013 and 2014:

- Wind Turbines (*)
- Operations and maintenance

The following should be taken into consideration with respect to the segmented information presented below:

- The segments were taken to be business units, since the GAMESA Group is organisationally structured in this manner, and the internal information generated for the Board of Directors and is also presented in this way.
- Companies consolidated using the equity method (Note 11) are all included in the Manufacturing segment.

(*) Wind turbine manufacturing includes the development, construction and sale of energy plants.

a) Information by business units

Revenue

The breakdown, by segment, of consolidated revenue for the years ended December 31, 2014 and 2013 is as follows:

	Thousands of euros	
Segment	**2014**	**2013**
Wind Turbines	2,411,087	1,970,770
Operations and maintenance	435,070	364,848
NET REVENUES FROM CONTINUED OPERATIONS	**2,846,157**	**2,335,618**

Result for the year

The breakdown, by segment, of the contribution to the profit after tax for the years ended December 31, 2014 and 2013 is as follows:

	Thousands of euros	
Segment	**2014**	**2013**
Wind Turbines	125,817	80,531
Operations and maintenance	55,362	42,539
Total Results Segment Operations	**181,179**	**123,070**
Unassigned results	(51,212)	(66,905)
Corporate income tax	(38,119)	(11,132)
RESULTS FOR THE YEAR ATTRIBUTABLE TO THE PARENT COMPANY	**91,848**	**45,033**

b) Geographical information

In addition, the GAMESA Group currently operates in the following geographical markets:

- Spain
- Rest of Europe
- United States
- China
- India
- Brazil
- Mexico
- Rest of world

The most significant disclosures in this connection are as follows:

Revenue

The breakdown, by geographical segment, of revenue at December 31, 2014 and 2013 is as follows:

	2014		2013	
Geographical area	**Thousands of euros**	**%**	**Thousands of euros**	**%**
Spain	296,687	10.4%	217,448	9.3%
Rest of Europe	288,087	10.1%	250,562	10.7%
United States	380,871	13.4%	48,509	2.1%
China	126,046	4.4%	11,594	0.5%
India	477,627	16.8%	466,110	20.0%
Brazil	531,245	18.7%	423,928	18.2%
Mexico	359,708	12.6%	554,703	23.7%
Rest of the world	385,886	13.6%	362,764	15.5%
TOTAL	**2,846,157**	**100%**	**2,335,618**	**100%**

Total assets

The detail, by geographical segment, of the total assets at December 31, 2014 and 2013 is as follows:

	12.31.2014		12.31.2013	
Geographical area	**Thousands of euros**	**%**	**Thousands of euros**	**%**
Spain	1,843,676	43.4%	2,448,984	51.4%
Rest of Europe	282,570	6.6%	408,229	8.6%
United States	438,254	10.2%	363,041	7.6%
China	321,404	7.6%	212,357	4.5%
India	484,755	11.4%	243,688	5.1%
Brazil	423,214	10.0%	556,213	11.7%
Mexico	276,859	6.5%	375,348	7.9%
Rest of the world	181,118	4.3%	151,517	3.2%
TOTAL	**4,251,850**	**100%**	**4,759,377**	**100%**

Investment in assets

The detail, by geographical segment, of the investments in property, plant and equipment and other intangible assets at December 31, 2014 and 2013 is as follows:

	12.31.2014		12.31.2013	
Geographical area	**Thousands of euros**	**%**	**Thousands of euros**	**%**
Spain	72,870	65.6%	107,540	77.8%
Rest of Europe	6,917	6.2%	179	0.1%
United Sates	11,290	10.2%	7,043	5.1%
China	4,253	3.8%	1,843	1.3%
India	5,033	4.6%	12,892	9.3%
Brazil	10,318	9.3%	8,680	6.3%
Mexico	358	0.3%	92	0.1%
Rest of the world	47	0.0%	25	0.0%
TOTAL	**111,086**	**100%**	**138,294**	**100%**

8- Goodwill

The disclosure of "Goodwill" by cash-generating units is as follows:

	Thousands of euros	
	12.31.2014	**12.31.2013**
“Wind Turbine” cash-generating unit	266,862	266,862
“Operations and maintenance” cash-generating unit	119,894	119,894
TOTAL	**386,756**	**386,756**

As indicated in Note 3.c, at least once a year the Group assesses whether its goodwill has become impaired. In this regard, for the purposes of performing the impairment test, the goodwill was entirely allocated to each of the cash-generating units that are consistent with the segments identified by the Group (Note 7): "Wind Turbines" and "Operations and Maintenance", since they are both the smallest identifiable groups of assets that the Group's directors use to monitor them, as provided for in IAS 36.

a) Goodwill allocated to the "Wind Turbine" cash-generating unit

For the goodwill identified with the WTGS manufacturing segment, the recoverable amount of the cash generating unit taken as a whole was measured by reference to their value in use, which was calculated on the basis of cash flow projections (approved by management) which represent the best estimates covering a period of five years and an estimated residual value as a perpetual return of a year that does not contain cyclical or seasonal factors, with a growth rate of 1%.

The cash flows considered correspond to those generated by the cash generating unit "Wind turbines", engaging in general in the design, development, manufacture and sale of WTGSs and their related components, and the research and development activities associated therewith, and the promotional activities necessary to sell wind energy plants. These production activities are planned and managed jointly by the management of GAMESA regardless of the geographic location of the promotion and installation activity, based on availability and efficiency criteria.

In order to calculate the value in use, the assumptions made include the discount rate based on the weighted average cost of capital (WACC), which reflects time value of money and the risks specific to each cash-generating unit, amounting 9.2%.

From a business standpoint, the following key assumptions were made in 2014:

- Growth in the MW sold (2,623 MW), over the high range of activity in the Business Plan 13-15 (2,400 MW) fundamentally due to the increase in overall demand, particularly in the Indian, Mexican and Brazilian markets.
- Growth in operating margins (6.7% in 2014) in line with the Business Plan 13-15 due to the increase in activity, the launch of new products, the optimization of variable costs and the reduction of fixed costs.
- Investment control (€109 million consolidated net operating investments in 2014) below the Business Plan´s guides (< €150 million), and progressive improvement of the working capital and sales ratio in line with the Business Plan 2013-15 (working capital over sales ratio less than 15%), due to the aligning of the production to the portfolio entries and to the optimization of all the items composing the current assets (inventories, trade receivables, etc).

Based on the estimates and projections available to the directors of GAMESA, the income forecasts attributable to each of the cash generating unit to which the aforementioned goodwill was allocated adequately support the amounts of goodwill recognised at December 31, 2014.

In addition, from a perspective of analysing sensitivity, GAMESA Group has applied sensitivity calculations to the results of this impairment test, recording the following reasonable changes in the key assumptions:

- 5% decrease in the MW sold in coming years.
- 5% decrease in average revenues per MW.
- 5% increase in fixed costs.

These sensitivity analyses performed individually for each key assumption would not reveal the existence of any impairment.

Furthermore, GAMESA has performed a sensitivity analysis, consisting of increasing the discount rate by 50 basis points, which would not lead to the need to record any impairment.

b) Goodwill allocated to the "Operations and Maintenance" cash-generating unit

For the goodwill identified with the operating and maintenance cash-generating unit, the recoverable amount of the cash generating unit taken as a whole was measured by reference to their value in use, which was calculated on the basis of cash flow projections (approved by management) which represent the best estimates covering a period of five years and an estimated residual value as a perpetual return of a year that does not contain cyclical or seasonal factors, with a growth rate of 1%.

The cash flows taken into consideration relates to those generated by the business unit "Operations and Maintenance", generally engaged in operating and maintenance activities at wind energy plants in the portfolio. These production activities are planned and managed jointly by the management of GAMESA regardless of the geographic location of the promotion and installation activity, based on availability and efficiency criteria.

In order to calculate value in use, the assumptions made include the discount rates based on the weighted average cost of capital (WACC), include the factors involved in which the time value of money and the risks associated with the cash generating unit, which stand at 9.2%.

From a business standpoint, the following key assumptions were made in 2014:

- Growth in the MW maintained (20,770) over the coming years in accordance with the Business Plant 13-15.
- Increase in the EBIT margin above the wind turbine segment, in line with the Business Plan 13-15 and in line with the improvement in 2014 (approximately 12.5% EBIT margin in 2014).

Based on the estimates and projections available to the directors of GAMESA, the income forecasts attributable to each of the cash generating unit to which the aforementioned goodwill was allocated adequately support the amounts of goodwill recognised and, therefore, no problems regarding the recovery of the aforementioned goodwill were detected at December 31, 2014.

In addition, from a perspective of analysing sensitivity, at December 31, 2014 GAMESA Group applied sensitivity calculations to the results of this impairment test, recording the following reasonable changes in the key assumptions:

- 5% decrease in the MW maintained in coming years.
- 5% increase in the MW maintained in coming years.
- 5% decrease in average revenues per MW.
- 5% increase in average revenues per MW.

These sensitivity analyses performed individually for each key assumption would not reveal the existence of any impairment.

Furthermore, GAMESA has performed a sensitivity analysis, consisting of increasing the discount rate by 50 basis points, which would not lead to the need to record any impairment.

Therefore, in accordance with the estimates and projections available to the Group, the outlook for both the wind turbine and Operating and Maintenance cash generating units to which the goodwill is assigned adequately support the value of the goodwill recognised at December 31, 2014 and, as a result, there is no impairment whatsoever.

9- Other intangible assets

The changes in "Other Intangible Assets" in the consolidated balance sheet in 2014 and 2013 were as follows:

	Development expenses	Concessions, patents, licences, trademarks and other	Computer software	Prepayments	Total
	Thousands of euros				
COST					
Balance at 01.01.2013	**425,769**	**28,004**	**70,105**	**2,046**	**525,924**
Additions	58,162	5	3,977	2,270	64,414
Disposals	-	-	(57)	-	(57)
Exchange differences in foreign countries	(900)	(881)	(211)	-	(1,992)
Transfers	(30)	-	2,730	(2,605)	95
Balance at 12.31.2013	**483,001**	**27,128**	**76,544**	**1,711**	**588,384**
Additions	49,766	-	3,745	2,181	55,692
Disposals	(1,166)	-	(73)	-	(1,239)
Exchange differences in foreign countries	2,330	575	283	-	3,188
Transfers	2,989	356	3,296	(3,239)	3,402
Balance at 12.31.2014	**536,920**	**28,059**	**83,795**	**653**	**649,427**
DEPRECIATION					
Balance at 01.01.2013	**(172,295)**	**(21,702)**	**(41,653)**	**-**	**(235,650)**
Charge for the year (Note 29.e)	(10,152)	(61)	(9,970)	-	(20,183)
Exchange differences in foreign countries	-	(5)	29	-	24
Disposals	66	21	60	-	147
Transfers	548	-	(644)	-	(96)
Balance at 12.31.2013	**(181,833)**	**(21,747)**	**(52,178)**	**-**	**(255,758)**
Charge for the year (Note 29.e)	(21,668)	(108)	(9,362)	-	(31,138)
Exchange differences in foreign countries	641	-	73	-	714
Disposals	(138)	(21)	(164)	-	(323)
Transfers	(511)	(190)	457	-	(244)
Balance at 12.31.2014	**(203,509)**	**(22,066)**	**(61,174)**	**-**	**(286,749)**
IMPAIRMENT LOSSES					
Balance at 01.01.2013	**(126,201)**	**-**	**(35)**	**-**	**(126,236)**
Impairment loss recognised in the year	(12)	-	-	-	(12)
Exchange differences in foreign countries	682	-	-	-	682
Balance at 12.31.2013	**(125,531)**	**-**	**(35)**	**-**	**(125,566)**
Impairment loss recognised in the year	-	-	-	-	-
Exchange differences in foreign countries	(2,065)	-	-	-	(2,065)
Disposals and reversal of impairment losses	-	-	-	-	-
Transfers	385	(420)	35	-	-
Balance at 12.31.2014	**(127,211)**	**(420)**	**-**	**-**	**(127,631)**
TOTAL OTHER INTANGIBLE ASSETS AT 12.31.2013	**175,637**	**5,381**	**24,331**	**1,711**	**207,060**
TOTAL OTHER INTANGIBLE ASSETS AL 12.31.2014	**206,200**	**5,573**	**22,621**	**653**	**235,047**

At December 31, 2014 the most significant development project relates to the Multi-MW platform for a net total of €133 million (€124 million in 2013), and this platform allows the development of both onshore and offshore projects. The recoverability of the investment during the development of this project has been analysed comparing its cost of value with the higher of its value in use and fair value, being the latter contrasted by an independent expert.

The remaining capitalized development expenditure corresponds to improvements in technology fully in use, in accordance with the business plan 2013-2015.

The impairment provision reflected at December 31, 2014, relates mainly to development costs incurred until 2012 in specific developments, basically related to the design of blades, on which there were doubts about its ability to generate future cash flows.

In 2014 and 2013 the main addition to "Development Expenditure" is due to the development in the WTGS manufacturing segment (mainly at the subsidiary Gamesa Innovation and Technology, S.L. (Sole-Shareholder Company), of new WTGS models and to the optimisation of the performance of their components amounting to approximately €45,473 thousands and €53,485 thousands, respectively.

Research and development expenses not capitalised during 2014 totalled €26 million (€32.5million in 2013).

Fully depreciated intangible assets in use at December 31, 2014 and 2013 amounted to approximately €245,791 thousands and €240,135 thousands, respectively.

At December 31, 2014, GAMESA group had intangible asset purchase commitments amounting to €2,069 thousands (€11,030 thousands in December 31, 2013).

10- Property, plant and equipment

The changes in "Property, Plant and Equipment" in the consolidated balance sheet in 2014 and 2013 were as follows:

	Thousands of euros				
	Land and buildings	**Technical facilities and machinery**	**Other property, plant and equipment**	**Property, plant and equipment under construction**	**Total**
COST					
Balance at 01.01.2013	**275,975**	**280,916**	**416,984**	**61,862**	**1,035,737**
Change in the consolidation scope (Note 2.g)	-	-	-	-	-
Additions	3,927	19,858	34,181	15,914	73,880
Disposals	(2,287)	(8,124)	(14,601)	(1,518)	(26,530)
Exchange differences in foreign currency	(5,586)	(5,176)	(7,356)	(2,174)	(20,292)
Transfers	5,618	60,189	(8,640)	(59,320)	(2,153)
Balance at 12.31.2013	**277,647**	**347,663**	**420,568**	**14,764**	**1,060,642**
Change in the consolidation scope (Note 2.g)	(67,148)	(988)	-	-	(68,136)
Additions	4,410	8,158	30,226	12,600	55,394
Disposals	(4,396)	(34,079)	(18,013)	(170)	(56,658)
Exchange differences in foreign currency	11,375	7,013	11,011	735	30,134
Transfers	(946)	6,353	(1,150)	(10,333)	(6,076)
Balance at 12.31.2014	**220,942**	**334,120**	**442,642**	**17,596**	**1,015,300**

	Thousands of euros				
	Land and buildings	Technical facilities and machinery	Other property, plant and equipment	Property, plant and equipment under construction	Total
DEPRECIATION					
Balance at 01.01.2013	**(62,362)**	**(163,171)**	**(242,780)**	**-**	**(468,313)**
Change in the consolidation scope (Note 2.g)	-	-	-	-	-
Charge for the year (Note 28.e)	(10,529)	(21,554)	(34,308)	-	(66,391)
Disposals	1,378	4,258	3,904	-	9,540
Exchange differences in foreign currency	977	2,528	3,206	-	6,711
Transfers	-	1,502	(564)	-	938
Balance at 12.31.2013	**(70,536)**	**(176,437)**	**(270,542)**	**-**	**(517,515)**
Change in the consolidation scope (Note 2.g)	15,324	988	-	-	16,312
Charge for the year (Note 28.e)	(10,419)	(20,794)	(29,604)	-	(60,817)
Disposals	2,222	23,158	11,678	-	37,058
Exchange differences in foreign currency	(2,936)	(3,963)	(6,833)	-	(13,732)
Transfers	-	-	705	-	705
Balance at 12.31.2014	**(66,345)**	**(177,048)**	**(294,596)**	**-**	**(537,989)**
IMPAIRMENT LOSSES					
Balance at 01.01.2013	**(30,148)**	**(60,632)**	**(75,687)**	**-**	**(166,467)**
Application recognised in the year (Note 2.g)	451	-	-	-	451
Impairment loss recognised in the year	-	(5,972)	(424)	(1,099)	(7,495)
Transfers	730	2,658	1,447	1,099	5,934
Exchange differences in foreign currency	1,052	910	180	-	2,142
Balance at 12.31.2013	**(27,915)**	**(63,036)**	**(74,484)**	**-**	**(165,435)**
Change in the scope of consolidation (Note 2.g)	9,192	-	-	-	9,192
Application recognised in the year (Note 2.g)	(1,283)	(954)	-	-	(2,237)
Impairment loss recognised in the year	(1,728)	-	3,530	-	1,802
Disposals	468	11,718	5,405	-	17,591
Exchange differences in foreign currency	(476)	-	(4,211)	-	(4,687)
Balance at 12.31.2014	**(21,742)**	**(52,272)**	**(69,760)**	**-**	**(143,774)**
TOTAL PROPERTY, PLANT AND EQUIPMENT AT 12.31.2013	**179,196**	**108,190**	**75,542**	**14,764**	**377,692**
TOTAL PROPERTY, PLANT AND EQUIPMENT AT 12.31.2014	**132,855**	**104,800**	**78,286**	**17,596**	**333,537**

a) Investments for the financial year

The main additions in 2014 relate mainly to the new nacelle assembly plant in Brazil and the purchase of molds associated with the launch of new blade models G114 and G132. The additions in 2013 were due to the investment in new plants in India and Brazil and the launch of the G97 blade in all geographical areas, as well as the additions related to the G10X machine.

The Disposals during the year 2014, are basically related to the disposal of various plants, closed production lines or production lines with no activity in Spain, which were the subject of provision for impairment in previous years.

Furthermore, movements in changes in consolidation scope correspond to the way out of the Group of Sistemas Energéticos Amodóvar del Río, S.L. (Note 2.g).

The provisions at December 31, 2014 and 2013 are basically related to the amount provisioned in previous years referred to impairments derived from:

- Installations, molds and tools affected by the introduction of new processes and application of other technologies, mainly in blade plants
- Closure of industrial plants
- Capacity adjustments
- Low return on assets in use- wind farms in Spain

b) Leasing contracts

At December 31, 2014 and 2013, GAMESA has no financial leases..

c) Totally depreciated assets

The amounts of operating tangible assets fully depreciated at December 31, 2014 and 2013 amounted to €302,899 thousands and €302,706 thousands, respectively. At December 31, 2014 and 2013, most of them correspond to molds and tools for the manufacture of wind turbines.

d) Commitments for the acquisition of assets

At December 31, 2014 the GAMESA Group companies had plant and equipment purchase commitments amounting €8,171 thousands (€8,540 thousands in 2013) approximately, related mainly to production facilities and new developments of wind facilities and its components.

e) Insurance coverage

The GAMESA Group takes out insurance policies to adequately insure its property, plant and equipment. Also, the Gamesa Group has taken out insurance policies to cover the WTGs while they are being assembled.

11- Investments carried under the equity method

The breakdown of the investments in associates of the GAMESA Group at December 31, 2014 and 2013 is as follows:

		Thousands of euros	
Company	**Shareholding percentage**	**12.31.2014**	**12.31.2013**
Windar Renovables, S.L. (Note 32)	32%	41,207	39,709
9Ren España, S.L.	49%	14,651	20,000
Otras	-	345	328
TOTAL		**56,203**	**60,037**

The changes in 2014 and 2013 in this heading in the consolidated balance sheet were as follows:

	Thousands of euros	
	2014	2013
BEGINNING BALANCE	**60,037**	**70,458**
Changes in the consolidation scope (Note 2.g)	(30)	(111)
Profit for the year	(667)	(8,523)
Others	(3,137)	(1,787)
ENDING BALANCE	**56,203**	**60,037**

The heading "Changes in the consolidation scope" includes:

- In 2014, the disposal of WorldWater& Solar Technologies, Inc. (Note 2.g). As it was practically 100% impaired, it had no impact on the Consolidated Annual Accounts at December 31, 2014.
- The liquidation of the company Skybuilt Power, Inc. in 2013 (Note 2.g). Given that it was impaired practically 100%, it did not have a significant impact on the consolidated annual accounts at December 31, 2013.

The breakdown of consolidated assets, liabilities, revenues and expenses of companies recognised using the equity method at December 31, 2014, is as follows:

Year 2014	Thousands of euros	
	Windar Renovables, S.L. and subsidiaries	**9Ren España, S.L.**
Total non-current assets	56,707	9,626
Total current assets	89,406	41,933
TOTAL ASSETS	**146,113**	**51,559**
Total net equity	63,467	35,348
Total non-current liabilities	11,333	1,325
Total current liabilities	71,313	14,886
TOTAL LIABILITIES AND EQUITY	**146,113**	**51,559**

Year 2014	Thousands of euros	
	Windar Renovables, S.L. and subsidiaries	**9Ren España, S.L.**
Total revenues	146,478	2,980
Total expenses	(135,210)	(8,448)
RESULT BEFORE TAXES	**11,268**	**(5,468)**
Corporate income tax expenses	(4,549)	-
PROFIT (LOSS) AFTER TAX	**6,719**	**(5,468)**

Year 2013	Thousands of euros			
	Windar Renovables, S.L. and subsidiaries	Worldwater & Solar Technologies, Inc.	New Broadband Network Solutions, S.L.	9Ren España, S.L.
Total non-current assets	55,393	49	2,502	8,866
Total current assets	70,543	982	2,728	49,930
TOTAL ASSETS	**125,936**	**1,031**	**5,230**	**58,796**
Total net equity	55,807	(4,819)	(2,877)	40,815
Total non-current liabilities	11,475	181	7,559	2,883
Total current liabilities	58,654	5,669	548	15,098
TOTAL LIABILITIES AND EQUITY	**125,936**	**1,031**	**5,230**	**58,796**

Year 2013	Thousands of euros			
	Windar Renovables, S.L. and subsidiaries	Worldwater & Solar Technologies, Inc.	New Broadband Network Solutions, S.L.	9Ren España, S.L .
Total revenues	104,996	293	2,551	8,939
Total expenses	(106,380)	(5,350)	(6,282)	(21,330)
RESULT BEFORE TAXES	**(1,384)**	**(5,057)**	**(3,731)**	**(12,391)**
Corporate income tax expenses	405	-	-	-
RESULTS AFTER TAX	**(979)**	**(5,057)**	**(3,731)**	**(12,391)**

a) Shareholding in Windar Renovables, S.L. and subsidiaries

Based on the agreements concluded in 2007, in 2014 the Daniel Alonso Group must inform GAMESA in writing of its intention as regards the total or partial transfer of its ownership interest in Windar Renovables, S.L. Whether the Daniel Alonso Group intends to transfer its ownership interest in Windar Renovables, S.L. or whether it decides to continue to hold it, mechanisms would be activated to facilitate the sale by GAMESA of its ownership interest in Windar Renovables, S.L.

In the event that the intention of Daniel Alonso Group if affirmative, the parties would look for mechanisms for realizing value and liquidity of their stakes in Windar Renovables, S.L. within one year. In the event that there is at least one binding offer that is acceptable with respect to all terms and conditions for one party but is not accepted by the other, the latter would be required to acquire from the former its share in Windar Renovables, S.L. at the price and under the same terms and conditions established in the third-party binding offer referred to above.

If the intention is negative:

1. Daniel Alonso Group will attempt to facilitate the entry of a third-party buyer for Gamesa's interest or,
2. after one year has elapsed since Daniel Alonso Group reported its negative intention, within one month after one year has elapsed Gamesa may provide written notice of its desire to sell its stake in Windar Renovables, S.L. to Daniel Alonso, which will be required to buy within one month following the date on which such notification was received, directly or indirectly, even through Windar Renovables itself, Gamesa's stake and the price will be a certain EBITDA multiple adjusted for net debt, both figures recognised in the last year ended.

At the date of preparation of these consolidated financial statements, the Daniel Alonso Group has not sent any communication to GAMESA concerning its intention to transmit totally or partially its share in Windar Renovables, SL. GAMESA retains the rights described in paragraphs (1) and (2), but did not activate any of the mechanisms described here and today has the intention to sell its share in Windar Renovables, SL.

b) Shareholding in 9ren España, S.L.

9ren España, S.L. happened to be owned 49% by June 2012 amounting to €48 million. At December 31, 2012 an impairment in the value of participation was identified by updating the business plan of the investee that considered a drop in the estimated activity in Italy and Spain mainly due to the new regulations for the photovoltaic sector to come into force after the entry of the Gamesa Group in the capital of the company, which made the company reconsider its activity in both countries. The estimated impairment based on the aforementioned premises, considering the percentage of participation in the Company, amounted to €21 million.

During the year 2014, the company has generated losses of €5.5 million, so Gamesa has updated the analysis of the recoverable value. This recoverable value has been estimated based on the projected cash flows for the coming years taking the new updated business plan into account and given a time horizon of five years, with a growth rate of 1.5% and a discount rate based on the weighted average cost of capital (WACC) estimated at 11%. From a business standpoint, in 2015 financial year the following key assumptions have been considered:

1. Growth in the MW maintained in the renewable sector over the coming years attaining a target level in 2018, fundamentally due to the expansion in the wind energy plant maintenance market starting in 2015 and 2016.

2. Increase in the EBIT margin, attaining a target level of 8%, approximately, in 2018. This is fundamentally due to the improvement in variable and structure costs.

c) Other shareholdings

On October 7 2010, GAMESA acquired 1,802,140 shares of the US companies Worldwater & Solar Technologies Inc., corresponding to 25.67% of its total share capital, for a total amount of €2,243 thousand.

This amount, corresponding to the percentages of the fair value of the net assets acquired, was recognised under "Investments Accounted for Using the Equity Method" in the consolidated balance sheet.

As indicated in Note 2.g, this company was sold in the year 2014 which produced no significant effects on the GAMESA Group.

12- Financial instruments by category

a) Composition and breakdown of financial assets

The breakdown of the GAMESA Group financial assets at December 31, 2014 and 2013, presented by nature and category for measurement purposes:

Year 2014			**Thousands of euros**			
Financial assets: Nature/Category	**Other financial assets at fair value through changes in P&L**	**Held-for-sale financial assets (Note 13)**	**Loans and receivables**	**Held-to-maturity investments**	**Hedge derivatives (Note 22)**	**Total**
Derivatives (Note 13)	-	-	-	-	1,864	1,864
Other financial assets (Note 13)	-	35,683	3,158	-	-	38,841
LONG TERM / NON-CURRENT	**-**	**35,683**	**3,158**	**-**	**1,864**	**40,705**
Derivatives	-	-	-	-	8,963	8,963
Other financial assets	-	-	21,149	-	-	21,149
Trade and other receivables	-	-	1,164,635	-	-	1,164,635
SHORT-TERM / CURRENT	**-**	**-**	**1,185,784**	**-**	**8,963**	**1,194,747**
TOTAL	**-**	**35,683**	**1,188,942**	**-**	**10,827**	**1,235,452**

Year 2013			Thousands of euros			
Financial assets: Nature/Category	Other financial assets at fair value through changes in P&L	Held-for-sale financial assets (Note 13)	Loans and receivables	Held-to-maturity investments	Hedge derivatives (Note 22)	Total
Derivatives (Note 13)	-	-	-	-	186	186
Other financial assets (Note 13)	-	38,774	2,777	-	-	41,551
LONG TERM / NON-CURRENT	**-**	**38,774**	**2,777**	**-**	**186**	**41,737**
Derivatives	-	-	-	-	19,579	19,579
Other financial assets	-	-	9,529	-	-	9,529
Trade and other receivables	-	-	1,364,414	-	-	1,364,414
SHORT-TERM / CURRENT	**-**	**-**	**1,373,943**	**-**	**19,579**	**1,393,522**
TOTAL	**-**	**38,774**	**1,376,720**	**-**	**19,765**	**1,435,259**

b) Composition and breakdown of financial liabilities

The breakdown of the Group's financial liabilities at December 31, 2014 and 2013, presented by nature and category for measurement purposes:

Year 2014		Thousands of euros		
Financial liabilities: Nature/Category	Other financial liabilities at fair value through P&L	Creditors and payables	Hedge derivatives (Note 22)	Total
Bank borrowings	-	527,311	-	527,311
Derivatives	-	-	738	738
Other financial liabilities	-	53,629	-	53,629
LONG-TERM DEBTS / NON-CURRENT FINANCIAL LIABILITIES	**-**	**580,940**	**738**	**581,678**
Bank borrowings	-	92,583	-	92,583
Derivatives	-	-	13,448	13,448
Other financial liabilities	-	61,267	-	61,267
Trade and other payables	-	1,686,719	-	1,686,719
SHORT-TERM DEBTS / CURRENT FINANCIAL LIABILITIES	**-**	**1,840,569**	**13,448**	**1,854,017**
TOTAL	**-**	**2,421,509**	**14,186**	**2,435,695**

Year 2013		Thousands of euros		
Financial liabilities: Nature/Category	Other financial liabilities at fair value through P&L	Creditors and payables	Hedge derivatives (Note 22)	Total
Bank borrowings	-	523,768	-	523,768
Derivatives	-	-	1,164	1,164
Other financial liabilities	-	53,722	-	53,722
LONG-TERM DEBTS / NON-CURRENT FINANCIAL LIABILITIES	**-**	**577,490**	**1,164**	**578,654**
Bank borrowings	-	737,535	-	737,535
Derivatives	-	-	10,187	10,187
Other financial liabilities	-	61,713	-	61,713
Trade and other payables	-	1,707,790	-	1,707,790
SHORT-TERM DEBTS / CURRENT FINANCIAL LIABILITIES	**-**	**2,507,038**	**10,187**	**2,517,225**
TOTAL	**-**	**3,084,528**	**11,351**	**3,095,879**

13- Non-current financial assets

The changes in “Other intangible assets” in the consolidated balance sheet in 2014 and 2013 were as follows:

Year 2014			Thousands of euros				
	Balance at 12.31.2013	Additions	Exchange differences in foreign currency	Disposals	Transfers	Changes in scope	Balance at 12.31.2014
Derivatives (Notes 12 and 22)	186	1,864	-	(186)	-	-	1,864
Securities portfolio (Note 12)	38,774	2,515	1,495	(7,101)	-	-	35,683
Other non-current financial assets (Note 12)	2,777	734	71	(394)	-	(30)	3,158
TOTAL	**41,737**	**5,113**	**1,566**	**(7,681)**	**-**	**(30)**	**40,705**

Year 2013			Thousands of euros				
	Balance at 12.31.2012	Additions	Exchange differences in foreign currency	Disposals	Transfers	Changes in scope	Balance at 12.31.2013
Derivatives (Notes 12 and 22)	-	186	-	-	-	-	186
Securities portfolio (Note 12)	37,191	1,862	(263)	(414)	398	-	38,774
Other non-current financial assets (Note 12)	3,875	222	(161)	(1,016)	(136)	(7)	2,777
TOTAL	**41,066**	**2,270**	**(424)**	**(1,430)**	**262**	**(7)**	**41,737**

a) Investment securities

The detail of the cost of acquisition of the most representative long-term investment securities at December 31, 2014 and 2013 is as follows:

	Thousands of euros		% shareholding at 12.31.2014	% shareholding at 12.31.2013
	12.31.2014	12.31.2013		
Anqiu Taipingshan Wind Power Co. Ltd.	-	2,219	-	10%
CGN Wind Power Co. Ltd.	-	2,247	-	25%
Jianping Shiyingzi Wind Power Co. Ltd.	4,437	4,437	25%	25%
Yishui Tangwangshan Wind Power Co. Ltd.	-	1,943	-	25%
Wendeng Zhangjiachan Wind Power Co. Ltd.	7,651	7,651	39%	39%
Neimenggu Huadian Meiguiying Wind Power Co. Ltd.	11,122	10,038	25%	25%
CGN Changgao Wind Power Co. Ltd	4,318	4,318	25%	25%
Cheng Dingshan	5,406	2,421	25%	25%
Others	2,749	3,500	Several	Several
TOTAL	**35,683**	**38,774**		

In 2014 and prior years the GAMESA Group invested in the share capital of various Chinese companies (wind farms), in general holding ownership interests of 25% to 40% (see Note 2.g). Despite holding ownership interests of more than 20%, GAMESA's directors consider that significant influence does not exist at these companies since there is no power to participate in decisions regarding the financial and operating policies of these companies. In general, GAMESA group participates in the capital of these companies with the sole objective of favouring the granting of the relevant permits for the development of the plants and the construction and sale of wind turbines for those plants. All agreements regarding the acquisition of shareholdings by the Group include a put option for GAMESA with a price based on an evaluation of the net assets relating to the shareholding to be transferred (theoretical book value), prepared by an expert qualified auditor chosen by mutual agreement among the parties and authorized by the relevant governmental agencies. These investments are stated that their acquisition cost.

During the year 2014, the company proceeded to conduct the sale of the stake in the three mentioned Chinese companies amounting €10,416 thousands, and obtaining a performance of €3,315 thousands, shown under "Finance Income" in the 2014 Income statement attached.

b) Other non-current financial assets

The detail of "Other non-current financial assets" in the consolidated balance sheets at December 31, 2014 and 2013 of the GAMESA Group is as follows:

	Thousands of euros		Interest rate	Maturity
	12.31.2014	12.31.2013		
Deposits and guarantees provided long term (Note 29.d)	3,140	2,759	Euribor + margin	2016-2018
Other long-term loans	18	18	Euribor + margin	2016
TOTAL	**3,158**	**2,777**		

Under "Long-term deposits and guarantees given" the Group recognises mainly the guarantees provided to secure compliance with the obligations assumed by the Company, principally under leases (see Note 29.d).

14- Inventories

The composition of this heading at December 31, 2014 and 2013 is as follows:

	Thousands of euros	
	12.31.2014	12.31.2013
Sales staff	-	840
Raw and auxiliary materials	330,240	356,374
Work in progress and finished goods	241,962	186,966
Prepayments to suppliers	74,589	46,606
Inventory write-downs	(82,299)	(95,016)
TOTAL	**564,492**	**495,770**

The movements in the provision for impairment of inventories for the Group are the following:

	Thousands of euros	
	2014	2013
January 1	95,016	123,913
Impairment/(Reversal) during the year (Note 29.e)	(7,978)	3,254
Provisions used for their intended purpose	(4,739)	(32,151)
AT DECEMBER 31	**82,299**	**95,016**

Movements in the provision for impairment of inventories correspond mainly to the reversal of the provision of the activity associated with operation and maintenance due to the increase of activity. Also during the year 2014 the company has undertaken various stocks scrapped, primarily blades impaired in previous years.

Provisions currently accounted in this heading at December 31, 2014 and 2013 basically refer to the amount accrued in prior years because of the effect of changes in technologies.

At December 31, 2014 and 2013, there were no inventories provided to secure the payment of debts or in relation to any other obligations to third parties.

15- Trade and other receivables

The detail of "Trade and other receivables" in the consolidated balance sheets at December 31, 2014 and 2013 is as follows:

	Thousands of euros	
	12.31.2014	12.31.2013
Trade and other receivables	568,071	588,676
Construction contract receivables (Notes 3.b and 17)	507,719	355,692
Impairment due to uncollectible receivables	(23,193)	(15,500)
TOTAL	**1,052,597**	**928,868**

All the aforementioned balances mature in less than twelve months and are non-interest-earning. Therefore, their realisable value does not differ significantly from their carrying amount.

The heading “Impairment for Uncollectible Receivables” includes the balances receivable in relation to which there are doubts as to their recoverability (see Note 3.h). At each reporting date, the GAMESA Group analyses the recoverability of uncollected past-due amounts and potential problems relating to the collection of unmatured items.

The carrying value of the receivables and other receivables in foreign currency:

Currency	**Equivalent value in thousands of euros**	
	12.31.2014	**12.31.2013**
Moroccan dirham	7,761	6,705
US dollar	181,114	145,859
Romanian Lev	-	224
Egyptian pounds	13,067	18,218
Chinese yuan	106,919	71,433
Polish zloty	176	255
Indian rupees	214,583	167,667
Brazilian real	128,386	254,817
Mexican peso	17,574	11,627
Other currencies	14,095	8,009
TOTAL	**683,675**	**684,814**

Movements in the provision for the impairment of the value of the trade and other receivables were as follows (thousands of euros):

	Thousands of euros	
	2014	**2013**
January 1	15,500	22,940
Provision of the impairment of the value of receivables	15,011	-
Reversal of unused amounts	(9,856)	(5,073)
Transfers	(270)	(2,230)
Transfers of items classified as held-for-sale to disposal groups	2,507	-
Exchange differences	301	(137)
AT DECEMBER 31	**23,193**	**15,500**

16- Cash and other cash equivalents

The breakdown of “Cash and Cash Equivalents” in the accompanying consolidated balance sheets at December 31, 2014 and 2013 is as follows:

	Thousands of euros	
	12.31.2014	**12.31.2013**
Cash in euros	149,803	317,557
Cash in foreign currency (Note 3.l)	429,497	261,608
Liquid assets in less than three months	231,729	314,435
TOTAL	**811,029**	**893,600**

Cash and Cash Equivalents" includes mainly the Group's cash and short-term bank deposits with an initial maturity of three months or less. Cash and cash equivalents accrue market interest rates. There are no restrictions on the use of the balances.

17- Contract revenue recognised by reference to the stage of completion

The amount of revenue (revenue recognition resulting from sale stage of completion) on the firm WTGS and wind farm sales contracts which at December 31, met the requirements indicated in Note 3.b for the application of the percentage of stage of completion method in 2014 and 2013 amounted €167,504 thousands in 2014 (€323,270 thousands in 2013) and are recognised under the heading "Revenue" in the consolidated income statements for 2014 and 2013. For contracts in progress at December 31, 2014, the accumulated amount of costs incurred and revenues recognised until that date amounted to €1,775,149 thousands (€1,633,882 thousands at December 31, 2013).

Accounts receivable from contractual customers for sales recognised by the stage of completion included under "Trade and Other Receivables", net of the prepayments received at December 31, 2014, amounted to €507,719 thousands (€355,692 thousands at December 31, 2013) (Note 15). No contractual customers receivables, net of prepayments, are recorded in discontinued operations (Note 37) due to sales recognised by the stage of completion at December 31, 2013 and 2014.

Accounts receivable from contract customers for sales recognised by reference to the stage of completion included under "Trade Receivables from Related Companies", net of the advances received (Note 32) at December 31, 2014, amounted to €54,816 thousands (€56,017 thousands in December 31, 2013).

18- Equity of the Parent Company

a) Share capital

The share capital of Gamesa Corporación Tecnológica, S.A. at December 31, 2013 amounted to €43,160 thousands being composed of 253,880,717 ordinary shares with a par value of €0.17 each, represented by book entries, fully subscribed and paid in.

At September 8, 2014, the Company approved a capital increase by issuing 25,388,070 shares with a par value of €0.17 each, with a premium of 9.13 euros per share. Therefore, the total amount of the capital increase amounted to €236,109 thousands. The capital increase was fully subscribed and paid in. The premium, as required by law, was fully paid at the time of subscription. The costs of the capital increase, amounting €3,592 thousands, were recorded as a reduction of reserves after deducting the tax effect of €1,006 thousands.

Therefore, the capital of Gamesa Corporación Tecnológica, SA at December 31, 2014 amounted to €47,476 thousands being composed of 279,268,787 ordinary shares with par value of €0.17 each, represented by book entries, fully subscribed and paid in.

Per public information of the company, the shareholder structure of GAMESA at December 31, 2014 and 2013 was as follows:

	% shareholding 2014	% shareholding 2013
Iberdrola, S.A.	19.69%	19.69%
Blackrock Inc.	3.21%	4.83%
Norges Bank	3.02%	3.30%
Dimensional Fund Advisors LP (**)	2.68%	2.94%
Others (*)	71.40%	69.24%
TOTAL	**100.00%**	**100.00%**

(*) All with an ownership interest of less than 3%.

(**) In accordance with the records of the National Stock Market Commission, the company DIMENSIONAL FUND ADVISORS LP holds at December 31, 2013 and December 31, 2014 a stake exceeding 3% of the share capital of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. and is therefore a significant shareholder.

GAMESA's shares have been listed through the Automated Quotation System (Mercado Continuo) since October 31, 2000 and included in the IBEX 35 index. GAMESA's shares are listed on the Madrid, Barcelona, Valencia and Bilbao Stock Exchanges and have been traded on the Spanish Stock Market Interconnection System.

The main objectives of the GAMESA Group's capital management are to ensure short- and long-term financial stability, the positive market performance of the shares of GAMESA, the adequate financing of its investments and maintaining levels of external financing in line with the evolution of business, all of which ensure that the GAMESA Group maintains its financial fortitude and the soundness of its financial ratios on which the foundations of its business are based and maximise shareholder value.

At December 31, 2014, the GAMESA Group was within the parameters set by management for the purpose of managing this risk, as the ratio of debt (net of cash) to equity attributable to the Parent was -10.15% (41.51% in December 31, 2013).

The ratios of debt (net of cash) to equity attributable to the Parent company that are reflected throughout this note are as follows:

	Thousands of euros	
	12.31.2014	**12.31.2013**
Non-current liabilities		
Bank borrowings and other non-current liabilities (Note 21 and Note 24)	570,927	568,956
Current liabilities		
Bank borrowings and other current liabilities (Note 21 and Note 24)	99,561	745,000
Total bank borrowings	**670,488**	**1,313,956**
Cash and other cash equivalents (Note 16)	**811,029**	**893,600**
Bank borrowings net of cash	**(140,541)**	**420,356**
TOTAL EQUITY OF THE PARENT	**1,385,320**	**1,012,734**
PROPORTION OF DEBT (NET OF CASH) AND EQUITY ATTRIBUTABLE TO THE PARENT COMPANY	**(10.15%)**	**41.51%**

b) Share premium

The Spanish Companies Act 2010 expressly allows the use of the share premium account to increase share capital and there are no specific restrictions with respect to the availability of this balance.

c) Unrealised asset and liability revaluation reserve

The changes in this reserve in 2014 and 2013 were as follows:

	Thousands de euros						
	12.31.2012	Change in fair value	Taken to profit and loss	12.31.2013	Change in fair value	Taken to profit and loss	12.31.2014
Cash-flow hedges							
Interest rate swaps (Note 22)	(7,678)	676	4,422	(2,580)	65	1,857	(658)
Currency forwards (Note 22)	(494)	3,493	-	2,999	(782)	1,083	3,300
	(8,172)	**4,169**	**4,422**	**419**	**(717)**	**2,940**	**2,642**
Deferred taxes due to the Remeasurement of unrealised Assets and liabilities (Note 25)	**2,498**	**(1,369)**	**(1,360)**	**(231)**	**245**	**(894)**	**(880)**
TOTAL	**(5,674)**	**2,800**	**3,062**	**188**	**(472)**	**2,046**	**1,762**

d) Other reserves

The breakdown of “Other Reserves” in the attached consolidated balance sheet is as follows:

	Thousands of euros	
	12.31.2014	12.31.2013
RESTRICTED RESERVES		
Legal reserve	8,632	8,408
Reserve for redenomination of capital in euros	1	1
Reserve for treasury shares	24,873	21,340
	33,506	**29,749**
VOLUNTARY RESERVES	**352,620**	**(88,136)**
RESERVES ATTRIBUTABLE TO THE CONSOLIDATED COMPANIES	**497,992**	**898,274**
Reserves for companies consolidated using the equity method (Note 11)	(31,230)	(20,809)
Reserves of fully consolidated companies	529,222	919,083
TOTAL RESERVES	**884,118**	**839,887**

Legal reserve

Under the Spanish Limited Liability Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that other reserves are not available for this purpose. At the 2014 and 2013 year-end the legal reserve had not reached the stipulated level.

e) Treasury shares

The detail of the total number of treasury shares and of the heading “Equity - Of the Parent - Treasury shares”, and of the changes therein as a result of the transactions performed in 2014 and 2013, is as follows:

	Number of shares	Thousands of euros
Balance at January 1, 2013	**3,098,208**	**(7,157)**
Acquisitions	32,082,172	(136,564)
Disposals	(32,108,793)	122,381
Balance at December 31, 2013	**3,071,587**	**(21,340)**
Acquisitions	38,166,378	(318,875)
Disposals	(38,083,747)	315,342
BALANCE AT DECEMBER 31, 2014	**3,154,218**	**(24,873)**

The nominal value of the treasury shares acquired directly or indirectly by GAMESA, together with those already held by GAMESA and its subsidiaries does not exceed 10% of share capital in 2014 or 2013.

On October 30 2012 Gamesa Corporación Tecnológica, S.A. concluded a liquidity agreement with Santander Investment Bolsa, which was reported on October 31 2012. Within the framework of the aforementioned contract, in 2014 GAMESA acquired 38,083,747 treasury shares at an average price of €8.36 and sold 38,083,747 treasury shares at an average price of €8.28. The difference between the cost price and the selling price, amounting to €1.653 thousands, was recorded in "Voluntary reserves".

During the year 2013, Gamesa acquired 32,082,172 shares at an average price of 4.26 euros and sold 32,108,793 shares at an average price of 3.81 euros. The difference between the cost price and the selling price, amounting to €150 thousands, was recorded in "Voluntary Reserves".

2011-2013 Incentive Plan

Shareholders at a General Meeting held on May 25, 2011 adopted a resolution to implement a Long-Term Incentive Plan. The plan offers a multi-annual incentive consisting of the delivery of Company shares to the beneficiaries and is established to promote and motivate the achievement of the principal strategic objectives established for the period 2011-2013.

The plan was aimed at individuals who, due to their level of responsibility or their position at the GAMESA Group, had the opportunity to contribute decisively to the achievement of the Company's objectives. In particular, the beneficiaries are executive directors, senior executives, executives and employees of Gamesa Corporación Tecnológica, S.A. and the subsidiaries specifically included in the plan.

The number of shares to be provided to each beneficiary was determined by the fulfilment of the objectives established in the Plan for the period between January, 1 2011 and December 31, 2013 that are met. The maximum number of shares available for delivery totalled 5,325,000 shares and no CEO could receive more than 408,201 shares.

The shares will be delivered during the first 90 calendar days of 2014, once the Board of Directors has ratified the level of attainment of the objectives. In order to receive the shares, the beneficiaries must meet basically the following requirements:

- Maintain the employment relationship from the date of entry into force of the plan to the date of delivery of the shares.
- Achieved their personal targets.
- Sign the necessary contractual documents agreeing to keep 50% of the shares received for at least one year from the date the shares are delivered.

In 2011 GAMESA used the futures pricing formula and the Monte Carlo method, which is widely used in financial practice to measure options, in order to include the effect of market conditions on the value of the transferred equity instruments. The main assumptions used in the measurement were as follows:

- The risk-free rate is 0.79%
- To determine the volatility of the shares and the dividends distributed per share, the average value was calculated for the last three months of 2010.
- The dividends accrued during the period of the plan are not paid.

In 2013, GAMESA recognised the early termination of this long-term incentive programme as an acceleration of the consolidation (irrevocable) of the concession and therefore immediately recognised the amount that otherwise would have been recognised for the services received over the course of the consolidation period (irrevocable) for the remaining concession, which gave rise to a charge totalling €648 thousands under "Personnel expenses" in the consolidated income statement for 2013 credited to "Reserves – Other reserves" under equity at December 31, 2013.

The total accumulated cost of this incentive plan, charged against "Personnel expenses" in the consolidated income statements for the period 2011-2013 was approximately €3.9 million. The total effective cost (understood to be the fair value or real cost at the time of settlement), obtained by reference to the listed price of the equity instruments to be delivered to the beneficiaries at the settlement date totalled approximately €1,084 thousands, and it was finally disbursed in full in cash in 2013.

2013-2015 Incentive Plan

On April 19, 2013, Shareholders at a General Meeting approved a programme to provide share-based payments for the attainment of the objectives of the Company's Business Plan 2013-2015. The Plan consists of an extraordinary, multi-year and mixed incentive payable in cash and in Company shares that may give rise, (i) after the application of certain ratios based on the degree to which strategic targets are met, to the payment of a cash bonus and (ii) based on the initial number of assigned shares ("theoretical shares"), to the effective delivery of shares in GAMESA at the planned payment date. As regards the portion payable in shares, no minimum value of the assigned shares is guaranteed.

The Plan cannot exceed a total of 3,000,000 shares, at maximum, and all of the shares to be delivered through the execution of the Plan will originate from the Company's own portfolio. The Plan includes an estimate of the payment of cash bonuses totalling a maximum of €18 million in the event that 100% of the targets are met. This plan is aimed at individuals who, due to their level of responsibility or their position at GAMESA, contribute decisively to the achievement of the Company's objectives. The Plan has 77 beneficiaries (75 beneficiaries in 2013), notwithstanding the possibility that new hires or, due to transfers or changes in professional levels, others will become new beneficiaries during the period taken into consideration, with respect to the maximum authorized share limit.

The company must recognize services when they are received. GAMESA recorded the rendering of services to the beneficiaries relating to the incentive payable in shares as personnel expenses on an accruals basis, apportioning the estimate of the fair value of the equity instruments assigned over the term of the plan (between January 1, 2013 and December 31, 2015), which gave rise to a charge totalling €2,729 thousands under "Personnel expenses" in the accompanying consolidated income statement for 2013 and 2014, crediting the heading "Other reserves" under equity in the accompanying consolidated balance sheet at December 31, 2013 (€2,322 thousands in 2013).

To value this programme, GAMESA used the futures pricing formula and the Monte Carlo method, which is widely used in financial practice to measure options, in order to include the effect of market conditions on the value of the transferred equity instruments. The main assumptions used in the measurement were as follows:

- The risk-free rate is 3%
- To determine the volatility of the shares and the dividends distributed per share, the average value was calculated for the last three months of 2012.
- The dividends accrued during the period of the plan are not paid.

In addition and with respect to the cash incentive, GAMESA has recognised the rendering of services relating to this incentive as a personnel expense on an accruals basis, crediting €5,295 thousands (€4,710 thousands in 2013) to the heading "Other liabilities" under non-current liabilities in the consolidated balance sheet at December 31, 2014. 85% of the targets associated with this incentive are assumed to have been met.

19- Minority shareholdings

The detail of "Equity - Of non-controlling interests" on the liability side of the accompanying consolidated balance sheet and of the changes therein in 2014 and 2013 is as follows:

	Thousands of euros
Balance at January 1, 2013	**7,892**
Profit for the year	1,204
Dividend Compass Transworld Logistics, S.L.	(988)
Acquired companies (Note 2.g)	(3,134)
Capital increases and reductions	12
Other movements	(62)
Balance at December 31, 2013	**4,924**
Profit for the year	(679)
Changes in the consolidation scope (Note 2.g)	(4,048)
Other movements	(104)
BALANCE AT DECEMBER 31, 2014	**93**

The minority shareholdings over the assets, liabilities, income and cash flows of the consolidated financial statements of the Gamesa Group are not relevant at December 31, 2014 and 2013.

20- Differences on exchange

During the second quarter of 2013, GAMESA Group decided to capitalise over the course of 2013 and 2014 monetary balances with foreign subsidiaries over 2013 in order to maintain the financing necessary to grow those business within the framework of the Business Plan 2013-2015, or re-establish their financial position, if necessary. As a result of this decision and on April 1, 2013, the Group classified these balances, up to their capitalization, as permanent net foreign investments and therefore the differences on exchange generated by these balances between April 1 and the formal debt capitalisation date, or December 31, 2014 if formal capitalisation had not been completed, have been recognised by charging or crediting, as appropriate, the heading Exchange differences under consolidated equity (Note 3.l).

The balances at December 31, 2014 and December 31, 2013 classified as permanent net foreign investments were as follows:

	Thousands of euros	
Location of the subsidiaries	**12.31.2014**	**12.31.2013**
India	15	56
Brazil	-	113
United Kingdom	-	16
Otros	-	42
TOTAL	**15**	**227**

21- Borrowings

Bank borrowings in the accompanying consolidated balance sheet at December 31, 2014 and 2013 as well as the maturity dates, are as follows:

	Debts at December 31, 2014 maturing at							
	Carrying value	**Short term**	**Non-current**					
	Balance at 31.12.2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020 and Subsequent**	**Total Non-current**
Accrued interest not paid	1,681	1,681	-	-	-	-	-	-
Loans	587,351	60,040	7,538	47,870	162,300	269,603	40,000	527,311
Payables for loan draw downs	36	36	-	-	-	-	-	-
Payables for discounted bills	953	953	-	-	-	-	-	-
EURO LOANS	**590,021**	**62,710**	**7,538**	**47,870**	**162,300**	**269,603**	**40,000**	**527,311**
US dollar	1,889	1,889	-	-	-	-	-	-
Indian rupees	22,576	22,576	-	-	-	-	-	-
Other	5,408	5,408	-	-	-	-	-	-
LOANS AND CREDIT FACILITIES DENOMINATED IN FOREIGN CURRENCY (NOTE 3.L)	**29,873**	**29,873**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**619,894**	**92,583**	**7,538**	**47,870**	**162,300**	**269,603**	**40,000**	**527,311**

	Carrying value	Short term	Debts at December 31, 2013 maturing at					
			Non-current					
	Balance at 12.31.2013	2014	2015	2016	2017	2018	2019 and Subsequent	Total Non-current
Accrued interest not paid	4,654	4,654	-	-	-	-	-	-
Loans	1,131,799	608,896	43,507	3,235	3,345	155,064	317,752	522,903
Payables for loan draw downs	5,562	5,562	-	-	-	-	-	-
Payables for discounted bills	9,214	9,214	-	-	-	-	-	-
EURO LOANS	**1,151,229**	**628,326**	**43,507**	**3,235**	**3,345**	**155,064**	**317,752**	**522,903**
US dollar	85,942	85,077	732	133	-	-	-	865
Indian rupees	17,859	17,859	-	-	-	-	-	-
Other	6,273	6,273	-	-	-	-	-	-
LOANS AND CREDIT FACILITIES DENOMINATED IN FOREIGN CURRENCY (NOTE 3.L)	**110,074**	**109,209**	**732**	**133**	**-**	**-**	**-**	**865**
TOTAL	**1,261,303**	**737,535**	**44,239**	**3,368**	**3,345**	**155,064**	**317,752**	**523,768**

The book value of the financial liabilities coincides with the fair value because the long-term debt, is issued almost entirely at a variable rate and corresponds to the loans obtained in recent years, with very similar conditions to the ones obtained in the market currently.

On December 16, 2004, Gamesa Corporación Tecnológica, S.A. obtained a loan from the European Investment Bank for the project called Gamesa Wind Power RDI.This loans will be drawn down in two tranches: €150,000 thousands and €80,000 thousands, respectively. On 20 December 2005, Gamesa Eólica, S.L. Unipersonal (indirectly wholly owned by Gamesa Corporación Tecnológica, S.A.) subrogated to the contractual position of Gamesa Corporación Tecnológica, S.A. This loan has been cancelled in advance at December 15, 2014 (€49,285 thousands disposed at December 31, 2013).

On December 19, 2008, Gamesa Eólica, S.L. (Sole-Shareholder Company) entered into a financing agreement with the European Investment Bank for a maximum of EUR 200 million, divided into two parts, EUR 140 million and EUR 60 million, respectively. The terms of this credit set maturity in 2018, 2019 and 2020 and an interest rate indexed to Euribor plus a market spread. These credits are fully disposed at December 31, 2013 and 2014.

On November 29, 2012, Gamesa Eólica, S.L., UnipersonaL obtained a €260,000 thousands loan from the European Investment Bank to finance innovation, research and development projects relating to the processes of improving existing wind turbines, and the development of new products. The conditions of this loan establish its maturity date in 2019 and it accrues an interest rate referenced to the euribor rate plus a market spread. These credits are fully disposed at December 31, 2013 and 2014.

At June 22, 2011, the Gamesa Group signed a syndicated loan of 1,200 million euros. Its conditions set progressive maturities during the period 2014-2016 and an interest rate indexed to Euribor plus a market spread. The disposed amount at December 31, 2013 amounted to 588 million euros, being fully amortized at December 31, 2014.

At June 3, 2014, GAMESA signed a novation of a syndicated credit line contract ("revolving") amounting to EUR 350 million maturing in June 2018. The terms of the credit line establish an interest rate indexed to Euribor plus a market spread. At December 11, 2014, GAMESA has signed a novation of this syndicated credit line, increasing the limit to €750 million maturing in December 2019, from which no amount was disposed at December 31, 2014. This new loan and its novation have transferred to income statement the accrued formalization costs of the previous syndicated loan which amounted to 3.6 million euros.

At December 31, 2014, GAMESA Group had been granted loans and undrawn credit facilities that accounted for 60.77% (34.06% in December 31, 2013) of the total financing granted to it, which mature between 2015 and 2020 and which bear weighted average interest at Euribor plus a market spread. The loans outstanding at December 31, 2014 and 2013 bore annual weighted average interest at approximately 2.68% and 3.49%, respectively, at that date.

At December 31, 2014 the Consolidated Group companies had disposed loan agreements amounting €460 million (€1,048 million in 2013), with certain obligations, as the compliance with financial ratios throughout the life of the agreement relating the capacity to generate resources in the operations with the debt level and financial duties. Also, there are established certain limits on the arrangement of additional borrowings and the distribution of dividends, as well as other additional conditions. Not meeteing these contractual conditions would enable the banks to demand early repayment of the related amounts. The management of GAMESA considers that the financial ratios established in the loan and credit agreements are met at December 31, 2014 and that they will be met in the future.

At December 31, 2014 and 2013, the GAMESA Group did not have any bank borrowings tied to fixed interest rates, except for the hedges described in Note 22.

The fair value, taking into consideration the counterparty credit risk, of bank borrowings at December 31, 2014 and 2013 is similar to the carrying value since the debt is subject to variable interest rates and accrues market spreads (Note 3.h).

The sensitivity of the market value of bank borrowings based on the position to interest rate changes at December 31, 2014 and 2013 is as follows:

	Thousands of euros Interest rate change			
	2014		2013	
	+0.25%	-0.25%	+0.25%	-0.25%
CHANGE IN THE VALUE OF THE DEBT	**2,129**	**(2,129)**	**1,595**	**(1,595)**

The sensitivity of the market value of foreign currency bank borrowings based on the position to exchange rate and interest rate changes at December 31, 2014 and 2013 is as follows:

	Thousands of euros							
	2014				2013			
	Change in interest rates		Change in Exchange rate (EUR/foreign currency)		Change in interest rates		Change in Exchange rate (EUR/foreign currency)	
CHANGE IN THE VALUE OF DEBT	**+0.25%**	**-0.25%**	**+ 5%**	**- 5%**	**+0.25%**	**-0.25%**	**+ 5%**	**- 5%**
US dollar	4	(4)	90	(99)	409	(409)	53	(58)
Chinese yuan	-	-	-	-	20	(20)	-	-
Brazilian real	-	-	-	-	41	(41)	-	-
Swedish krona	4	(4)	258	(285)	16	(16)	299	(330)
Indian rupees	156	(156)	1.075	(1.188)	205	(205)	850	(940)

The GAMESA Group hedges part of the risk associated with the volatility of cash flows relating to the interest payments on borrowings tied to floating interest rates through derivative financial instruments (see Notes 4 and 22).

22- Derivative financial instruments

The GAMESA Group uses derivative financial instruments to hedge the risks to which its activities, transactions and future cash flows are exposed, mainly foreign currency and interest rate risk. The detail of the balances that represent the revaluation of derivatives in the consolidated balance sheets at December 31, 2014 and 2013 is as follows:

	Thousands of euros 12.31.2014			
	Current		Non-current	
	Assets (Note 12)	Liabilities (Note 12)	Assets (Notes 12 and 13)	Liabilities (Note 12)
INTEREST RATE HEDGES				
Cash-flow hedges				
Interest rate swaps:	-	112	-	547
FOREIGN CURRENCY HEDGES:				
Cash-flow hedges				
Exchange insurance	7,171	4,766	1,087	191
Fair value hedge:				
Exchange insurance	1,792	8,570	777	-
TOTAL	**8,963**	**13,448**	**1,864**	**738**

	Thousands of euros 12.31.2013			
	Current		Non-current	
	Assets (Note 12)	Liabilities (Note 12)	Assets (Notes 12 and 13)	Liabilities (Note 12)
INTEREST RATE HEDGES				
Cash-flow hedges				
Interest rate swaps:	41	1,643	186	1,164
FOREIGN CURRENCY HEDGES				
Cash-flow hedges				
Exchange insurance	11,394	8,395	-	-
Fair value hedge:				
Exchange insurance	8,144	149	-	-
TOTAL	**19,579**	**10,187**	**186**	**1,164**

In 2014, to offset the effect on the consolidated income statement of hedging transactions, the GAMESA Group recognised an expense of €1,857 thousands (€4,422 thousands in 2013) under "Finance costs" in the consolidated income statement for 2014 (Note 29.g), and in the heading "Exchange differences" of the consolidated income statement for the 2014 an expense of €1.083 thousands, accounted under the heading "Equity - of the Parent - unrealised asset and liability revaluation reserve" (see Note 18.c), under which they had previously been classified.

GAMESA Group uses derivatives as foreign currency hedges to mitigate the possible volatility effect of exchange rate fluctuations on future cash flows from transactions and loans in currencies other than the functional currency of the company concerned. In addition, GAMESA Group designates hedges for the exchange rate risk deriving from certain intragroup monetary transactions carried out by companies with different functional currencies. These hedging transactions mature mainly in 2015.

At December 31, 2014 and 2013 the total nominal value covered by exchange rate hedges is as follows:

Currency	Thousands of euros	
	12.31.2014	12.31.2013
US dollar	51,997	149,277
Chinese yuan	8,246	135,098
Brazilian real	54,774	22,402
Polish zloty	-	3,483
Indian rupees	9,000	36,447
Mexican peso	2,086	13,006

Also, the GAMESA Group arranges interest rate hedges in order to mitigate the effect of interest rate fluctuations on future cash flows from loans tied to variable interest rates. At December 31, 2014 and 2013, the nominal value of the liabilities hedged by interest rate hedges amounted to €14,407 thousands and €389,582 thousands, respectively.

The main features of the interest rate hedges are as follows:

Year 2014	Estimated period of cash-flows	
	2015	2016 and subsequent
Interest rates	2,216	10,695

No significant ineffectiveness has been detected in the hedges designated by GAMESA Group in 2014 and 2013.

a) Credit risk

The breakdown of the risk, by geographical area and counterparty, indicating the value in book thereof at the relevant dates, is as follows:

	2014		2013	
	Thousands of euros	%	Thousands of euros	%
BY GEOGRAPHICAL AREA				
Spain	3,851	35.57%	15,506	78.50%
Other European Union countries	255	2.35%	1,352	6.80%
Rest of the world	6,721	62.08%	2,907	14.70%
TOTAL	**10,827**	**100.00%**	**19,765**	**100.00%**
BY COUNTERPARTY				
Credit institutions	10,827	100.00%	19,765	100.00%
TOTAL	**10,827**	**100.00%**	**19,765**	**100.00%**

The detail of the derivatives based on the credit ratings assigned by external credit rating agencies is as follows:

	2014		2013	
	Thousands of euros	**%**	**Thousands of euros**	**%**
Risks rated A+ or A-	2,308	21.32%	5,124	25.93%
Risks rated BBB+	1,315	12.14%	161	0.82%
Risks rated BBB	3,979	36.75%	1,427	7.22%
Risks rated BBB-	3,225	29.79%	12,862	65.08%
Risks rated BB	-	-	8	0.04%
Risks rated BB-	-	-	183	0.91%
TOTAL	**10,827**	**100.00%**	**19,765**	**100.00%**

b) Market risk

The sensitivity of the market value of the hedging derivatives arranged by the GAMESA Group to interest rate and exchange rate changes is as follows:

	Thousands of euros Percentage change in interest rates			
	2014		2013	
	+ 0.25%	**- 0.25%**	**+ 0.25%**	**- 0.25%**
Change in the value of the hedge	(2)	2	(6)	6

	Thousands of euros Percentage change in exchange rates			
	2014		2013	
	+ 5%	**- 5%**	**+ 5%**	**- 5%**
Change in the value of the hedge	(135)	135	(550)	550

23- Provisions for liabilities and charges

The detail of “Provisions for Contingencies and Charges” on the liability side of the accompanying consolidated balance sheet and of the changes therein in 2014 and 2013 is as follows:

	Thousands of euros				
	Provisions for litigation, termination benefits, taxes and similar	**Provisions for warranties**	**Provisions for contracts reflecting losses**	**Provision for restructuring**	**Total provisions**
Balance at January 1, 2013	**60,377**	**274,702**	**15,183**	**8,994**	**359,256**
Period provisions charged to income statement (notes 29.e and 29.c)	5,161	95,363	-	6,918	107,442
Transfers to current items	(30,261)	27,558	-	-	(2,703)
Reversal due to excess provisions (Note 29.e)	-	(33,669)	-	-	(33,669)
Provisions used for their intended purpose	(8,563)	(132,133)	(11,373)	(15,912)	(167,981)
Differences on exchange in foreign currency	-	(9,775)	-	-	(9,775)
Balance at December 31, 2013	**26,714**	**222,046**	**3,810**	**-**	**252,570**
Period provisions charged to income statement (Note 29.e y 29.c)	-	76,800	-	-	76,800
Transfers to current items	(2,561)	5,185	-	-	2,624
Provisions used for their intended purpose	(5,019)	(99,877)	(3,810)	-	(108,706)
Differences on exchange in foreign currency	288	11,464	-	-	11,752
BALANCE AT DECEMBER 31, 2014	**19,422**	**215,618**	**-**	**-**	**235,040**

The information regarding the information for the Group's provisions is divided into 4 large groups:

a) Litigation, termination benefits, taxes and similar

The GAMESA Group recognises provisions for third-party liability arising from litigation in progress and from termination benefits, obligations, collateral and other similar guarantees for which the Company is legally liable. At the end of each reporting period the GAMESA Group estimates the liabilities arising from litigation and similar events which require the recognition of provisions of a tax and legal nature. Although the Group considers that the cash outflows will take place in the coming years, it cannot predict the settlement date of these liabilities and, therefore, it does not make an estimate of the specific dates of the cash outflows, considering the effect of a potential discount to present value to be immaterial.

b) Provisions for guarantees

The provision for warranties relates basically to the possible repair and start-up expenses which should be covered by the Group during the warranty period established in each WTGS sale agreement (generally two years)) and those specific provisions derived from operative errors.

The provision for guarantees additionally includes the balances of non-recurring provisions recorded in 2012 derived from various factors, including customer complaints in the exclusive area of operational activity of the Group, evidenced mainly from the second half of the year 2012 on, corresponding to the present obligation arising from contracts and subsequent agreements with customers to implement in the next 2 years, mainly to cover the cost of replacement or repair costs in the terms for completion agreed with the client.

c) Contracts reflecting losses

On October 10, 2012, GAMESA concluded a framework agreement for the supply of 4.5 MW wind turbines in Finland in 2013 and 2014. At December 31, 2012 the estimation was that the total cost would exceed the revenues obtained from the contract and therefore, in accordance with the accounting policy described in Note 3.b), a provision has been recorded for liabilities and charges totalling €15 million under the heading "Change in provisions for contracts reflecting losses" in the consolidated income statement for 2012.

During 2013 €11.3 million was applied for this purpose, and a provision pending application totalling €3.8 million remains at December 31, 2013, which has been fully applied for this purpose in 2014.

Restructuring

In 2012 GAMESA launched a Business Plan 2013-2015 which contemplates the rationalization of fixed expenses by reducing the payroll to allow the size of its structure to be in line with the market situation and without inefficiencies, as well as the closing of offices, branches and service centres. In this context, in 2012 GAMESA has recognised personnel restructuring costs when they have been formally informed of this decision in 2012, totalling €32.6 million. This provision was applied in full in 2013 and there were no significant differences between the estimate made at the end of 2012 and the actual application in 2013.

24- Other non-current liabilities

The detail of "Other non-current liabilities" in the accompanying consolidated balance sheets at December 31, 2014 and 2013 is as follows:

	Thousands of euros	
	12.31.2014	**12.31.2013**
Refundable advances	43,616	45,188
Non-current advances from customers	-	3,290
Other non-current liabilities	10,013	5,244
TOTAL	**53,629**	**53,722**

"Refundable advances" includes basically interest-free advances provided to the Group companies Gamesa Innovation and Technology, S.L. (Sole-Shareholder Company) and Cantarey Reinosa, S.A. (Sole-Shareholder Company) by the Ministry of Science and Technology and other public agencies to finance R&D projects, which are repayable over seven or ten years, following a three-year grace period. The portion of these advances maturing at short term is recognised under "Other current liabilities" in the consolidated balance sheet. These amounts mature as follows:

		Prepayments refundable at December 31, 2014 maturing at						
		Short-term	Non-current					
	Balance at 12.31.2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020 and subsequent**	**Total long-term**
PREPAYMENTS REFUNDABLE	**50,594**	**6,978**	**4,248**	**6,231**	**6,413**	**5,981**	**20,743**	**43,616**

		Prepayments refundable at December 31, 2013 maturing at						
		Short-term	Non-current					
	Balance at 12.31.2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019 and subsequent**	**Total long-term**
PREPAYMENTS REFUNDABLE	**52,653**	**7,465**	**3,194**	**5,802**	**6,336**	**6,328**	**23,528**	**45,188**

The financial liability corresponding to these refundable advances is recognised at its present value, which basically coincides with its fair value, and the difference up to its repayment value calculated at a rate between 3.5% and 5%, is recognised as an implicit aid to be recognised as income on a systematic basis, over the periods required to offset it with the related costs (see Note 3.h).

25- Deferred taxes

The detail of "Deferred Tax Assets" and "Deferred Tax Liabilities" in the accompanying consolidated balance sheet and of the changes therein in 2014 and 2013 is as follows:

	Thousands of euros					
	12.31.2013	**Allocation and/or credit (charge) to income (Note 27)**	**Credit (charge) to asset and liability revaluation reserve**	**Differences on exchange**	**Disposals/ Excluded from consolidation**	**12.31.2014**
DEFERRED TAX ASSETS:						
Revaluation of derivative financial instruments (Note 22)	3,491	-	(3,236)	(35)	-	220
Tax loss carryforwards	152,297	(2,906)	-	326	-	149,717
Unused tax credits recognised	137,023	3,999	-	-	-	141,022
Temporary differences	86,550	27,743	-	2,908	(2,871)	114,330
TOTAL	**379,361**	**28,836**	**(3,236)**	**3,199**	**(2,871)**	**405,289**
DEFERRED TAX LIABILITIES:						
Deductible goodwill	(37,521)	(1,680)	-	-	-	(39,201)
Revaluation of derivative financial instruments (Note 22)	(3,722)	-	2,622	(559)	-	(1,100)
Temporary differences	(39,989)	(2,556)	-	-	-	(43,104)
TOTAL	**(81,232)**	**(4,236)**	**2,622**	**(559)**	**-**	**(83,405)**

	Thousands of euros					
	12.31.2012	**Allocation and/or credit (charge) to income (Note 27)**	**Credit (charge) to asset and liability revaluation reserve**	**Differences on exchange**	**Disposals/ Excluded from consolidation**	**12.31.2013**
DEFERRED TAX ASSETS:						
Revaluation of derivative financial instruments (Note 22)	2,726	-	807	(42)	-	3,491
Tax loss carryforwards	59,230	94,501	-	(1,434)	-	152,297
Unused tax credits recognised	126,010	11,013	-	-	-	137,023
Temporary differences	159,552	(69,291)	-	(3,711)	-	86,550
TOTAL	**347,518**	**36,223**	**807**	**(5,187)**	**-**	**379,361**
DEFERRED TAX LIABILITIES:						
Deductible goodwill	(36,621)	(900)	-	-	-	(37,521)
Revaluation of derivative financial instruments (Note 22)	(228)	-	(3,494)	-	-	(3,722)
Temporary differences	(20,365)	(25,367)	-	593	5,150	(39,989)
TOTAL	**(57,214)**	**(26,267)**	**(3,494)**	**593**	**5,150**	**(81,232)**

The GAMESA Group recognises deferred tax assets, tax loss carryforwards and unused tax credits and tax relief only to the extent that their future realisation or utilisation is sufficiently assured.

The breakdown of temporary asset differences for items such as the following:

	Thousands of euros	
	12.31.2014	**12.31.2013**
Provisions for liabilities and charges and other provisions	46,447	34,633
Impairment of property, plant and equipment	-	1,477
Finance cost	777	11,394
Other temporary differences	67,106	39,046
TOTAL	**114,330**	**86,550**

26- Public administrations

The Parent Company has its domicile for tax purposes in Vizcaya, and the tax legislation applicable to 2014 and 2013 is that in force in the Historic Territory of Vizcaya.

The detail of "Current assets – Tax receivables" and "Other payables – Tax payables" on the asset and liability sides, respectively, of the consolidated balance sheets at December 31, 2014 and 2013 is as follows:

	Thousands of euros	
	12.31.2014	**12.31.2013**
TAX RECEIVABLES		
VAT refundable	140,369	230,035
Tax withholdings and interim payments made	32,507	22,612
VAT refunds receivable and other	10,437	144,994
Grants receivable	9,216	12,744
TOTAL	**192,529**	**410,385**

	Thousands of euros	
	12.31.2014	**12.31.2013**
TAX PAYABLES		
VAT payable	72,742	251,797
Withholdings payable	10,233	4,193
Corporate income tax payable	8,566	18,192
Other taxes payable	2,714	3,436
Social security	5,604	3,302
TOTAL	**99,859**	**280,920**

In 2014, when the Parent was subject to Vizcaya tax legislation, GAMESA and its subsidiaries that met the requirements established in the applicable legislation, resolved to be taxed under the special consolidated VAT regime provided for in Chapter IX of Vizcaya Regulatory VAT Decree 7/1994 (November 19) which regulates this tax, at its basic level. GAMESA is the Parent of this tax group and its subsidiaries are as follows:

Gamesa Corporación Tecnológica, S.A. (Parent company).	Sistemas Energéticos Balazote, S.A.U.
Gamesa Electric, S.A.U.	Sistemas Energéticos Fonseca, S.A.U.
Gamesa Europa, S.L.U.	Sistemas Energéticos Serra de Lourenza, S.A.U.
Gamesa Energía, S.A.U.	Sistemas Energéticos Sierra de Valdefuentes, S.L.U.
Cametor, S.L.U.	Sistemas Energéticos Sierra del Carazo, S.L.U.
Gamesa inversiones energéticas renovables, S.C.R.	Sistemas Energéticos Monte Genaro, S.L.U.
International Windfarm Development II, S.L.	Sistemas Energéticos Argañoso, S.A.U.
International Windfarm Development III, S.L.	Sistemas Energéticos Carril, S.A.U.
Sistemas Energéticos Tarifa, S.A.U.	Sistemas Energéticos Jaralón, S.A.U.
International Windfarm Development IV, S.L.	Sistemas Energéticos Lomas del Reposo, S.A.U.

27- Income tax expense/(income)

Since 2002 GAMESA and the following subsidiaries subject to Basque Country income tax legislation have filed their income tax returns under the special consolidated tax regime.

Gamesa Corporación Tecnológica, S.A. Unipersonal (Parent Company).	Sistemas Energéticos Balazote, S.A.U.
Gamesa Electric, S.A.U.	Sistemas Energéticos Fonseca, S.A.U.
Gamesa Europa, S.L.U.	Sistemas Energéticos Serra de Lourenza, S.A.U.
Gamesa Energía, S.A.U.	Sistemas Energéticos Sierra de Valdefuentes, S.L.U.
Cametor, S.L.U.	Sistemas Energéticos Sierra del Carazo, S.L.U.
Gamesa Inversiones Energéticas Renovables, S.C.R.	Sistemas Energéticos Monte Genaro, S.L.U.
International Windfarm Development II, S.L.	Sistemas Energéticos Argañoso, S.A.U.
International Windfarm Development III, S.L.	Sistemas Energéticos Carril, S.A.U.
Sistemas Energéticos Tarifa, S.A.U.	Sistemas Energéticos Jaralón, S.A.U.
International Windfarm Development IV, S.L.	Sistemas Energéticos Lomas del Reposo, S.A.U.

In 2010 the subsidiaries Gamesa Eólica, S.L.U, Gamesa Innovation and Technology, S.L.U and Estructuras Metálicas Singulares, S.A.U resolved to be taxed under the Navarre consolidated tax regime. Gamesa Eólica, S.L.U is the Parent of this tax group.

Since 2005 Gamesa Technology Corporation, Inc and its subsidiaries have filed consolidated federal income tax returns in the US. Gamesa Technology Corporation, Inc is the Parent of this tax group.

The other consolidated companies file individual tax returns.

The difference between the tax charge allocated to each year and the tax payable for that year, recognised in "Deferred Tax Assets" and "Deferred Tax Liabilities" on the asset and liability sides, respectively, of the consolidated balance sheets at December 31, 2014 and 2013, arose as a result of the following noteworthy circumstances:

- The different accounting and tax methods for recognising certain provisions.
- Temporary differences deriving from the limit of deducting financial expenses for tax purposes.

The breakdown of income tax between current tax and deferred taxes is as follows:

	Thousands of euros	
	2014	2013
Current taxes	62,719	21,088
Deferred taxes (Note 25)	(24,600)	(9,956)
INCOME TAX EXPENSES/(INCOME)	**38,119**	**11,132**

The income tax expense (income) for 2014 and 2013 was determined as follows:

	Thousands of euros	
	2014	2013
CONSOLIDATED RESULT BEFORE INCOME TAX	**134,127**	**60,461**
Permanent differences:		
Exemption of gains from the sale of wind farms	(11,103)	(6,844)
Assignment of intangible assets	(46,862)	(39,276)
Profits obtained by companies consolidated using the equity method (Note 11)	667	8,523
Dividends and other permanent differences	36,845	208,263
ADJUSTED BOOK RESULT	**113,674**	**231,127**
Gross tax at current rate in each country (*)	35,735	16,262
Deductions due to tax incentives and others generated during the year	(7,024)	(11,821)
Temporary differences relating to unrecoverable assets and other adjustments	9,408	6,691
EXPENSE/(REVENUE) ACCRUED ON CORPORATE INCOME TAX	**38,119**	**11,132**

(*) The fully consolidated foreign subsidiaries calculate the corporate income tax expense and the tax charges for the various taxes applicable to them in conformity with the legislation of, and at the tax rates in force in, their respective countries. When calculating the gross tax the effect of tax-loss carryforwards for the year from those subsidiaries that have not been taken into account since there are doubts that they may be realised.

The tax credits recognised in the year were earned by the Group as a result of the expenditure incurred and investments made in research and development and technological innovation, investments in non-current assets and job creation.

Under current legislation, tax losses can be carried forward for tax purposes for offset against the taxable profits that will foreseeably arise in the future periods provided for in each applicable legislation. In this connection, the various GAMESA Group companies have €149,717 thousands in tax-loss carryforwards available for offset in future years (€152,297 thousands in December 31, 2013). It also still records unused tax credits amounting to €141,022 thousands (€137,023 thousands in December 31, 2013) (Note 25).

Specifically, the recovery of the tax-loss carryforwards and deductions has been analysed, with respect to the main tax groups, as follows:

- Basque tax group for €32,363 thousands (€32,096 thousands in 2013). The recovery of the tax-loss carryforwards and deductions by the Basque Tax Group are reasonably ensured over a period of between 10 and 13 years. Tax-loss carryforwards and deductions generated by the Basque Tax Group expire for tax purposes in 15 years starting in 2013.
- Navarre tax group for €236,695 thousands (€220,127 thousands in 2013). The recovery of the tax-loss carryforwards and deductions by the Navarre Tax Group are reasonably ensured over a period of between 10 and 11 years. Tax-loss carryforwards and deductions generated by the Navarre Tax Group expire for tax purposes in 10 and 15 years, respectively.
- In addition, at the end of 2014 there were tax-loss carry forwards and deductions to other companies of the group generated totalling €21,990 thousands (€37,097 thousands in 2013) that have yet to be applied and his recovery is assured over a maximum of 5 years.

At December 31, 2014 and 2013, the GAMESA Group companies had unrecognised deferred tax assets. Also, the Group has unrecognised accredited tax loss carryforwards amounting to approximately €245,241 thousands (€161,663 thousands in December 31, 2013) and tax deductions amounting to approximately €145,529 thousands (€195,843 thousands in December 31, 2013). These deferred tax assets were not recognised because the GAMESA Group considers that the conditions for considering them to be recoverable in future years were not met.

In accordance with current legislation, taxes may not be regarded as definitively settled until the relevant returns have been examined by the tax authorities or the relevant lapsing period has ended. At 2014 year-end, in Spain the Group had all years since 2009 open for review for income tax and all years since 2010 for the other taxes applicable to it. The Company's directors consider that the aforementioned taxes have been appropriately settled and, consequently, even if there are discrepancies with respect to the interpretation of current legislation for the tax treatment given to the transactions, any potential resulting liabilities would not have a material effect on the accompanying consolidated financial statements.

28- Commitments, guarantees to third parties and contingent liabilities

At December 31, 2014, the GAMESA Group had received guarantees from banks and insurance companies that were provided to third parties amounting to €1,435,218 thousands (€1,396,449 thousands in 2013). The detail, by type, of the guarantees received by the GAMESA Group is as follows:

	Thousands of euros	
	12.31.2014	**12.31.2013**
Financing guarantees	189,828	28,629
Business contract guarantees	1,178,771	1,249,177
Guarantees provided to the government	66,619	118,643
TOTAL	**1,435,218**	**1,396,449**

The GAMESA Group considers that the liabilities, if any, which might arise from the obligations and guarantees shown in the table above additional to those for which provisions had been recognised at December 31, 2014 and 2013 would not be material.

29- Revenue and expense

a) Revenue and other operating income

The detail of these line items in the 2014 and 2013 consolidated income statements is as follows:

	Thousands of euros	
	2014	**2013**
Sale of goods (Notes 3.a and b)	2,278,539	1,802,133
Rendering of services	567,618	533,485
NET REVENUES	**2,846,157**	**2,335,618**
Operating grants (Note 3.g)	214	626
Own work capitalised (Notes 3.d and 3.e)	52,816	73,793
Other revenues	6,169	4,954
OTHER OPERATING INCOME	**59,199**	**79,373**

b) Procurements

The detail of "Procurements" in the consolidated income statements for 2014 and 2013 is as follows:

	Thousands of euros	
	2014	**2013**
Acquisitions of raw materials and other supplies	1,973,835	1,457,869
Changes in inventories of goods held for resale and raw materials (Note 14)	22,235	(67,533)
TOTAL	**1,996,070**	**1,390,336**

c) Staff costs

The breakdown of this balance in the 2014 and 2013 consolidated income statements is as follows:

	Thousands of euros	
	2014	**2013**
Wages and salaries:	222,101	226,299
Incentive Plans (Note 18.e)	8,024	7,690
Changes in trade provisions for restructuring (Note 23)	-	6,918
Compensations	1,976	-
Company Social Security contributions	57,720	53,609
Other benefit expenses	13,103	15,109
TOTAL	**302,924**	**309,625**

The average number of employees and directors in 2014 and 2013, by professional category, was as follows:

Categories	2014	2013
Board Members	10	10
Senior management	5	5
Directors	95	86
Management personnel	3,500	3,615
Employees	2,631	2,562
TOTAL	**6,241**	**6,278**

The distribution of employees by gender in the year-end 2014 and 2013 is as follows:

	12.31.2014		
	Male	**Female**	**Total**
Board Members	9	1	10
Senior management	5	-	5
Directors	90	10	100
Management personnel	2,961	904	3,865
Employees	1,916	545	2,461
TOTAL	**4,981**	**1,460**	**6,441**

	12.31.2013		
	Male	**Female**	**Total**
Board Members	9	1	10
Senior management	5	-	5
Directors	78	6	84
Management personnel	2,739	872	3,611
Employees	1,832	547	2,379
TOTAL	**4,663**	**1,426**	**6,089**

The average number of employees at the Group in 2014 and 2013, with a disability equal to or greater than 33%, by category, was as follows:

Categories	2014	2013
Management personnel	6	5
Employees	12	12
TOTAL	**18**	**17**

d) Other operating expenses

The breakdown of this balance in the 2014 and 2013 consolidated income statements is as follows:

	Thousands of euros	
	2014	**2013**
Rent and royalties	43,183	40,992
Repair, upkeep and maintenance expenses	12,287	6,004
Independent professional services	48,831	32,804
Vehicles	15,761	12,631
Insurance	17,853	15,703
Bank and similar services	14,469	27,711
Advertising, publicity and public relations	2,979	3,238
Utilities	12,959	16,882
Travel expenses	33,085	27,729
Telecommunications	4,755	5,500
Security	4,145	3,514
Cleaning	1,956	1,984
Subcontracting	31,206	35,712
Taxes and others	53,394	27,860
TOTAL	**296,863**	**258,264**

At December 31, 2014, the future minimum lease payments under non-cancellable operating leases arranged by the GAMESA Group totalled approximately €33,166 thousands (€26,268 thousands in December 31, 2013). The due dates for the operating lease instalments that cannot be cancelled are as follows:

Year 2014	Thousands of euros		
	2015	**2016-2020**	**2020 and subsequent**
Operating lease instalments that cannot be cancelled	8,122	20,467	4,577

Year 2013	Thousands of euros		
	2014	**2015-2019**	**2019 and subsequent**
Operating lease instalments that cannot be cancelled	5,943	15,847	4,478

At December 31, 2014, the Company had recognised €3,140 thousands under "Non-current deposits and guarantees" (see Note 13.b) in respect of existing leases (€2,759 thousands in December 31, 2013).

e) Depreciation and amortisation charge and provisions

The breakdown of this balance in the 2014 and 2013 consolidated income statements is as follows:

	Thousands of euros	
	2014	**2013**
Property, plant and equipment depreciation charge (Note 10)	60,817	66,391
Intangible asset amortisation charge (Note 9)	31,138	20,183
DEPRECIATION	**91,955**	**86,574**
Change in operating provisions for warranties and others (Note 23)	76,800	66,855
Change in write-downs of inventories (Note 14)	(7,978)	3,254
Change in other trade provisions	14,571	(2,161)
PROVISIONS	**83,393**	**67,948**
DEPRECIATION/AMORTIZATION AND PROVISIONS	**175,348**	**154,522**

f) Finance income

The breakdown of this balance in the 2014 and 2013 consolidated income statements is as follows:

	Thousands of euros	
	2014	**2013**
Profits from available-for-sale assets	3,315	201
Other finance and similar income	8,367	10,289
TOTAL	**11,682**	**10,490**

g) Finance costs

The breakdown of this balance in the 2014 and 2013 consolidated income statements is as follows:

	Thousands of euros	
	2014	**2013**
Financial expenses and others treated as such (Note 21)	52,498	50,618
Transfer of gains/losses on hedges of Cash flows (Note 18.c)	1,857	4,422
TOTAL	**54,355**	**55,040**

Capitalised interest on the construction of wind energy plants in 2014 and 2013 amounted €1,137 thousands and €3,085 thousands, respectively. The average capitalisation rates used in 2014 and 2013 were 2.57% and 2.48% respectively.

30- Directors' remuneration

In 2014 the Directors of GAMESA earned fixed and variable salaries, per diems, and other items amounting to approximately €3,700 thousands (€2,621 thousands in 2013). The detail of the aforementioned amount is as follows:

	Thousands of euros	
	2014	**2013**
DIRECTORS		
Type of remuneration		
Fixed compensation	1,776	1,727
Variable compensation	871	221
Per diets	481	508
	3,128	**2,456**
Other benefits	**572**	**165**
TOTAL	**3,700**	**2,621**

The heading "Other benefits" relates to (i) the amount of the premium paid to cover death and disability benefits amounting €47 thousands (€45 thousands in 2013) and life and savings benefits covering active directors by €450 thousands (no amount in 2013); and (ii) allocation of a group liability insurance by €75 thousands (€120 thousands in 2013) for executives, directors and other employees.

Compensation for the Board of Directors does not include the accrual of long term Incentive Plans (Note 18.e) amounting €540 thousands in the year 2014 (€484 thousands in the year 2013), which payment will be effective once the Plan 2013-2015 ends and the payment will take place, according to the effective compliance of the objectives to which it is subjected, in the years 2016 and 2017.

No advances or loans were granted to current or former Board members and there are no pension obligations to them.

The detail of the total remuneration, by type of director, is as follows:

Differences

	Thousands of euros	
	2014	**2013**
TYPE OF DIRECTOR		
Executives	1,836	1,136
Non-executive proprietary directors	423	342
Non-executive independent directors	1,441	1,127
Other external	-	16
TOTAL	**3,700**	**2,621**

At 2014 year-end the members of the Board of Directors of Gamesa Corporación Tecnológica, S.A. and certain persons related to them as defined in the Spanish Limited Liability Companies Law held ownership interests in the following companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the Company's object. Also, following is a detail of the positions held and functions discharged at those companies:

OWNER	INVESTEE COMPANY	LINE OF BUSINESS	NUMBER OF SHARES	FUNCTION
Arregui Ciarsolo, Juan Luis	Iberdrola, S.A.	Electric industry	30,284,584	None
Rubio Reinoso, Sonsoles	Iberdrola, S.A.	Electric industry	28,005	Director of the Compliance Unit at Iberdrola Group
Castresana Sánchez, Ramón	Iberdrola, S.A.	Electric industry	9,899	Director of Human Resources at Iberdrola Group
Moreu Munaiz, Manuel	Iberdrola, S.A.	Electric industry	41,840	None

The members of the Board of Directors were affected by the following conflicts of interest in 2014:

- Castresana Sánchez, Ramón. In accordance with the procedure established in Article 35 of the GAMESA CORPORACIÓN TECNOLÓGICA, S.A. Board of Directors Regulations, when the Board has deliberated and adopted any resolutions relating to operations with IBERDROLA, S.A. and/or group companies, he has not participated in the deliberation, voting, decision and execution of the resulting resolution. This occurred at the Board meetings held on September 8.
- Rubio Reinoso, Sonsoles. In accordance with the procedure established in Article 35 of the GAMESA CORPORACIÓN TECNOLÓGICA, S.A. Board of Directors Regulations, when the Board has deliberated and adopted any resolutions relating to operations with IBERDROLA, S.A. and/or group companies, she has not participated in the deliberation, voting, decision and execution of the resulting resolution. This occurred at the Board meetings held on September 8.

Finally, the Chairman and CEO and some of the members of the executive team at GAMESA have contractual agreements to receive financial compensation in the event of termination for reasons attributable to the Company and, in some cases, due to the occurrence of objective circumstances, such as a change in control. The financial compensation agreed for such termination consists, in general, of the payment of compensation up to a maximum of two years' salary, depending on personal and professional circumstances and the time at which the agreement was concluded.

31- Remuneration of senior executives

The remuneration (salary, compensation in kind, social security contributions, etc.) relating to senior management, excluding those who are simultaneously members of the Board of Directors (whose remuneration is detailed above) amounted to €3,252 thousands in 2014 (€2,177 thousands in 2013). The compensation paid or payable to members of senior management for past employment services is set out in the following table:

	Thousands of euros	
	2014	2013
Salaries and other short-term compensation	3,252	2,094
Share-based payments	-	83
TOTAL	**3,252**	**2,177**

The heading "Share-based payments" includes senior management compensation consisting of the settlement of the long-term incentive plan 2011-2013 that was made in the year 2013. Compensation for senior management does not include the accrual of long-term Incentive Plans (Note 18.e) amounting €1,586 thousands in 2014 (€1,063 thousands in 2013), whose payment will be effective once the Plan 2013-2015 ends and the payment will take place, according to the effective compliance of the objectives to which it is subjected, in the years 2016 and 2017.

In 2014 and 2013 there were no transactions with executives other than those carried out in the ordinary course of business.

32- Related party balances and transactions

All the significant balances at year-end between the consolidated companies and the effect of the transactions between them during the year were eliminated on consolidation. The detail of the transactions with related companies and associates and companies that are related parties which were not eliminated on consolidation in 2014 and 2013 is as follows:

Year 2014	**Thousands of euros**			
	Receivables	**Balances Payables**	**Sales and services rendered**	**Services received**
Iberdrola, S.A. and subsidiaries (Note 18)	50,351	209,508	313,312	5,519
Windar Renovables, S,L, and subsidiaries (Note 11)	4,538	26,296	9,387	71,384
Others	14,811	2,145	155	1,913
TOTAL	**69,700**	**237,949**	**322,854**	**78,816**

Year 2013	**Thousands of euros**			
	Receivables	**Balances Payables**	**Sales and services rendered**	**Services received**
Iberdrola, S.A. and subsidiaries(Note 18)	264,400	294,967	291,824	3,742
Windar Renovables, S.L. and subsidiaries (Note 11)	662	30,603	1,257	84,975
Others	9,770	392	74	430
TOTAL	**274,832**	**325,962**	**293,155**	**89,147**

All transactions with associated parties were carried out under market conditions.

a) Agreements telating to the Wind Turbine and Operations and Maintenance Segments

Through its subsidiary Gamesa Eólica, S.L. Unipersonal, on December 21 2011 Gamesa and Iberdrola, S.A. concluded a framework agreement relating to the supply and maintenance of wind turbines. Under that framework agreement, GAMESA Group and Iberdrola, S.A. have assumed the following commitments:

- Iberdrola, S.A shall acquire from Gamesa Group a quota of megawatts equivalent to 50% of the total on-shore wind turbine fleet that Iberdrola, S.A. acquires for its Renewables Business Unit during the term of the Framework Agreement.

  This commitment will be in force between January 1, 2013 and December 31, 2022 or the date on which the number of megawatts acquired by Iberdrola Group from Gamesa Group under the Framework agreement totals 3,800, whichever occurs first.

The framework agreement replaces the previous contract. Nevertheless, the rights and obligations resulting from the framework agreement remain in force with respect to supplies prior to the framework agreement, which includes the planning of 502 megawatts.

- Gamesa and Iberdrola, S.A will closely collaborate with new opportunities relating to the offshore wind business.
- Gamesa and Iberdrola, S.A will collaborate within the area of maintenance services so that Gamesa Eólica will become a company of reference with respect to wind farm maintenance throughout Iberdrola's business. In particular, the following agreements have been reached:

  a) Establish new areas of study and analysis for the rendering of maintenance services by Gamesa to Iberdrola, particularly the rendering of those services in the United States, the sale and installation of wind turbine reliability improvements or the extension of their useful lives and the conversion and update of wind turbine models.

  b) The extension of current maintenance services in the following terms:

    i. Award Gamesa maintenance services for 503 MW of capacity involving G5x and G4x wind turbines outside of warranty for 3 years at wind farms located in Albacete and Cuenca.

    ii. Hire GAMESA for a period of 3 years from January 1, 2012, the maintenance service of 584 wind turbines G47 (380MW), and 1,018 wind turbines G5x (865.3 MW), that currently are the matter of the present maintenance and operation contract of date January 1, 2009, whose validity finished on December 31, 2011.

    iii. Extend the operation and maintenance agreement relating to the maintenance of 1,156 G8x (2,312 MW) wind turbines out of warranty at wind farms in Spain and Portugal for an additional 1 year until December 31, 2012.

In the context of the above agreements and extensions of maintenance contracts which end on December 31, 2012, Iberdrola, S.A. and Gamesa Eólica, S.L. are negotiating a new technical and financial scope and physical environment, to carry out preventive and corrective maintenance of certain wind turbines installed at the wind energy plants owned by Iberdrola, S.A. or its subsidiaries. Currently the contract that entered into force on January 1 2013 establishes the terms and conditions for the maintenance work for the G8x fleet on Mainland Spain and Portugal and for the plants in certain other countries that were not covered by maintenance contracts is expected to enter into force on January 1 2013 and has yet to be signed (2,286 MW with minimum volumes for 2013, 2014 and 2015). At the preparing date of these Consolidated Financial Statement, it is underway the redaction of the mentioned continuing contract extending until 2017.

b) Agreements between Gamesa Group and Windar Renovables, S.L.

On June 25, 2007 GAMESA Group (through its subsidiary Gamesa Eólica, S.L. Unipersonal) concluded a power supply agreement with Windar Renovables, S.L. The conditions for transactions with associates are equivalent to those carried out with independent parties.

33- Other information

a) Information regarding the deferral of payments made to suppliers

The average payment period to suppliers during the year has been 84 days (98 days in the year 2013)

This average payment period is referred to the Spanish companies' suppliers of the consolidated group that because of its nature are trade creditors for the supply of goods and services, so that it includes the data relating the headings "Trade and other payables", "Trade payables to related parties" and "Other payables – Other current liabilities" of the current liabilities of the consolidated balance sheet.

34- Fees paid to auditors

In 2014 and 2013 the fees for financial audit and other services provided by the auditor of the Group's consolidated financial statements and the fees billed by the auditors of the separate financial statements of the consolidated companies, and by companies related to these auditors as a result of a relationship of control, common ownership or common management, were as follows:

Year 2014	**Thousands of euros**	
	Services rendered by EY	**Services provided by other audit firms**
Audit services	968	55
Other attest services	78	-
Total audit and related services	**1,046**	**55**
Tax advisory services	285	13
Other services	29	146
Total services other companies in the network	**314**	**159**
TOTAL PROFESSIONAL SERVICES	**1,360**	**214**

Year 2013	**Thousands of euros**	
	Services rendered by PwC	**Services provided by other audit firms**
Audit services	1,297	62
Other attest services	120	16
Total audit and related services	**1,417**	**78**
Tax advisory services	25	16
Other services	144	19
Total services other companies in the network	**169**	**35**
TOTAL PROFESSIONAL SERVICES	**1,586**	**113**

35- Earnings per share

At December 31, 2014 the average number of ordinary shares used in the calculation of earnings per share is 259,121,794 shares considering the capital increase performed on September 8, 2014 (250,795,930 shares at December 31, 2013) (Note 18.a), given that in 2013 GAMESA has held an average of 3,085,066 treasury shares (3,084,787 in 2013) (Note 18.e).

The basic earnings per share from continuing and discontinued operations attributable to the Parent in 2014 and 2013 were as follows:

	2014	**2013**
Net profit from continuing operations attributable to the Parent (thousands of euros)	96,687	48,125
Net profit from discontinued operations attributable to the Parent (thousands of euros)	(4,839)	(3,092)
Average number of outstanding shares	259,121,794	250,795,930
Basic earnings per share from continuing operations (euros)	0.3737	0.1919
Basic earnings per share from discontinued operations (euros)	(0.0187)	(0.0123)
TOTAL BASIC EARNINGS PER SHARE	**0.3550**	**0.1796**

At December 31, 2014 and 2013, Gamesa Corporación Tecnológica, S.A., the Parent of the GAMESA Group, had not issued financial instruments or other contracts that entitle the holder thereof to receive ordinary shares of the Company. Consequently, diluted earnings per share coincide with basic earnings per share.

36- Disposal groups of assets classified as held-for-sale and discontinued activities

In accordance with the Business Plan 2013-2015 and the new strategic orientation of wind energy plant development and sale, the assets and liabilities relating to the development activity in the United States are presented as disposal groups held for sale after the decision by Management to suspend the development and sale of wind energy plants in the United States.

Although it has passed more than one year since the categorization of those assets as non-current assets held-for-sale, GAMESA keeps the prior classification because of the delay in facts or circumstances out of the Group's control and the commitment and plan to sell the assets is maintained.

On November 27, 2013, it was signed the sale contract of the participation that GAMESA had in the company Wind Portfolio Sponsorco, LLC., company that at the same time maintained the participation in various wind farms built by GAMESA (Sandy Ridge Wind, LLC., Senate Wind, LLC. and Minonk Wind, LLC.). That sale, which was done to the main shareholder, was definitively materialized during the first semester of 2014 once the technical and administrative conditions that were pending in 2013 have been considered as complied, finally receiving $117 million (€85 million).

As it is mentioned in the prior paragraph, in 2014 it was sold a significant part of the assets held-for-sale and actions for selling the remaining assets of this heading are being carried out according to its compromise and sales plan.

Details of the assets and liabilities that make up opponent classified as "Disposable group of items classified as held-for-sale" at December 31, 2014 and 2013, as in both years the conditions for such a classification were met in accordance with the matters indicated in Notes 3.i, are as follows:

	Thousands of euros	
	12.31.2014	**12.31.2013**
Property, plant and equipment	302	266
Investments carried under the Equity method	-	82.995
Non-current financial assets	10	9
Total non-current assets	**312**	**83,270**
Inventories	29,361	27,220
Receivables	1,844	2,560
Other current assets	-	392
Cash and other cash equivalents	(1)	15
Total current assets	**31,204**	**30,187**
TOTAL DISPOSAL GROUPS OF ITEMS CLASSIFIED AS HELD-FOR-SALE	**31,516**	**113,457**
Other non-current liabilities	521	459
Total non-current liabilities	**521**	**459**
Other current liabilities	1,459	179
Total current liabilities	**1,459**	**179**
TOTAL LIABILITIES ASSOCIATED WITH DISPOSAL GROUPS OF ITEMS CLASSIFIED AS HELD-FOR-SALE	**1,980**	**638**
NET ASSET IN DISPOSAL GROUP	**29,536**	**112,819**

The main headings of the income statement relating to the component classified as a discontinued operation in 2014 and 2013 are as follows:

	Thousands of euros	
	2014	**2013**
Net revenues	4,279	2,847
Depreciation and provisions	-	(678)
Other expenses	(6,572)	(5,261)
Profit/(loss) before taxes	**(2,293)**	**(3,092)**
Corporate income tax attributable	(2,546)	-
PROFIT /(LOSS) FOR THE YEAR FROM DISCONTINUED ACTIVITIES	**(4,839)**	**(3,092)**

The development and sale of plants in the United States at December 31, 2014 and 2013 relates mainly to an operating wind farm in use owned by GAMESA and recognised under the heading "Inventories" in the above table. This heading was subjected to €31.9 million impairment recognised because the book value was higher than the recoverable value estimated by cash flow forecasts and references to transactions and other market parameters at December 31, 2012 that was not modified at December 31, 2013 and 2014.

This impairment has been applied taking into account projected cash flows over the coming years, bearing in mind a time horizon of 20 years, annual growth of 2% and the discount rate based on the weighted average cost of capital (WACC) of 9%. The key assumptions used were as follows:

- Units sold in coming years (MHh)
- Average revenues per unit.

In addition, from a perspective of analysing sensitivity, GAMESA Group has applied sensitivity calculations to the results of this impairment test, recording the following reasonable changes in the key assumptions:

- 5% decrease in the MWh sold in coming years.
- 5% increase in the MWh sold in coming years.
- 5% decrease in average revenues per MWh.
- 5% increase in average revenues per MWh.

These sensitivity analyses performed individually for each key assumption would have revealed the existence of additional impairment totalling approximately €2,078 thousands at December 31, 2014 and a decrease in impairment of approximately €2,088 thousand.

Furthermore, GAMESA performed a sensitivity analysis, consisting of increasing the discount rate by 50 basis points, which would have led to the need to record additional impairment of approximately €1 million.

At the date the Group's 2014 consolidated annual accounts were prepared GAMESA maintains sales negotiations for a value that does not significantly different from the value recognize that December 31, 2014. Management is carrying out the action that is necessary within the negotiation process and expects a favourable decision regarding the transfer of the non-current asset in the short-term.

At December 31, 2014 the amount recognised as "result for the year from discontinued operations" fundamentally includes the losses generated by this wind farm.

The breakdown of cash flows deriving from the component classified as discontinued operations in 2014 and 2013 is as follows:

	Thousands of euros	
	2014	2013
Cash flows from operating activities	(1,762)	(13,322)
Cash flows from investing activities	85,416	(392)
Cash flows from financing activities	-	12,629
TOTAL CASH FLOWS FROM DISCONTINUED ACTIVITIES	**83,564**	**(1,085)**

The cash-flow originated in the charge of the sale of the stake in Wind Portfolio Sponsorco, LLC is included in the continuing activities cash-flow of the Group.

37- Joint venture Offshore

On July 7 2014, GAMESA announced that it had reached a binding agreement with Areva, S.A. ("Areva") and other companies of its group for the setting-up of a company owned 50% by both groups to which each other would contribute its offshore business and through which they would exclusively focus the development of that business (the "JV" and the "Operation").

The registered address of the JV would be located in Zamudio (Vizcaya). Apart from Spain, the JV would have operational headquarters in France, Germany and United Kingdom.

GAMESA Group would provide to the JV with its offshore business with assets worth €195 million and would consolidate its participation in the JV by the Equity Method.

The JV would begin with a 2.8 GW project portfolio and with the objective of reaching a market share close to 20% in Europe by 2020. This would involve that the JV had the current platforms of 5MW of its owners and would develop another 8MW platform. The JV would continue with the development of industrial commitments, bounded to the adjustment of projects acquired by Areva in France and United Kingdom, such as the creation of an assembly and blade plant in Le Havre and the development of a supplier network in France. Likewise, GAMESA would sign with the JV a preferential supplier contract.

In the shareholders contract that would be signed in the moment of the execution of the operation, GAMESA and Areva would have identical presence in the JV's Board of Directors, whose presidentship will be assumed by one of the partner's representative, in successive periods of two years.

The operation was initially under the compliance of certain suspensive conditions such as obtaining permissions from the competition authorities, as well as other pertinent authorizations and consents.

During the last moths both parties have been working on the compliance of the mentioned suspensive conditions, being at the date of the preparation of these Consolidated Financial Statements awaiting the completion of all of them, taking into account that it is considered a relevant operation, as it is announced.

38- Post-balance sheet events

There were no significant subsequent events to the year end.

39- Explanation added for translation to english

These Consolidated financial statements are presented on the basis of IFRS, as adopted by the European Union. Certain accounting practices applied by the Group that conform to IFRS may not conform to other generally accepted accounting principles in other countries.

Appendix

Companies	Line of business	Auditor	Location	% of direct and indirect ownership
FULLY CONSOLIDATED COMPANIES				
A) GAMESA ENERGÍA GROUP				
Gamesa Energía, S.A. Unipersonal	Development of wind farms	EY	Vizcaya	100%
A.1 Wind farms				
Development of wind farms				
Gamesa Inversiones Energéticas Renovables, S.C.R. de Régimen Simplificado, S.A.	Development of wind farms	EY	Vizcaya	100%
Gamesa Energía Italia, S.P.A.	Development of wind farms	EY	Italy	100%
Gamesa Energiaki Hellas, A.E.	Development of wind farms	EY	Greece	100%
Gamesa Energía Portugal, S.A.	Development of wind farms	EY	Portugal	100%
Gamesa Energie France, E.U.R.L.	Development of wind farms	PWC	France	100%
Parques Eólicos del Caribe, S.A.	Development of wind farms	PWC	Dominican Republic	57%
Navitas Energy, Inc.	Development of wind farms	-	U.S.A	97%
Gamesa Energy Romania, Srl	Development of wind farms	-	Rumania	99%
Gamesa Energía Polska Sp. Zoo	Development of wind farms	EY	Poland	100%
Gamesa Energy UK, Ltd.	Development of wind farms	EY	Mexico	100%
Wind Portfolio SponsorCo, LLC	Development of wind farms	-	U.S.A.	100%
Gamesa Energie Deutschland, GmbH	Development of wind farms	EY	Germany	100%
Kurnool Wind Farms Privated Ltd	Manufacturing and holding company	-	India	100%
Kadapa Wind Farms Privated Ltd	Manufacturing and holding company	-	India	100%
Anantapur Wind Farms Privated Ltd	Manufacturing and holding company	-	India	100%
GERR, Grupo Energético XXI, S.A Unipersonal	Development of wind farms	-	Barcelona	100%
International Wind Farm Developments II, S.L.	Development of wind farms	-	Vizcaya	100%
International Wind Farm Developments III, S.L.	Development of wind farms	-	Vizcaya	100%
International Wind Farm Developments IX, S.L.	Development of wind farms	-	Vizcaya	100%
Gamesa Bulgaria EOOD	Development of wind farms	EY	Bulgaria	100%
International Wind Farm Development IV S.L.	Development of wind farms	-	Vizcaya	100%
International Wind Farm Development V S.L.	Development of wind farms	-	Vizcaya	100%
International Wind Farm Development VI S.L.	Development of wind farms	-	Vizcaya	100%
International Wind Farm Development VII S.L.	Development of wind farms	-	Vizcaya	100%
Gamesa Energy Sweden AB	Development of wind farms	-	Sweden	100%
Eólica Da Cadeira, S.A.	Development of wind farms	-	A Coruña	65%
Gesa Energía S.R.L.de CV	Development of wind farms	-	Mexico	100%
Sistemas Energéticos Jaralón, S.A. Unipersonal	Development of wind farms	-	Vizcaya	100%
Gesan Mexico 1, S.A.P.I. DE C.V.	Development of wind farms	EY	Mexico	100%
Operation of wind farms				
Baileyville Wind Farm, LLC	Operation of wind farms	-	U.S.A.	97%
Windfarm 33 Gmbh	Operation of wind farms	-	Germany	100%
Windfarm 35 Gmbh	Operation of wind farms	-	Germany	100%
Windfarm 38 Gmbh	Operation of wind farms	-	Germany	100%
Windfarm 39 Gmbh	Operation of wind farms	-	Germany	100%
Windfarm 40 Gmbh	Operation of wind farms	-	Germany	100%
Windfarm 41 Gmbh	Operation of wind farms	-	Germany	100%
S.E. Balazote, S.A. Unipersonal	Operation of wind farms	-	Toledo	100%

Companies	Line of business	Auditor	Location	% of direct and indirect ownership
S.E. Cabezo Negro, S.A. Unipersonal	Operation of wind farms	-	Zaragoza	100%
SAS SEPE du Plateu	Operation of wind farms	-	France	100%
Sistemas Energéticos La Plana, S.A.	Operation of wind farms	Attest	Zaragoza	90%
Sistemas Energéticos La Jimena, S.A.	Operation of wind farms	-	Soria	60%
Sistemas Energéticos Barandón, S.A.	Operation of wind farms	-	Valladolid	100%
Eoliki Peloponisou Lakka Energiaki A.E.	Operation of wind farms	EY	Greece	86%
Eoliki Attikis Kounus Energiaki A.E.	Operation of wind farms	EY	Greece	86%
Sistemas Energéticos Ventorrillo, S.A. Unipersonal	Operation of wind farms	-	Sevilla	100%
Eólica Dos Arbolitos, S.A.P.I. de C.V.	Operation of wind farms	-	Mexico	100%
Sistemas Energéticos de Tarifa, S.L. Unipersonal	Development of wind farms	-	Vizcaya	100%
Sistemas Energéticos Argañoso, S.L. Unipersonal	Development of wind farms	-	Vizcaya	100%
Sistemas Energéticos Ortegal, S.A.	Operation of wind farms	-	A Coruña	80%
Sistemas Energéticos del Sur, S.A.	Operation of wind farms	-	Sevilla	70%
Sistemas Energéticos los Nietos, S.A. Unipersonal	Operation of wind farms	-	Sevilla	100%
Sistemas Energéticos Sierra de Lourenza, S.A. Unipersonal	Operation of wind farms	-	Vizcaya	100%
Sistemas Energéticos Loma del Reposo, S.L. Unipersonal	Development of wind farms	-	Vizcaya	100%
Sistemas Energéticos Edreira, S.A. Unipersonal	Operation of wind farms	-	A Coruña	100%
Sistemas Energéticos Campoliva, S.A. Unipersonal	Operation of wind farms	-	Zaragoza	100%
Sistemas Energéticos Carril, S.L.Unipersonal	Development of wind farms	-	Vizcaya	100%
Gesacisa Desarrolladora SA de CV	Operation of wind farms	EY	Mexico	100%
Sistemas Energéticos Alcohujate, S.A. Unipersonal	Operation of wind farms	-	Toledo	100%
Energiaki Megas Lakkos, S.A.	Operation of wind farms	EY	Greece	100%
SAS SEPE Lingevres	Operation of wind farms	-	France	100%
SAS SEPE St. Loup de Saintonge	Operation of wind farms	-	France	100%
SAS SEPE Villiers Vouille et Yversay	Operation of wind farms	-	France	100%
SAS SEPE Dampierre Prudemanche	Operation of wind farms	PWC	France	100%
SAS SEPE Germainville	Operation of wind farms	PWC	France	100%
SAS SEPE Ecueille	Operation of wind farms	PWC	France	100%
Sistemas Energéticos el Valle, S.L.	Operation of wind farms	-	Navarra	100%
Sistemas Energéticos Fonseca, S.A. Unipersonal	Operation of wind farms	-	A Coruña	100%
Sistemas Energéticos del Umia, S.A. Unipersonal	Operation of wind farms	-	A Coruña	100%
Sistemas Energéticos Cuntis, S.A.	Operation of wind farms	-	A Coruña	100%
Sistemas Energéticos La Cámara, S.L.	Operation of wind farms	-	Sevilla	100%
Sistemas Energéticos Fuerteventura, S.A. Unipersonal	Operation of wind farms	-	Canarias	100%
Sistemas Energéticos Arico, S.A. Unipersonal	Operation of wind farms	-	Canarias	100%
Sistemas Energéticos Alto de Croa, S.A. Unipersonal	Operation of wind farms	-	A Coruña	100%
Sistemas Energéticos Cabanelas, S.A. Unipersonal	Operation of wind farms	-	A Coruña	100%
Abruzzo Vento, Srl	Development and Operation of wind farms	-	Italy	90%
EBV Holding Verwaltung GMBH	Development of wind farms	-	Germany	100%
Gamesa Energía Galicia S.L. Unipersonal	Development of wind farms	-	Galicia	100%
Sistemas Energéticos Boyal, S.L.	Operation of wind farms	-	Zaragoza	60%
Energiaki Arvanikos, MEPE	Operation of wind farms	-	Greece	100%
Sistema Eléctrico de Conexión Montes Orientales, S.L.	Operation of wind farms	-	Granada	83%
Sistemas Energéticos Loma del Viento, S.A. Unipersonal	Operation of wind farms	-	Sevilla	100%
Sistemas Energéticos Sierra de las Estancias, S.A. Unipersonal	Operation of wind farms	-	Sevilla	100%
Sistemas Energéticos Cuerda Gitana, S.A. Unipersonal	Operation of wind farms	-	Sevilla	100%
Southern Windfarm sp. Zoo. W Organizacji	Operation of wind farms	EY	Poland	100%
Parco Eolico Tuturano S.R.L.	Operation of wind farms	-	Italy	100%
Parco Eolico Prechicca S.R.L.	Operation of wind farms	-	Italy	100%
Paro Eolico Monte Maggio Scalette S.R.L.	Operation of wind farms	-	Italy	100%
Osiek Sp. Z o.o	Operation of wind farms	-	Poland	100%
Sistemas Energéticos Monte Genaro, S.L. Unipersonal	Operation of wind farms	-	Vizcaya	100%

Companies	Line of business	Auditor	Location	% of direct and indirect ownership
Sistemas Energéticos Sierra de Valdefuentes, S.L. Unipersonal	Operation of wind farms	-	Vizcaya	100%
Sistemas Energéticos Sierra del Carazo, S.L. Unipersonal	Operation of wind farms	-	Vizcaya	100%
Harelaw Renewable Energy Park Ltd.	Operation of wind farms	-	United Kingdom	100%
Shap Renewable Energy Park Ltd.	Operation of wind farms	-	United Kingdom	100%
Watford Gap Renewable Energy Park Ltd.	Operation of wind farms	-	United Kingdom	100%
Aberchalder Renewable Energy Park Ltd.	Operation of wind farms	-	United Kingdom	100%
Windfarm Ringstedt II, GmbH	Operation of wind farms	-	Germany	100%
Llynfi Renewable Energy Park Ltd.	Operation of wind farms	-	United Kingdom	100%
Llanfynydd Renewable Energy Park Ltd.	Operation of wind farms	-	U.S.A.	100%
Coemga Renovables 1 ,S.L.	Operation of wind farms	-	Barcelona	75%
Coemga Renovables, S.L.	Operation of wind farms	-	Barcelona	75%
Windfarm Gross Hasslow GmbH	Operation of wind farms	-	Germany	100%
Sistemas Energéticos de Gran Canaria	Operation of wind farms	-	Canarias	100%
Ger Baraganu S.R.L	Electric energy production	-	Rumania	100%
Ger Bordusani S.R.L.	Electric energy production	-	Rumania	100%
Ger Cerbal S.R.L.	Electric energy production	-	Rumania	100%
Ger Independenta S.R.L.	Electric energy production	-	Rumania	100%
Ger Jirlau S.R.L.	Electric energy production	-	Rumania	100%
Ger Ludus S.R.L.	Electric energy production	-	Rumania	100%
Ger Ponor S.R.L.	Electric energy production	-	Rumania	100%
Ger Pribeagu S.R.L	Electric energy production	-	Rumania	100%
Lingbo SPW AB	Electric energy production	-	Sweden	75%
Innovación Eólica de Salamanca S.L.	Electric energy production	-	Burgos	78%
Central Eolica de Mexico I, S.A. de C.V.	Operation of wind farms	-	Mexico	100%
Energía Eólica de Mexico	Operation of wind farms	-	Mexico	50%
Energía Renovable del Istmo	Operation of wind farms	-	Mexico	50%
Elliniki Eoliki Energiaki Kseropousi SA	Operation of wind farms	-	Greece	86%
Elliniki Eoliki Energiaki Pirgos SA	Operation of wind farms	-	Greece	86%
Elliniki Eoliki Energiaki Kopriseza SA	Operation of wind farms	-	Greece	86%
Elliniki Eoliki Energiaki LIKOURDI SA	Operation of wind farms	-	Greece	86%
Zefiro Energy S.R.L.	Operation of wind farms	-	Italy	51%
Societe Dexploitation Du Parc Eolien Du Tonnerois	Operation of wind farms	-	France	100%
LICHNOWY Windfarm Sp. z o.o.	Operation of wind farms	-	Poland	100%
UJAZD Sp. z o.o.	Operation of wind farms	-	Poland	100%
Infraestructura Generación Valdeconejos, SL.	Operation of wind farms	-	Zaragoza	100%
Whitehall Wind, LLC	Operation of wind farms	-	U.S.A.	100%
Suchan Sp Z.o.o.	Operation of wind farms	-	Poland	100%
Energiaki Flabouro EPE	Operation of wind farms	-	Greece	100%
Fanbyn2 Vindenergi AB	Operation of wind farms	-	Sweden	100%
A.2 Manufacture of WTGs				
Gamesa Eólica, S.L. Unipersonal	Wind-powered facilities	EY	Navarra	100%
Gamesa Innovation & Technology, S.L. Unipersonal	Manufacture of moulds, blades and provision of central services (engineering)	EY	Navarra	100%
Estructuras Metálicas Singulares, S.A.	Manufacture of wind generator towers	EY	Navarra	100%
Gamesa Wind, GMBH	Wind-powered facilities	EY	Germany	100%
Gamesa Eólica Italia, S.R.L.	Wind-powered facilities	EY	Italy	100%
Gamesa Wind UK Limited	Manufacturing and holding company	EY	United Kingdom	100%
Gamesa Lanka Private Limited	Manufacturing and holding company	EY	Sri Lanka	100%
Gamesa Wind Romania, SRL	Development of wind farms	EY	Rumania	100%
Gamesa Singapore Private Limited	Manufacturing and holding company	EY	Singapur	100%

Companies	Line of business	Auditor	Location	% of direct and indirect ownership
Gesa Eólica Honduras, S.A.	Manufacturing and holding company	-	Honduras	100%
Gamesa Eólica VE, C.A.	Manufacturing and holding company	-	Venezuela	100%
Gamesa Taiwan Limited	Manufacturing and holding company	-	Taiwan	100%
Gamesa Finland OY	Manufacturing and holding company	-	Finland	100%
Servicios Eólicos Globales, SRL de CV	Manufacturing and holding company	-	Mexico	100%
Gamesa Mauritania SARL	Manufacturing and holding company	-	Mauritania	100%
Gamesa Ukraine LLC	Manufacturing and holding company	-	Ukraine	100%
Gamesa Uruguay S.R.L	Wind-powered facilities	-	Uruguay	100%
Gamesa Eólica Nicaragua, S.A.	Wind-powered facilities	-	Nicaragua	100%
Gamesa Kenya Limited S.L.	Wind-powered facilities	-	Kenya	100%
Gamesa Puerto Rico CRL	Wind-powered facilities	-	Puerto Rico	100%
RSR Power Private Limited	Manufacturing and holding company	-	India	100%
Gamesa II Eólica Portugal Sociedade Unipessoal Lda	Wind-powered facilities	-	Portugal	100%
Gamesa Wind Turbines Private Ltd	Wind-powered facilities	EY	India	100%
Gamesa Blade Tianjin Co Ltd.	Design, manufacture and assembly of blades	EY	China	100%
Gamesa Wind Energy System Development Co Ltd.	Manufacture of wind-power components and wind farm maintenance	EY	China	100%
Gamesa Wind Tianjin Co Ltd.	Manufacture of wind-power components	EY	China	100%
Gamesa Trading Co., Ltd.	Purchase and sale of raw materials	EY	China	100%
Gamesa Cyprus Limited	Manufacturing and holding company	-	Cyprus	100%
Gamesa New Zeland Limited	Manufacturing and holding company	-	New Zealand	100%
Gamesa Wind Bulgaria, EOOD	Manufacture, construction and operation of wind farms	EY	Bulgaria	100%
Gamesa Eolica France SARL	Wind-powered facilities	PWC	France	100%
Gamesa Electric, S.A. Unipersonal	Manufacture and sale of electronic equipment	-	Vizcaya	100%
Cantarey Reinosa, S.A. Unipersonal	Manufacture of electricity generators	EY	Cantabria	100%
Enertron, S.L. Unipersonal	Manufacture of electronic elements	EY	Madrid	100%
Gamesa Wind South Africa PTY LTD	Manufacturing and holding company	-	South Africa	100%
Gamesa Australia PTY, LTD	Manufacturing and holding company	-	Australia	100%
Gamesa Chile SpA	Manufacturing and holding company	-	Chile	100%
Gamesa Dominicana, S.A.S.	Manufacturing and holding company	EY	Dominican Republic	100%
Gamesa Energy Transmission, S.A. Unipersonal	Manufacture of wind-power components	EY	Vizcaya	100%
Gesa Eólica Mexico, SA de CV	Wind-powered facilities	EY	Mexico	100%
Gamesa Wind Poland Sp zoo	Wind-powered facilities	-	Poland	100%
Parque Eólico Dos Picos, S.L. Unipersonal	Operation of wind farms	-	Vizcaya	100%
Gamesa Morocco, SARL	Wind-powered facilities	-	Morocco	100%
Gamesa Wind Energy Services, Ltd	Manufacturing and holding company	-	Turkey	100%
Gamesa Eólica Costa Rica, S.R.L.	Manufacturing and holding company	-	Costa Rica	100%
Gamesa Wind Sweden, AB	Manufacturing and holding company	EY	Sweden	100%
Gamesa Japan Kabushiki Kaisha	Manufacturing and holding company	-	Japan	100%
Gamesa Wind Hungary KTF	Manufacturing and holding company	EY	Hungary	100%
Gamesa Eólica Greece E.P.E	Manufacturing and holding company	-	Greece	100%
Jilin Gamesa Wind Co., Ltd.	Manufacturing and holding company	EY	China	100%
Inner Mongolia Gamesa Wind Co.,Ltda.	Manufacturing and holding company	EY	Mongolia	100%
Rajgarh Windpark Private Limited	Manufacturing and holding company	Others	India	51%
Gamesa Ireland Limited	Manufacturing and holding company	EY	Ireland	100%
GM Navarra Wind Energy Private Limited	Manufacturing and holding company	-	India	100%
Gamesa Canada, ULC	Manufacturing and holding company	-	Canada	100%
Gamesa Azerbaijan, LLC	Manufacturing and holding company	-	Azerbaijan	100%
Gamesa Eólica Brasil, Ltd.	Management of electricity facilities	-	Brazil	100%

Companies	Line of business	Auditor	Location	% of direct and indirect ownership
B) GAMESA TECHNOLOGY CORPORATION GROUP				
Gamesa Technology Corporation, Inc	Administrative management services	EY	U.S.A.	100%
Gamesa Wind US, LLC	Wind farm maintenance services	EY	U.S.A.	100%
Gamesa Wind, PA, LLC	Manufacture and assembly of wind generators	EY	U.S.A.	100%
Medicine Bowl Wind LLC	Operation of wind farms	-	U.S.A.	100%
Cedar Cap Wind, LLC	Operation of wind farms	-	U.S.A.	100%
Crescent Ridge II, LLC	Operation of wind farms	-	U.S.A.	100%
2Morrow Energy, LLC	Operation of wind farms	-	U.S.A.	100%
Mahantango Wind, LLC	Operation of wind farms	-	U.S.A.	100%
Pocahontas Prairie Wind, LLC	Operation of wind farms	-	U.S.A.	100%
C) OTHERS				
Cametor, S.L.	Ownership of non-current assets	-	Vizcaya	100%
Compass Transworld Logistics, S.A.	Logistics and transport	KPMG	Navarra	100%
Gamesa Venture Capital, S.C.R. de Régimen Simplificado, S.A. Unipersonal	Promotion companies	-	Spain	100%
Gamesa Financiación S.A.-Unipersonal-	Promotion companies	-	Spain	100%
D) COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD				
Windar Renovables, S.L.	Head of the companies which manufacture wind generator towers	PWC	Navarra	32%
Energías Renovables San Adrián de Juarros, S.A.	Development and Operation of windfarms	-	Burgos	45%
Windkraft Trinnwillershagen Entwicklungsgesellschaft, GmbH	Development of wind farms	-	Germany	50%
Sistems Electrics Espluga S.A.	Operation of wind farms	-	Barcelona	50%
Windar Logistic, S.L.	Manufacturing and holding company	-	Jaén	32%
Tadarsa Eólica	Manufacturing and holding company	-	Avilés	32%
Windar Wind Services S.L. Unipersonal	Manufacturing and holding company	-	Spain	32%
Windar Renewable Energy Private Ltd.	Manufacturing and holding company	PWC	India	32%
Windar Offshore, S.L	Manufacturing and holding company	PWC	Avilés	32%
9Ren España, S.L.	Solar	-	Spain	49%
Apoyos Metálicos, S.A.	Manufacturing and holding company	-	Navarra	32%
Kintech Santalpur Windpark Private Limited	Manufacturing and holding company	-	India	49%
Baja Wind Llc	Manufacturing and holding company	-	U.S.A.	50%
Torres Eólicas Do Brasil Ltda	Manufacturing and holding company	-	Brazil	32%
AEMSA Santana	Manufacturing and holding company	-	Jaén	32%
New Broadband Network Solutions, S.L.	Manufacturing and holding company	-	Madrid	31%

Carlos Rodríguez-Quiroga Menéndez, with national identity card number 276302 A, Secretary of the Board of Directors of "Gamesa Corporación Tecnológica, S.A." with registered office in Zamudio (Vizcaya), at Parque Tecnológico de Bizkaia, Edificio 222 with Employer Identification Number A-01011253.

HEREBY CERTIFY:

That the text of the consolidated financial statements for 2014 of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. authorised for issue by the Board of Directors at its meeting held on 25 February 2015 is the content of the preceding 95 sheets of unstamped paper, on the obverse only, and the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements, for authentication purposes, bear my signature and that of the Chairman of the Board of Directors.

The directors listed below hereby so ratify by signing below, in conformity with Article 253 of the Spanish Limited Liability Companies Law.

Ignacio Martín San Vicente
Chairman and CEO

Juan Luis Arregui Ciarsolo
Deputy Chairman

Luis Lada Díaz
Member of the Board of Directors

José María Aracama Yoldi
Member of the Board of Directors

José María Vázquez Eguskiza
Member of the Board of Directors

Ramón Castresana Sánchez
Member of the Board of Directors

José María Aldecoa Sagastasoloa
Member of the Board of Directors

Sonsoles Rubio Reinoso
Member of the Board of Directors

Carlos Rodríguez-Quiroga Menéndez
Secretary of the Board of Directors

Approval of the Chairman

Madrid, February 25 2015 In witness whereof

Ignacio Martín San Vicente
Chairman and CEO

Carlos Rodríguez-Quiroga Menéndez
Secretary of the Board of Directors

January-December 2014 Results

1- Evolution of the company in the year

2014 objectives: surpassed; 2015 vision: achieved ahead of schedule; prospects for value creation: improved

Gamesa Corporación Tecnológica[1] regained sales growth in 2014 while steadily increasing profitability, enhancing cash flow and strengthening its balance sheet. Commercial activity firmed up, with 3,315 MW order intake, i.e. 58% more than in 2013, while the order book totalled 2,494 MW at year-end, 38% more than at the end of 2013. Revenues in 2014 amounted to €2,846 million, 22% more than in 2013, and EBIT totalled €191 million[2], a 48% increase year-on-year, while the EBIT margin was 6.7%[2], over one percentage point higher than in 2013. At constant exchange rates, revenues in 2014 expanded by 25%[3] y/y, and the EBIT margin was 7.2%[3], i.e. almost 2 percentage points higher than in 2013. In addition to improved profitability and growth in sales, Gamesa continues to optimise working capital, which, combined with focused capex, enabled it to reduce debt organically by 79% y/y[4] and end the year with a net cash position of €143 million, after increasing capital by approximately 10%.

Main consolidated figures for 2014

- Revenues: €2,846 million (+21.9% y/y)
- EBIT[2]: €191 million (+48.1% y/y)
- Net Income[2]: €101 million (2x y/y)
- Net cash on the balance sheet: €143 million (-0.4x EBITDA)
- MWe sold: 2,623 (+34.3% y/y)
- Firm order intake: 3,315 MW (+58% vs. 2013)

Gamesa Corporación Tecnológica ended 2014 with revenues of €2,846 million, a 22% increase over 2013, due to growth in the company's two areas of activity: wind turbine manufacturing and O&M services. The Wind Turbine division obtained €2,411 million in revenues in 2014, i.e. 22.3% more than in 2013, supported by strong growth in activity partially offset by the depreciation of the Indian rupee and the Brazilian real, the change in the geographic and project mix and, in particular, the recovery of sales in China, where the product scope is different[5]. Activity volume amounted to 2,623 MWe, 34.3% more than in 2013 (1,953 MWe), due to the strong contribution by the Indian and Brazilian markets to group sales, the recovery in the US and China, and the contribution of emerging markets, such as the Philippines, Turkey and Sri Lanka. Growth in those markets was offset by the lower contribution to sales by Europe and RoW, although they improved in the second half of the year.

[1] Gamesa Corporación Tecnológica includes wind turbine manufacturing and O&M services. The wind farm development, construction and sale business is classified as part of the wind turbine generator manufacturing business.

[2] EBIT, EBIT margin and net profit excluding non-recurring items amounting to €9.4 million in 2014. Variations with respect to the 2013 numbers are calculated by excluding non-recurring items amounting to €5.6 million in 2013.

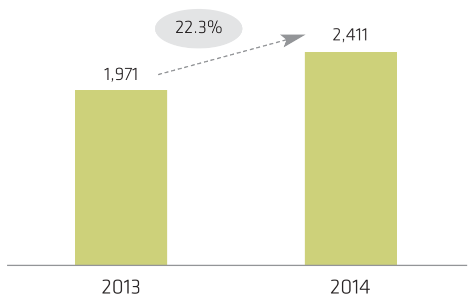
[3] At the 2013 average exchange rate.

[4] Year-on-year reduction in net financial debt excluding the cash inflow from the capital increase.

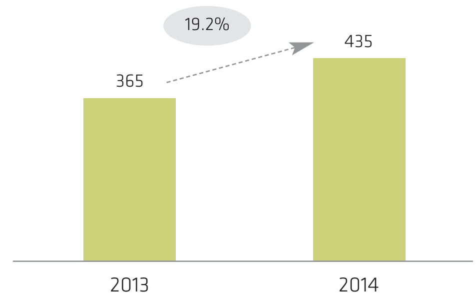
[5] Wind turbine sales contracts in China exclude the tower.

Revenues from O&M services totalled €435 million, i.e. 19.2% higher than in 2013, supported by 14% growth in the post-warranty fleet under maintenance compared with 2013.

WTG sales (€ MM)

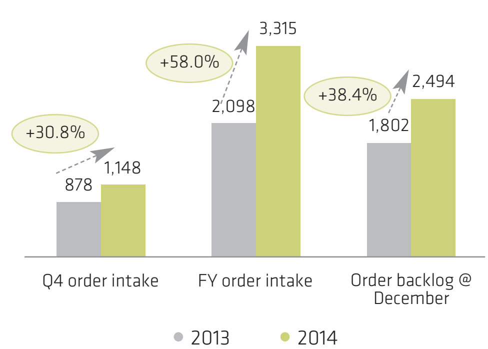


O&M revenues (€ MM)



This increase in activity volume and revenues is in line with growth in global demand following the decline in 2013. The recovery in demand, driven in large part by the US market, was also supported by double-digit growth in emerging wind markets such as India, Brazil and Mexico; Gamesa has a strong position in all three. The sound sales positioning, supported not only by a diversified geographic presence but also by an extensive customer base and a portfolio of products and services aimed at maximising the return on wind assets, and a presence throughout the wind value chain enabled the company to sign orders for 1,148 MW[6] in the fourth quarter of 2014 (30.8% more than in Q4 2013), which raised total order intake in 2014 to 3,315 MW, 58% higher than in 2013 and twice the 2012 figure. As a result, Gamesa ended 2014 with an order book totalling 2,494 MW, 38.4% higher than at 2013 year-end, which covers 64%[7] of the sales guidance for 2015 and enhances medium-term visibility of sales.

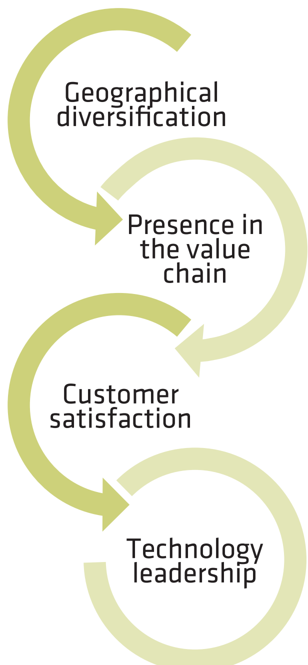
Order intake and order book 2013-14 (MW)



Of the four pillars upon which Gamesa has built its commercial strength, progress in technology leadership during the last two years was one of the top factors quoted in the biannual customer satisfaction survey. This leading position was corroborated by WindPower Monthly magazine, which gave the G114-2.0 MW turbine the gold medal in the <2.9 MW category, the category that is most hotly contested since it is where the bulk of demand is concentrated.

[6] Firm orders and confirmation of framework agreements for delivery in the current and subsequent years. Includes firm orders signed in Q4 2014 (714 MW) that were published individually in Q1 2015.

[7] Coverage based on 2015 guidance (2,800-3,100 MWe).



Competitive strength in markets with aboye-average growth

> Local know-how

> Domestic manufacturing and supply chain

> Product adaptation to site

Presence throughout the value chain

> Development, manufacturing, construction, operation and maintenance

Top-level manufacturer with a superior offering in terms of quality and price

> Highly reliable productand maintenance service

> Viewed very positively for meeting deadlines, adapting to complex locations and providing technical support in construction

> Flexibility and willingness to crea te value for both parties

Technology Leadership: G114 2.0 MWand 2.5 MW

> G114-2.0 MW won the 2014 Gold medal from WindPower Monthly in the most hotly contested category (<2.9 MW)

> G114-2.5 MW and G106-2.5 MW for mediumand high wind sites:

- c.30% more energy production[1]
- Nominal reduction in the cost of energy by 10%[1]

> MaxPower

> Offering of value added services: Energy Thrust, Life Extension, Overhaul, GPA

1. With respect to G90-2.0 MW (in the case of GI06-2.5 MW) and the G97-2.0 MW (in the case of G114-2.5 MW).

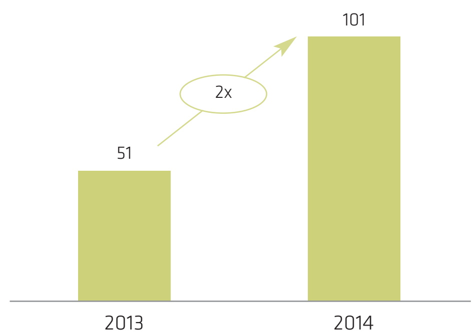
Gamesa's greater activity volume, supported by a leaner fixed cost structure than at the beginning of the Business Plan 2013-2015, led to a material increase in operating profitability in 2014. Together with rising volumes, the continuous optimisation of variable costs enabled the company to partly offset the decline in the margin caused by the different project mix and the impact of the devaluation of the Indian rupee and the Brazilian real. In this way, Gamesa accelerated the improvement in profitability ratios throughout 2014, obtaining a recurring EBIT margin of 7.4% in the fourth quarter of 2014, i.e. over 2 percentage point higher than in the same period of 2013, which represents 97% year-on-year growth. As a result, EBIT amounted to €191 million in the full year, with the EBIT margin amounted to 6.7%[8], exceeding the guidance for 2014 (>6%). At constant exchange rates, Gamesa obtained an EBIT margin of 7.2%[9], i.e. almost 2 percentage points more than in 2013 (5.5%[8]).

Solid growth in volume and O&M revenues combined with higher business profitability and the decline in exchange losses and in losses from certain investees, partially offset by the increase in the tax burden, resulted in Gamesa doubling net profit to €101 million in 2014.

[8] EBIT and EBIT margin excluding non-recurring items amounting to €9,4 Million in FY2014, all in Q4 2014.

[9] At the 2013 average exchange rate.

Net profit[1] (€ MM)

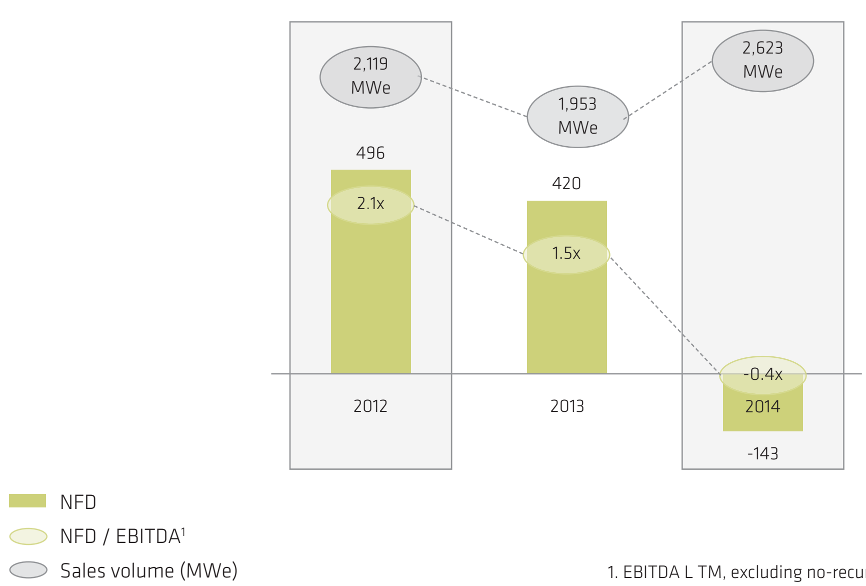


1. Recurring net profit excluding non-recurring items amounting to €5.61 MM in 2013 and €9.41 MM in 2014 (capital losses on assetsales)

During the year, Gamesa continued working to strengthen its financial position, reducing debt not only by expanding sales and improving operating profitability but also through strict control of capital expenditure in both property, plant and equipment and R&D, and of working capital. Gamesa reduced working capital by 63% y/y in the context of rising activity (+34% y/y) and, and improved the working capital/revenues ratio by 5.8 percentage points to 2.5% at the end of 2014. Profitable growth, optimized working capital and focused capital expenditure (which declined slightly y/y to €109 million) enables Gamesa to reduce debt in organic terms by 79% y/y.

Aside from organic debt reduction and with a commercial activity that positions the company for higher volumes than those envisaged in the BP 13-15, in September 2014 Gamesa increased capital by issuing 25,388,070 new shares, equivalent to c.10% of existing capital, in order to prepare the balance sheet for the projected higher future activity. As a result, two years after the 2013-15 Business Plan was launched, Gamesa's net cash position at 2014 year-end amounted to €143 million and its net financial debt/EBITDA ratio was -0.4x.

NFD trend y/y (€ MM)



1. EBITDA L TM, excluding no-recurring items.

Faster-than-expected sales growth due to strong commercial activity, rising profitability and the reduction in debt enabled Gamesa not only to exceed its targets for 2014 but also to achieve the 2015 vision ahead of schedule. In particular, capital has been managed efficiently since the plan commenced, and working capital has been reduced by €365 million in the context of rising activity, while focusing capital expenditure has enabled this item to be cut from €190 million in 2012 (7.1% of revenues) €109[10] million in 2014 (3.8% of revenues) at the same time as the company has launched new products to fulfil the goal of optimizing the cost of energy.

	2014	2014 Objectives		2015 Vision	
MWe	2,623	2,200-2,400	✓	2,200-2,400	✓
EBIT margin	6.7%	>6%	✓		✓
EBIT margin at constant exchange rates	7.2%(1)-8.3%(2)	>7%	✓	8%-10%	✓
Working capital/revenues	2.5%	<10%	✓	<15%	✓
Capex (€ Million)	109	<110	✓	<150	✓
NFD/EBITDA	-0.4x	<1.5x/0.9x	✓	<2x	✓
FCF (€ Million)	330[11]	>0	✓	>0	✓
ROCE	11.1%	8.5%-10%	✓	WACC+2%	✓

(1) At the 2013 average exchange rate

(2) At the October 2012 exchange rate

Besides meeting the 2015 vision a year ahead of schedule, the results allow Gamesa to reinstate the dividend payment subject to the prior approval from the General Shareholders Meeting, with a payout ratio of 25%[12], subject to prior approval from the General Shareholder Meeting.

Main factors

Consolidated results - 2014

The 2014 year-end results put Gamesa above its guidance for volume, margins and balance sheet strength. These results reflect the success of the actions implemented under the Business Plan 2013-2015:

- Activity: 2,623 MWe sold, i.e. above the target of 2,200-2,400 MWe.
- Results: recurring consolidated EBIT margin of 6.7%(2), higher than the target of > 6%.
- Sound finances: a net interest-bearing debt/EBITDA ratio of -0.4x for the consolidated group was far below the guidance (< 1.5x).

[10] Capex does not include investments in R&D windfarms (€2 Million in 2014).

[11] Change in debt without considering the inflow of funds from the capital increase.

[12] Subject to approval of the General Meeting of Shareholders.

(€ million)	12M 2013 (1)	12M 2014 (2)	% Chg.	4Q 2014
Revenues	2,336	2,846	+22%	904
Recurring EBITDA	288	366	27%	130
Recurring EBITDA/Revenues (%)	12.3%	12.9%	+0.5pp	14.4%
Recurring EBIT	129	191	48%	67
Recurring EBIT/Revenues (%)	5.5%	6.7%	+1.2pp	7.4%
EBIT	123	181	+47%	58
EBIT/Revenues (%)	5.3%	6.4%	+1.1pp	6.4%
Recurring profit (Loss)	51	101	2.0x	37
Profit (Loss)	45	92	2.0x	27
NFD	420	-143	-563	-143

(1) Non-recurring net items in 2013: €5.6 million in EBIT and net profit.

(2) Non-recurring net items in 2014: €9.4 million in EBIT and net profit.

Activity

Gamesa sold 2,623 MW in 2014, 34% more in year-on-year terms. This growth was driven mainly by India (whose contribution increased by 26%) and Brazil (+22%). Likewise, growth in countries such as the US and China in 2014 (following the very small contribution in 2013) enabled GAMESA to beat its volume guidance (2,200-2,400 MWe).

The Wind Turbine Division's activity during 2014 can be broken down as follows:

Gamesa continued to expand in emerging markets:

- Latin America+Southern Cone continues to be the region with the greatest contribution to sales (34%), mainly because of Brazil and Mexico.
- India accounted for 26% of total sales in the year, i.e. 4 percentage points higher than in 2013.
- Following the decline in activity in the US and China in 2013, they began to make a notable contribution in 2014 (15% and 9%, respectively).

GEOGRAPHICAL BREAKDOWN OF WIND TURBINE SALES (MWE) (%)	2013	2014
USA	2%	15%
China	2%	9%
India	22%	26%
Latin America	49%	34%
Europe and RoW	24%	16%
TOTAL	**100%**	**100%**

Moreover, the Gamesa 2.0 MW segment accounted for 97% of MWe sold in 2014, compared with 93% in 2013.

The Services business is progressing in line with expectations. At 2014 year-end, Gamesa had 20,770 MW under operation and maintenance, 4% more than at the end of 2013.

Profitability

Revenues amounted to €2,846 million in 2014, a 22% increase on 2013 (€2,336 million).

- Services revenues increased by 19%, to €435 million.
- Excluding services, sales expanded by 22% with respect to 2013, i.e. by less than the increase in MWe (+34%), due to the decline in average revenue per MWe, which was negatively impacted mainly by currency fluctuations, the higher exposure to China and India, and the greater contribution by Gamesa Energía in 2013.

Gamesa obtained €191 million in recurring consolidated EBIT in 2014 and an EBIT margin of 6.7% (compared with €129 million and 5.5%, respectively, in 2013).

The trend in recurring EBIT performance in 2014 with respect to 2013 was attributable to:

- higher sales volumes (+2.3 percentage points),
- fixed cost performance (-0.1 p.p.),
- contribution margin performance (-0.5 p.p.),
- currency depreciation (-0.5 p.p.).

The Operation & Maintenance unit continues to steadily increase revenues (+19% y/y). Additionally, this division has an EBIT margin of 12.7%, which is aligned with the double-digit target set in the Business Plan 2013-2015.

Consolidated net profit in 2014 (€92 million) was impacted by a net financial loss excluding income from equity accounted affiliates (-€46 million[13]), taxes (-€38 million), and losses on discontinued operations (-€5 million). The company also booked a loss of -€7.8 million on Almodóvar del Río (booked under "Gains (losses) on disposal of non-current assets").

Balance sheet

Gamesa had €71 million in working capital at the end of 2014, i.e. 2.5% of revenues. This is a significant decline (-€122 million) with respect to 2013 (€193 million, 8.3% of revenues) despite the higher activity in the period.

Gamesa also continued to focus on strict control of capital expenditure, ensuring the return on investment and a sound balance sheet. As a result, Gamesa's capital expenditure amounted to €109 million[14], in line with the guidance of < €110 million. In 2014, Gamesa focused capital expenditure in 2014 on:

- R&D associated with new products and platforms (G114–2.0 MW and GAMESA 5.0 MW),
- adaptation of production capacity to the G114-2.0 MW and the GAMESA 5.0 MW.

Gamesa ended the year with -€143 million in net interest-bearing debt (i.e. cash), i.e. less than in 2013 (€420 million). That cash figure includes €232 million[15], net of expenses, from the capital increase in the third quarter and c. €120 million from asset sales. Eliminating those effects, debt halved in 2014, declining by -€210 million in absolute terms.

2- Forecasted evolution

Outlook

Good outlook for future demand

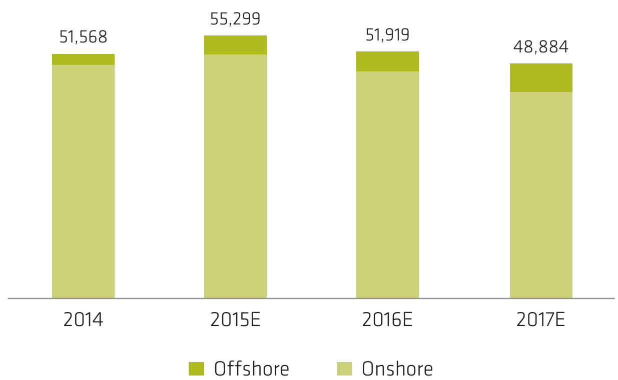
Demand increased sharply in 2014 (+46%) following the decline in 2013 (-22%) and Gamesa, together with the main consulting firms in the industry, project that growth will continue through 2015 year-end. This expansion is supported not only by the recovery in the US market but also by the accelerating pace of installations in growing economies such as India, Brazil, Mexico and China, and some European countries. The decline in onshore and offshore installations in Europa beyond 2015, and the expected decline of the US market after 2016 if the production and investment tax credits are not renewed explained the expected decline in global installations over the two year period, decline that returns back to growth un 2018.

[13] Financial expenses exclude heading equity.

[14] CAPEX figure does not include investments linked to pilot parks (2 MM EUR in 2014).

[15] Net cost of capital increase.

Demand evolution (GW)



1. Source 2015-2017: Gamesa for onshore installations and average of the projections by (BTM, MAKE, BNEF) for offshore.

2. Source 2014: GWEC.

The Americas, China and emerging countries are the main growth drivers in the immediate future

Projections for installations/connections to the grid in 2015 vary from 48GW[16] to 64GW. This volume of installations worldwide will be driven by the recovery in the US market that commenced in 2014 and will run until 2016, as well as China and emerging markets, including notably Brazil, India and Mexico. The latter four markets account for almost 50% of projected onshore installations this year.

Emerging countries and China partially offset the stagnant onshore market in Europe and the decline in the US market starting in 2017, in a scenario in which the production tax credits (PTC) are not renewed

The extension of the PTC in the US at the end of 2014 made it possible to upgrade demand projections for the markets for 2016 into line with those for 2015 (close to 8 GW), but uncertainty persists beyond 2016. Unless production/investment tax credits are extended again, installation volume in the US can be expected to fall by 50% in 2017. However, although several external sources that estimate demand consider a scenario where PTC are not extended or are delayed, at the moment there are no grounds for assuming either scenario.

In Europe, the onshore segment is expected to stagnate as from 2015 due to normalisation of the pace of installations in Germany, following the acceleration in 2014 because of legislative changes, and to the progressive adaptation of demand in several markets to new regulations enacted or to be enacted in 2014-2015.

In this context of a slowdown in mature markets, growth continues in emerging countries, where Gamesa has a solid position among the three largest markets: India, Brazil and Mexico. Additionally, order entry has increased in China, a country which is expected to lead the pace of installations in the short, medium and long term. The company's advantage in terms of geographic positioning plays an important role in guaranteeing the sustainability of growth in volumes in the medium term.

The offshore market is expected to accelerate starting from 2017 onwards, coupled with a recovery in the onshore market in Europe, which will be driven by constant improvements in wind's competitiveness and a defined regulatory framework that puts an end to the uncertainties that have plagued the last three years, making it possible to take investment decisions. In fact, wind's greater competitiveness coupled with the new regulations governing energy in Europe will enable wind to play a prominent role in the open auctions expected to begin in Europe after 2017.

[16] Pace of installations and grid connections according to BTM (48 GW in 2015E), BNEF (64 GW) and MAKE (51 GW).

The recovery and growth in Europe's mature markets in the medium and long term will combine with steady growth in demand in emerging markets. This growth will be sustained by rising energy needs, in emerging markets, which will account for 90% of global energy demand growth through 2030[17], as set out in the International Energy Agency's 2013 World Energy Outlook, and by the need to reduce dependency on fossil fuels and to diversify generation sources to ensure supply stability.

Enhanced regulatory visibility and the constant improvement in wind's competitiveness will drive sustained demand growth over the medium and long term.

Improved regulatory visibility is one of the levers that support demand growth, not only in the medium and long term but also in the short term, where the extension of US tax credits for wind investment and production is a key driver behind the surge in the pace of installations in 2014-2016.

During 2014, supra-national agreements were reached that reflect the importance of setting targets for renewable power generation and greenhouse gas emission reductions, both of which are essential to combat the effects of climate change. They include the European Union's 2030 framework for climate and energy, the US-China bilateral agreement to control greenhouse gas emissions, and COP 20.

- The European Union's 2030 Framework for Climate and Energy establishes three goals to be achieved by 2030: a 40% reduction in greenhouse gas emissions with respect to the 1990 baseline, renewable energy contributing 27% of electricity consumption, and 27% energy efficiency. These overall targets at European Union level would be achieved by setting individual targets for the member states.
- The agreement between the US and China to reduce greenhouse gas emissions sets mutually agreed reduction targets for the first time. The US undertakes to reduce its emissions by 26-28% with respect to the 2005 level by the year 2025. China is committed to halting the growth in emissions by 2030 and to obtaining 20% of its primary energy from non-fossil sources by 2030.
- The 20th United Nations Climate Change Conference (COP 20) continues working on an agreement to replace the Kyoto protocol in 2020.

In addition to the supra-national agreements, regulatory progress has been made in Europe and the United States. Europe continues with reforms to national energy markets following the approval of new laws and procedures in Germany, Spain, Greece, Portugal, the United Kingdom and Romania, and the presentation of draft legislation in France and Poland. These reforms advance towards a steady reduction in government aid, aligned with the rising competitiveness of renewable energies, and towards the introduction of competitive auctions for projects commissioned from 2017 onwards, thereby helping to reduce uncertainty and to create a situation that is more favourable to investment.

Regulatory progress in the main markets includes notably the establishment of more ambitious renewable energy targets in Germany and France. Germany proposes that renewables' contribution to energy consumption should reach 45% in 2025 (previously 40%) and 60% in 2035 (previously 55%). In France, the proposed new law on the energy model sets targets for the year 2030, including a 40% reduction in emissions with respect to the 1990 baseline, a 30% reduction in fossil fuel consumption, and that renewable sources should cover 40% of energy consumption. The proposal also envisages reducing the nuclear contribution to 50% in 2025, and a 50% reduction in total energy consumption by 2050

In connection with the regulatory situation and support for renewables, the US temporarily extended (from 31 December 2013 to 31 December 2014) the subsidies for production and investment, and maintained the classification of projects subject to "physical work of a significant nature" or exceedance of the 5% threshold (safe harbour). Meanwhile, the US Environmental Protection Agency (EPA) published the Clean Power Plan to reduce CO2 emissions intensity to 30% below the 2005 baseline by the year 2030.

With regard to investment and installation targets, the plan for 2016-2020 being drafted in China proposes an annual onshore installation target of 20 GW, the goal being to attain 200,000 MW by 2020. The target proposed for offshore is 10,000 MW by 2020.

[17] According to the International Energy Agency's 2013 World Energy Outlook Report.

In addition to regulatory developments in the mature economies growing economies such as China, Brazil, Mexico and India continue working to reduce energy dependency while meeting the rising demand for energy.

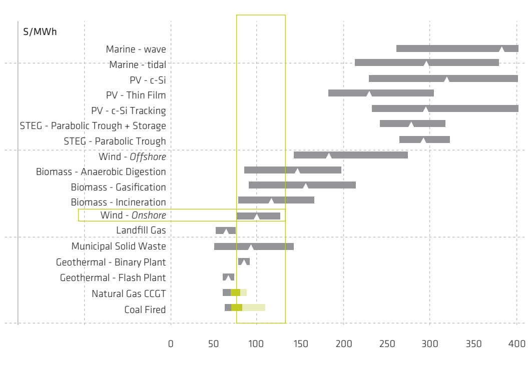
China is working on the new 2016-2020 Investment Plan that includes targets for onshore installations of 20 GW/year to reach a cumulative base of 200.000 MW in 2020. In the offshore segment the plan targets 10.000 MW in cumulative installations in 2020.

The new government in India has introduced major reforms that support investments in renewable energies in general and wind in particular. Accelerated depreciation has been reinstated for calculating the tax base for wind investments (up to 80% of the value in one year), tax holidays for wind generation have been extended until March 2017 (100% tax credit for 10 years), a 15% tax credit has been introduced for investment in manufacturing enterprises and it has been extended to March 2017, while taxes on the import of components have been reduced.

In 2014, Brazil assigned nearly 2.3 GW of wind PPAs and has announced that the first two auctions of 2015 will be held in April and June. Countries such as Chile, Guatemala, Peru and Egypt are also considering capacity or production auctions.

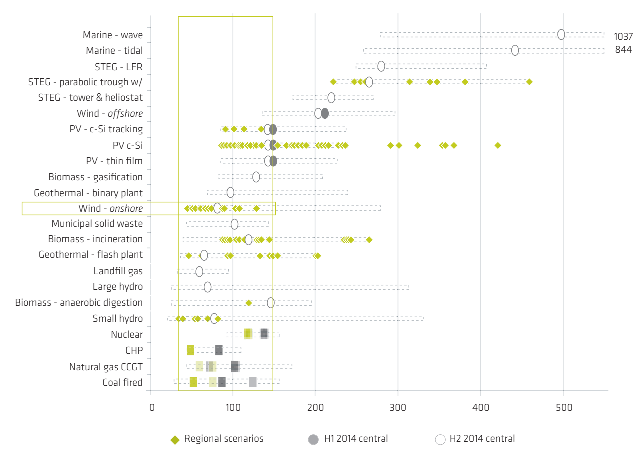
In addition to regulatory progress and promotion of renewable sources within the energy mix, another lever supporting demand growth in the medium and long term is the notable increase in wind power's competitiveness, to the extent that it is now on a par with traditional sources in many countries, as shown in the graphs.

LCoE Q4 2009



Source: Bloomberg New Energy Finance.

LCoE H2 2014



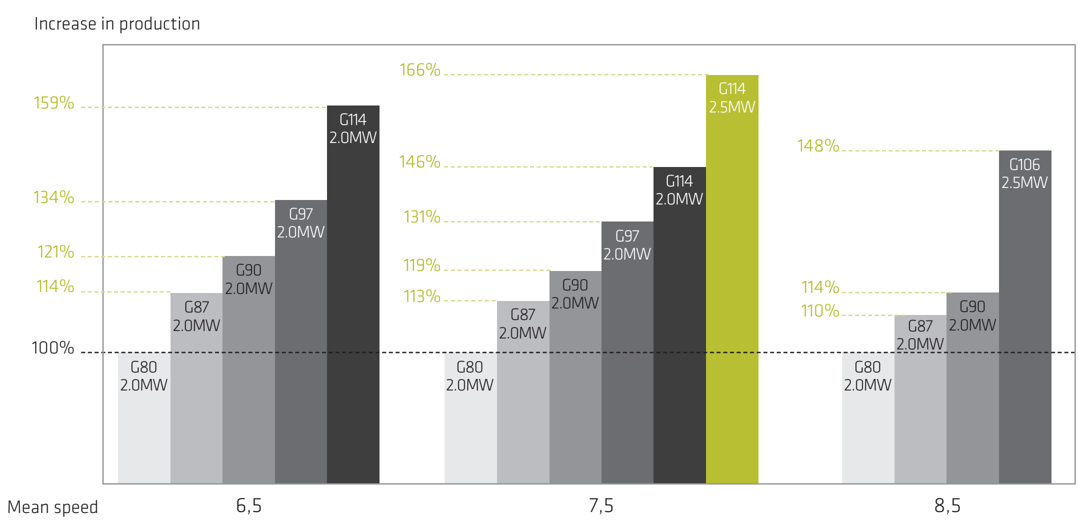
Source : Bloomberg New Energy Finance.

Gamesa is participating in this effort to improve wind power's competitiveness. In the last two years, the company has made significant progress in this direction with the launch of the G114-2MW in 2013 and the G114-2.5 MW and G106-2.5 MW for medium and high wind sites in 2014.

Both products are part of the 2.0-2.5 MW platform, of which Gamesa has installed more than 18,682 MW; this platform is characterised by its robustness, high level of reliability and adaptability to all types of sites and wind conditions, with an average fleet availability of over 98%.

The development of both products is in line with the objectives in the company's R&D programme: to maximise value for clients, increase annual energy production and reduce the cost of energy. The new products, based on sound proven technology, increase annual energy production by 30% with respect to earlier comparable models (G90-2.0 MW and G97 2.0 MW) and reduce the nominal cost of energy by 10%.

Production gain by mean speed

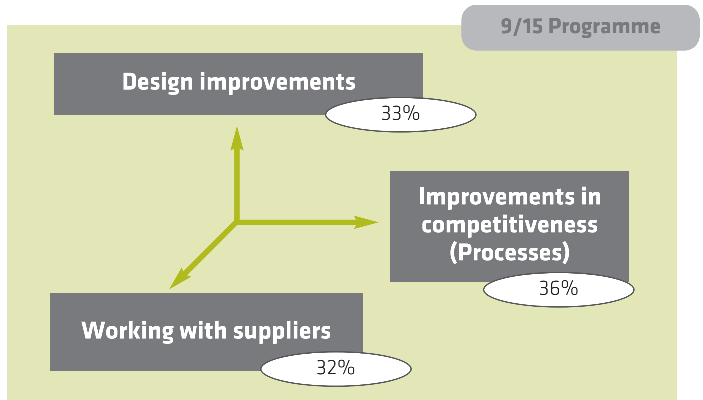


* NOTE: theoretical production calculated for k=2, denslty 1,225 kg/m³, with average speed at hub height.

Continuous cost optimisation programmes in pursuit of competitiveness

While growth in global demand enabled Gamesa to recover sales growth in 2014 and project the steady increase in 2015 and thereafter, the Company continues to pursue product costs improvements built on top of an optimized fixed cost structure. Ongoing work on product design, the supply chain and internal manufacturing processes improve the Company's competitiveness enabling Gamesa to tap additional growth opportunities in 2014 and subsequent years, opportunities that rival companies are unable to access on a competitive basis.

Among the measures in the 9/15 optimization programme, the process of manufacturing blades by infusion has been fully implemented in India and Europe, enabling the company to achieve the savings envisaged for 2015. In the area of product redesign, most of the improvements have been made in the nacelle frame, elevator and crane and in the tower, and the projected savings are also being achieved as a result. The supply base has also increased considerably, the "build to print" model is already under way, and significant improvements have been achieved in conditions with the traditional suppliers.



All these initiatives aimed at enhancing the company's competitiveness have made it possible to offset the costs of the learning curve associated with the launch of the G114 2.0-2.5MW, the lower relative contribution by operation and maintenance services (due to accelerating sales of wind turbine generators), the lower penetration by multi-MW machines in Europe, and the entry in new markets.

The result is that Gamesa can continue to grow profitably.

Managing the balance sheet effectively

Since the plan was launched, the company has continued to optimise the cost structure while effectively managing the balance sheet. It is precisely in this area that Gamesa obtained some of its most notable results in the last two years, which it expects to maintain in the future.

In terms of capital expenditure, the company remains focused on optimising the cost of energy, where it has achieved very notable improvements with the launch of the G114-2.0 MW, G114-2.5 MW and G106-2.5 MW. Capex continues to be shaped by the potential and size of market opportunities. Along these lines, capex in assets in 2015 will be focused on increasing internal and external capacity in regions with the greatest growth, such as India and Brazil, and on developing new products that follow in the footsteps of the G114-2,0 MW y G114-2,5 MW in terms of increasing energy production and reducing costs. This focus will enable Gamesa to maintain an investment ratio in tangible and intangible assets of less than 4% of revenues in 2015 and beyond. That ratio is almost one percentage point less than expected in the 2015 vision under the 2013-15 business plan.

Additionally, €365 million in working capital has been released since the plan was rolled out in 2012, in a context of rising activity. The company has monetised wind farm operational assets and maintains strict control over investment in the development pipeline, focusing on those markets where farm development is an indispensable asset for remaining a leader, as is the case in India and Mexico. In terms of manufacturing, project management is being aligned with cash flow, and manufacturing is being scheduled in line with receipts (manufacturing to cash). The combination of both working capital management policies enabled the company to end 2014 with a working capital/revenues ratio of 2.5%, and Gamesa expects to maintain the ratio below 5% in the future, i.e. more than 67% lower than the ratio envisaged in the 2015 vision of the 2013-15 plan.

Value creation prospects in 2015

The combination of profitable growth, attributable to the strong competitive position, along with the continuous optimisation of costs and effective management of the balance sheet allows Gamesa to improve upon the value creation prospects set out in the 2013-2015 business plan. Growth in business volume has increased by almost 30% in the new forecasts, while the profitability of operations continues to improve. The working capital/revenues ratio continued to decline, and is almost 70% lower, and the capital expenditure/revenues ratio is almost one percentage point lower than set out in the plan's original vision. This will drive an improvement in value creation, boosting the differential between ROCE and WACC from 2 to 4 percentage points.

	2015 Guidance		
Volume (MWe)	2,800 - 3,100		
Revenues (€ MM)	3,150 - 3,400	↑	**Additional profitable growth**
EBIT margin @ average YTD 2015 FX	≥ 8%		
WC / sales	< 5%		
Capex / revenues	≤ 4%	↓	**With a significant reduction in capital consumption**
Long-term NFD/EBITDA	< 1.5x		
ROCE	≥ WACC + 4%	↑	**Enhancing capacity to create value**
Dividend policy: Payout[1]	25%		**Resuming dividends**

(1) Dividend policy subject to prior approval from the General Shareholders Meeting

These improvements will continue next year, and Gamesa expects to continue growing activity levels and profitability beyond 2015 while it continues to effectively manage the balance sheet to continue to increase the ROCE.

Conclusions

In a context of recovering global demand and the improvement in Gamesa's competitive position, the company ended 2014 above its targets for the year, having achieved the 2015 vision ahead of schedule and improved value creation prospects for the current year, all attributable to sound business management.

Financial performance in 2014 exceeded all the targets that had been set for the year. Revenues amounted to €2,846 million, i.e. 22% higher than in 2013, and the EBIT margin was 6.7%[18], more than 1 percentage point higher year-on-year. At constant exchange rates[19], Gamesa's revenues expanded by 25% year-on-year, while the EBIT margin was 7.2%. Additionally, net profit doubled to €101 million.

One of the most prominent features of 2014 was the company's sound competitive position, with a diversified geographical footprint and customer base, and a portfolio of products and services focused on maximizing returns for our customers. This resulted in a surge in order intake to 3,315 MW, 1.6 times the 2013 figure and a five-year high. This enabled Gamesa to increase revenue visibility for this year and 2016 since it ended 2014 with an order book of 2,494 MW, 38% more than at 2013 year-end and covering 64%[20] of the guidance for 2015, i.e. 11 points more than coverage of 2014 sales at 2013[21] year-end.

Apart from expanding revenues and profitability, Gamesa continues to strengthen the balance sheet organically, building on the improvements achieved in 2013. In a context of increasing activity, Gamesa reduced working capital by 63% with respect to 2013, and improved the working capital/revenues ratio by 5.8 percentage points in 2014. This reduction in working capital, together with greater profitability and control of capex, enabled Gamesa to achieve €330 million net cash flow in 2014, four times the 2013 figure, including €120 million in asset sales.

Together with the organic cash flow that enabled it to reduce net financial debt by 79%, and with the goal of preparing the balance sheet to handle production volumes in excess of those initially set out in the 2013-15 Business Plan, Gamesa increased capital in September by issuing 25.4 million shares (c. 10% of capital), with the result that it ended the year with a net cash position of €143 million on the balance sheet, and improved its NFD/EBITDA ratio to -0.4x.

As a result, Gamesa is equipped to continue increasing production and profitability ratios in 2015 and subsequent years. It is ready for a future of profitable growth.

[18] Excluding non-recurring item amounting to €9.4 Million

[19] At the 2013 average exchange rate.

[20] Hedging 2013 to 2014 calculated according to order book to December 2013 to 2014 on current sales activity 2014 (2,623 MWe).

[21] Coverage calculated as orders for production in 2015 with respect to the mid-point of volume guidance for 2015 (2,800-3,100 MWe). 2014 coverage using actual sales for 2014 (2,623 MWe).

3- Main business risks

Gamesa Group is exposed to certain financial risks that it manages by grouping together risk identification, measurement, concentration limitation and oversight systems. Gamesa's Corporate Division and the business units coordinate the management and limitation of financial risks through the policies approved at the highest executive level, in accordance with the established rules, policies and procedures. The identification, assessment and hedging of financial risks are the responsibility of each business unit.

The risk associated with changes in exchange rates assumed for Gamesa's transactions involve the purchase and sale of products and services relating to its activity that are denominated in various currencies.

In order to mitigate this risk, Gamesa has obtained financial hedging instruments from financial institutions.

4- Use of financial instruments

Gamesa Group uses financial hedges which allow The Group to mitigate risks involving exchange rates, interest rates, and equity volatility that could affect the Group estimated results based on estimates of expected transactions in its various areas of activity.

5- Subsequent events

There were no significant events subsequently to the year end.

6- Research and development activities

Technological development is established within a multi-year framework that is rolled out in the Annual Technological Development Plan, where activities and deliverables are established for each year in question, and to which a budget is finally assigned.

In 2014 the main addition to "Research Development" under intangible assets was due to the development by Gamesa Innovation and Technology, S.L. of new wind turbine models and to the optimisation of the performance of their components amounting, in total for the entire Group, approximately €45.473 thousands (approximately €53,485 thousands in 2013).

7- Treasury share operations

At 31 December 2014 Gamesa holds a total of 3,154,218 treasury shares representing 1.129% of share capital.

The total cost for these treasury shares totals €24,873 thousands, each with a par value of €7,886.

A more detailed explanation of transactions involving treasury shares is set out in Note 18.e of the Notes to the Consolidated Financial Statements at December 31, 2014.

8- Capital structure

THE CAPITAL STRUCTURE, INCLUDING SECURITIES TRADED ON A COMMUNITY REGULATED MARKET, INDICATING, WHERE APPROPRIATE, THE DIFFERENT NATURE OF SHARES AND FOR EACH TYPE OF SHARES, THE RIGHTS AND OBLIGATIONS GRANTED AND PERCENTAGE OF CAPITAL REPRESENTED:

In accordance with Article 4 of the Bylaws of Gamesa Corporación Tecnológica, S.A., in the wording approved on September 8, 2014 by the board of directors *"Share capital amounts €47,475,693.79 divided into 279,268,787 ordinary shares with a par value of seventeen cents each, numbered sequentially from 1 to 279,268,787, consisting of a single class and series."*

SIGNIFICANT DIRECT AND INDIRECT SHAREHOLDINGS

According to public information in the possession of GAMESA CORPORACION TECNOLOGICA, S.A. the capital structure at 31 December 2014 is as follows:

Name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% total voting rights
IBERDROLA, S.A.	54,977,288	-	19.686
BLACKROCK, INC.	-	8,971,980	3.213
NORGES BANK	8,421,434	-	3.016
DIMENSIONAL FUND ADVISORS LP	-	7,473,500	2,676[1]

[1] It is expressly stated that in accordance with the records of the National Stock Market Commission, the company DIMENSIONAL FUND ADVISORS LP holds a stake exceeding 3% of the share capital of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. and is therefore a significant shareholder.

(*) Through:

Name of direct holder of the stake	Number of direct voting rights	% total voting rights

9- Restrictions on the transfer of shares

There are no restrictions on the transfer of shares.

10- Significant direct and indirect shareholdings

See point 8.

11- Restrictions on voting rights

There are no restrictions of any kind on voting rights.

12- Shareholder agreements

Gamesa Corporación Tecnológica, S.A. is not aware of the existence of any shareholder agreements

13- Regulations applicable to the appointment and replacement of the members of the board of directors and amendment of the corporate by laws

Pursuant to the provisions of article 32 of the GAMESA CORPORACIÓN TECNOLÓGICA, S.A. Corporate By-laws, members of the Board of Directors are *"appointed by the General Meeting"* and *"should a vacancy arise during the term of office of a Director, the Board may appoint a shareholder to fill the vacancy until the first General Meeting is held"*, always in compliance with the provisions of the Spanish Capital Companies Act and the Corporate Bylaws.

Pursuant to articles 19.5. b) and 23.2 of the Board of Directors Regulations, candidatures for the office of Director submitted by the Board of Directors for deliberation by the Shareholders General Meeting and the appointment decisions made by the said body pursuant to the interim powers conferred by law on the said body shall be preceded by the corresponding proposal by the Appointments and Remuneration Committee in the case of independent Directors, or by a report by the said Committee in the case of all other categories of Directors. Article 23.3 of the Board of Directors Regulations provides that *"where the Board of Directors should reject the proposal or the report of the Appointments and Remuneration Committee, it must state its reasons for this and record the said reasons in the minutes."*

Article 24 of the said Regulations provides that *"the Board of Directors and the Appointments and Remuneration Committee, within the scope of their powers, shall seek to ensure that the proposal and election of candidates corresponds to persons of renowned respectability, solvency, competence, and experience, and this rigour must apply even more strictly in the appointment of persons to the office of independent Director.*

In the case of Directors which are legal persons, the natural person who is to represent them in the exercise of the powers associated with the office of Director shall be subject to the same requirements of respectability, solvency, competence, and experience as stated in the previous paragraph, and the duties incumbent on Directors laid down in these Regulations shall be applicable to said representative personally".

Finally, article 19.5. p) of the Board of Directors Regulations makes it the responsibility of the Appointments and Remuneration Committee *"to ensure that when filling vacancies on the Board of Directors, the selection procedures used are not subject to any implicit bias resulting in any discrimination of any kind."*

With regard to the re-election of Directors, article 25 of the Board of Directors Regulations provides that *"any proposals for the re-election of Directors that the Board of Directors may decide to submit before the Shareholders General Meeting must be subject to a formal evaluation process, which shall necessarily include a proposal or report issued by the Appointments and Remuneration Committee assessing the quality of the work and the dedication to the office shown by the proposed Directors during their previous mandate.*

For these purposes, the Directors that form part of the Nominations and Compensation Committee will be evaluated by the Committee and the members must abstain from being involved with any deliberations and votes that involve themselves.

The Chairman, the Vice Chairmen, and where appropriate, the Secretary and the Vice Secretary of the Board of Directors who are re-elected as Directors following a resolution of the General Meeting shall continue to hold the offices they held previously within the Board of Directors, without needing to be re-elected, and without prejudice to the powers of revocation held by the Board of Directors in respect of said offices."

The dismissal of Directors is governed by article 27 of the Board of Directors Regulations, which provides that *"Directors shall cease to hold office upon the expiry of the term for which they were appointed (without prejudice to the possibility of being re-elected), and upon a decision in this regard taken by the Shareholders General Meeting in accordance with the powers conferred on it by law and by the by-laws. Likewise, the Board of Directors may propose the dismissal of a Director to the Shareholders General Meeting".*

The procedures and circumstances with regard to the dismissal shall be those laid down in the Spanish Capital Companies Act and in the Commercial Registry Regulations.

Pursuant to the provisions of Article 27.2 of the Board of Directors Regulations, *"Directors shall tender their resignation to the Board of Directors, and where the Board should consider it appropriate, shall step down-following a report by the Appointments and Remuneration Committee-in the following circumstances:*

a) In the case of Directors appointed to represent shareholder interests, where said Directors or the shareholders they represent should cease to hold a significant and stable shareholding in the Company, or where the said shareholders should revoke the representation conferred on the Director.

b) In the case of executive Directors, where the Board of Directors should consider this appropriate.

c) In the case of external Directors, where they should join the executive line of the Company or any of the Group companies.

d) In the case of independent Directors, where they should incur for any reason in any of the circumstances envisaged by Article 8.2 point two of the Regulations, which are incompatible with the status of independent Directors.

e) Where, for supervene in reason, they incur in any of the circumstances of disqualification or prohibition envisaged in the current regulations, the Corporate Bi-laws, or these Regulations.

f) Where they are charged with an alleged criminal offense, or are served with notice that they are to be tried for any of the offenses listed in the provisions relating to disqualification from holding the office of director envisaged in the Spanish Capital Companies Act, or are the subject of disciplinary proceedings for a serious or very serious offense commenced by the regulatory authorities.

g) When they cease to hold the executive positions to which their appointment as a Director is associated.

h) Where they should receive a serious reprimand from the Audit and Compliant Committee, or should be punished for a serious or very serious offense by a public authority, for having infringed their duties as Directors.

i) When their remaining on the Board may jeopardise the Company's interests or when the reasons for which they were appointed no longer exist.

j) Where, for reasons attributable to the Directors in their capacity as such, serious harm has been caused to the Company's standing, or they should lose the commercial and special respectability necessary in order to be a Director of the Company."

Rules applicable to the amendment of the Corporate By-laws

The amendment of the Gamesa Corporación Tecnológica, S.A. Corporate By-laws is governed by the provisions of Articles 285 to 290 of the Spanish Capital Companies Act, approved approved by Royal Legislative Decree 1/2010 of July 2 (the "Capital companies Act").

As is stated by Article 16.1.h) of the Bylaws and Article 7 of the Shareholder Meeting Regulations, the authority to amend the bylaws resides with shareholders.

Article 40.2 m) of the Bylaws indicates that the Board of Directors will propose changes to the bylaws to shareholders.

Article 35.3 of Shareholder Regulations indicates that the Board of Directors will prepare proposals for different res9olutions for those matters that are substantially independent, so that shareholders may separately exercise their voting preferences. This rule is particularly applicable in the case of amendments to the bylaws, with votes taken on all articles or groups of articles that are materially different.

Upon the calling of the General Meeting at which the amendment of the bylaws will be proposed, the Company's website will include the complete text of the proposed resolution and the reports from the competent bodies, in accordance with Article 518 of the Spanish Companies Act 2010.

14- Powers of attorney of the members of the board of directors and, in particular, those relating to the possibility of issuing or repurchasing shares

Power-of-attorney granted to Members of the Board of Directors

The Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., at the meeting held on 23 May 2012, unanimously agreed, following a favourable report by the Appointments and Remuneration Committee to appoint Mr. Ignacio Martín San Vicente as Executive Chairman of the Board of Directors and Managing Director, delegating all powers corresponding to the Board of Directors pursuant to law and to the Corporate By-laws to him, with the exception of those that may not be delegated pursuant to law or to the Corporate By-laws. Mr. Martín San Vicente accepted his appointment at the same act.

Powers relating to the possibility of issuing or repurchasing shares

At the date of the approval of this Report, the authorization granted by the Annual General Meeting held on May 28 2010 remains in force, pursuant to which the Board of Directors has powers to acquire treasury shares. There follows below a verbatim transcription of the resolution approved by the Meeting under item 10 the Agenda:

"To expressly authorize the Board of Directors, with express powers of substitution, pursuant to the provisions of article 75 of the Spanish Companies Act, to proceed to the derivative acquisition of shares in Gamesa Corporación Tecnológica, Sociedad Anónima, subject to the following conditions:

a) Acquisitions may be made directly by Gamesa Corporación Tecnológica, Sociedad Anónima, or indirectly through its controlled companies.

b) Acquisitions of shares, which must be fully paid up and free from all charges and/or encumbrances, shall be made through sale and purchase transactions, exchanges, or any other method allowed by law.

c) Acquisitions may be made, at any time, up to the maximum figure allowed by law.

d) The minimum price for the shares will be their par value and the maximum price may not exceed ten percent (10%) of their listed price on the date of acquisition.

e) A restricted reserve may be set up in the Company's equity equivalent to the calculated value of the own shares in the assets. This reserve must be maintained for as long as the shares are not disposed of or amortized.

f) The shares acquired may be subsequently disposed of under such conditions as may be freely agreed.

g) This authorization is granted for a maximum term of 5 years, and expressly renders of no effect the authorization granted by the Company's Annual General Meeting on May 29 2009, in that part left to run.

For the purposes of the provisions of paragraph two section 1 of article 75 of the Spanish Companies Act, to grant express authorization for the acquisition of shares in the Company by any of the controlled companies subject to the same conditions as under this agreement.

Finally and in relation to the provision of the last paragraph of section 1 of article 75 of the Spanish Companies Act, in the wording thereof given by Law 55/1999 of 29 December, it is stated that the shares acquired pursuant to this authorization may be used by the Company, inter alia, for the purpose of being allotted to employees or directors of the Company, either directly or as a result of the exercise of option rights or any other rights envisaged in the Incentive Plans of which they are the holders and/or beneficiaries pursuant to the provisions laid down by law, the by-laws, or the regulations."

15- Significant agreements entered into by the company and which come into force, are amended, or come to an end in the event of a change of control at the company as a result of a takeover bid, and the effects thereof, except where the disclosure thereof should be seriously prejudicial to the company. this exception shall not apply where the company should be under a statutory duty to make this information public

Pursuant to the framework agreement dated December 21, 2011 (Relevant event 155308) between Iberdrola, S.A. and the subsidiary of Gamesa Corporación Tecnológica, S.A., Gamesa Eólica, S.L. Unipersonal, in the event of any change in control of Gamesa Corporación Tecnológica, S.A. would allow Iberdrola, S.A. to terminate the framework agreement without the parties having any claim against such termination.

Also in accordance with the Joint Venture agreement signed as of July 7, 2014 (Significant Event number 208151) between AREVA, SA and Gamesa Corporación Tecnológica, SA, among other companies within their respective groups, the eventual change in control of Gamesa Corporación Tecnológica, SA in favor of a competitor would authorize the parties to the Areva group to terminate the agreement, a situation that could lead to the sale of AREVA's participation held by Gamesa in the Joint Venture or, ultimately, to the dissolution and liquidation of that company Joint Venture

16- Any agreements between the company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid

The Chairman and CEO and some of the members of the executive team at the Company have contractual agreements to receive financial compensation in the event of termination for reasons attributable to the Company and, in some cases, due to the occurrence of objective circumstances, such as a change in control. The financial compensation agreed for such termination consists, in general, of the payment of compensation up to a maximum of three years' salary, depending on personal and professional circumstances and the time at which the agreement was concluded.

In general with regard to non-managerial employees, in the event of the termination of their employment relationship, their contracts do not clearly financial compensation other than as required by current legislation.

Carlos Rodríguez-Quiroga Menéndez, with national identity card number 276302 a, Secretary of the Board of Directors of "Gamesa Corporación Tecnológica, S.A." with registered office in Zamudio (Vizcaya), at parque tecnológico de Bizkaia, edificio 222 with employer identification number A-01011253.

HEREBY CERTIFY:

That the text of the consolidated Director's Report for 2014 of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. authorised for issue by the Board of Directors at its meeting held on February 25 2015 is the content of the preceding 126 sheets of unstamped paper, on the obverse only, and for authentication purposes, bear my signature and that of the Chairman of the Board of Directors.

The directors listed below hereby so ratify by signing below, in conformity with Article 253 of the Spanish Limited Liability Companies Law.

Ignacio Martín San Vicente
Chairman and CEO

Juan Luis Arregui Ciarsolo
Deputy Chairman

Luis Lada Díaz
Member of the Board of Directors

José María Aracama Yoldi
Member of the Board of Directors

José María Vázquez Eguskiza
Member of the Board of Directors

Ramón Castresana Sánchez
Member of the Board of Directors

José María Aldecoa Sagastasoloa
Member of the Board of Directors

Sonsoles Rubio Reinoso
Member of the Board of Directors

Carlos Rodríguez-Quiroga Menéndez
Secretary of the Board of Directors

Approval of the Chairman

Madrid, February 25 2015 In witness whereof

Ignacio Martín San Vicente
Chairman and CEO

Carlos Rodríguez-Quiroga Menéndez
Secretary of the Board of Directors

Auditor's report on information relating to the internal control over financial reporting (ICFR) of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. for 2014

GAMESA CORPORACIÓN TECNOLÓGICA, S.A

(Translated from the original in Spanish)

To the Directors,

At the request of the Board of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. (hereinafter the Company), and in accordance with our proposal dated December 3, 2014, we applied certain procedures to the accompanying "ICFR-related information" included in the 2014 Corporate Governance Report (English version pages 63 to 78) for GAMESA CORPORACIÓN TECNOLÓGICA, S.A. and subsidiaries (hereinafter the Group), which summarizes the Group's internal control procedures regarding annual financial information.

The Board of Directors is responsible for taking appropriate measures to reasonably ensure the implementation, maintenance, supervision, and improvement of a correct internal control system, as well as preparing and establishing the content of all the related accompanying ICFR data.

It is worth noting that apart from the quality of design and operability of the Group's internal control system as a far as annual financial reporting is concerned, it only provides a reasonable, rather than absolute, degree of security regarding its objectives due to the inherent limitations to the internal control system as a whole.

Throughout the course of our audit work on the financial statements, and in conformity with Technical Auditing Standards, the sole purpose of our evaluation of the Group's internal control system was to establish the scope, nature, and timing of the audit procedures performed on its financial statements. Therefore, our internal control assessment performed for the audit of the aforementioned financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial information.

For the purpose of issuing this report, we exclusively applied the specific procedures described below and indicated in the Guidelines on the Auditors' report relating to information on the Internal Control over Financial Reporting on Listed Companies, published by the Spanish National Securities Market Commission on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Given that the scope of the abovementioned procedures performed was limited and substantially less than that of an audit carried out in accordance with generally accepted accounting principles, we have not expressed an opinion regarding its efficacy, design, or operational effectiveness regarding the Group's 2014 financial data described in the accompanying ICFR information. Consequently, had we applied additional procedures to those established by the Guidelines mentioned above or had we carried out an audit or a review of the internal control over the regulated annual financial reporting information, other matters have been disclosed which would have been reported to you.

Likewise, since this special engagement does not constitute an audit of the financial statements or a review in accordance with Royal Decree 1/2011, dated July 1, enacting the revised Audit Law, we do not express an audit opinion in the terms provided for therein.

The following procedures were applied:

1. Read and understand the information prepared by the Company in relation to the ICFR -which is provided in the Annual Corporate Governance Report disclosure information included in the Directors' Report- and assess whether such information addresses all the required information which will follow the minimum content detailed in section F, relating to the description of the ICFR, as per the IAGC model established by CNMV Circular nº 5/2013 dated June 12, 2013.

2. Make inquiries of personnel in charge of preparing the information described in point 1 above in order to: (i) obtain an understanding of its preparation process; (ii) obtain information making it possible to evaluate whether the terminology employed is in line with reference framework definitions (iii) gather information regarding whether the described control procedures are implemented and functioning within the Group.

3. Review the explanatory documentation supporting the information described in section 1 above, which should basically include everything directly provided to those in charge of preparing the descriptive ICFR information. This documentation includes reports prepared by the Internal Audit Department, senior management, and other internal and external experts in their role supporting the the Audit Committee.

4. Compare the information contained in section 1 above with the Group's ICFR knowledge obtained as a result of performing the procedures within the framework of auditing the financial statements.

5. Read the minutes of the Board Meetings, Audit Committees, and other Group committees in order to evaluate the consistency between issues related to the ICFR and information discussed in section 1.

6. Obtain the representation letter related to the work performed, duly signed by those responsible for preparing and authorizing the information discussed in section 1.

As a result of the procedures applied on the ICFR-related information, no inconsistencies or incidents have come to our attention which might affect it.

This report was prepared exclusively within the framework of the requirements of the consolidated text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of July 2, 2011, and by Circular 5/2013 of the Spanish National Security Market, dated June 12, 2013, related to the description of the ICFR in the Corporate Governance Report.

ERNST & YOUNG, S.L.

February 25, 2015

Alberto Peña Martínez

Gamesa

Annual Financial Report statement of responsability

The members of the Board of Directors of Gamesa Corporación Tecnológica, S.A. state that, to the best of their knowledge, the individual annual accounts and the consolidated annual accounts for the fiscal year ended on December 31, 2014, issued at its meeting of February 25, 2015, and prepared in accordance with applicable accounting standards, present a fair view of the assets, financial conditions and results of operations Gamesa Corporación Tecnológica, S.A. as well as of the subsidiaries included within scope of consolidation, taken as a whole, and that the management report supplementing contains a fair assessment of performance and results and the position of Gamesa Corporación Tecnológica, S.A. and of the subsidiaries included within its scope of consolidation, taken a whole, as well as a description of the principal risks and uncertainties facing them.

And in order that this way it consists to the opportune effects, the present declaration is sent in conformity with arranged in the article 8.1.b) of the Royal decree 1362/2007, of October 19.

February, 25, 2015.

Ignacio Martín San Vicente
Chairman and CEO

Juan Luis Arregui Ciarsolo
Deputy Chairman

José María Aldecoa Sagastasoloa
Member of the Board of Directors

José María Aracama Yoldi
Member of the Board of Directors

Luis Lada Díaz
Member of the Board of Directors

Ramón Castresana Sánchez
Member of the Board of Directors

José María Vázquez Eguskiza
Member of the Board of Directors

Sonsoles Rubio Reinoso
Member of the Board of Directors

Carlos Rodríguez-Quiroga Menéndez
Member-Secretary of the Board of Directors

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Gamesa

Creativity, design and production
Running Producción, S.A.

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