

Gamesa Corporación Tecnológica, S.A.

Auditors' Report

Financial Statements for the year ended 31
December 2014 and Management Report

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

Independent Audit Report

GAMESA CORPORACIÓN TECNOLÓGICA, S.A.
Financial Statements and Management Report
for the year ended
December 31, 2014

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 2)

INDEPENDENT AUDIT REPORT ON THE FINANCIAL STATEMENTS

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

Report on the financial statements

We have audited the accompanying financial statements of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., which comprise the balance sheet at December 31, 2014, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto for the year then ended.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of the accompanying financial statements so that they give a true and fair view of the equity and financial position and the results of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., in accordance with the regulatory framework for financial information applicable to the Entity in Spain, identified in Note 2 to the accompanying financial statements, and for such internal control as they determine is necessary to enable the preparation of 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 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 perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements 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 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 financial statements give a true and fair view, in all material respects, of the equity and financial position of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. at December 31, 2014, and its results and cash flow for the year then ended, in accordance with the applicable regulatory framework for financial information in Spain, and specifically the accounting principles and criteria contained therein.

Report on other legal and regulatory requirements

The accompanying 2014 management report contains such explanations as the directors consider appropriate concerning the situation of the Company, the evolution of its business and other matters; however, it is not an integral part of the financial statements. We have checked that the accounting information included in the aforementioned management report agrees with the 2014 financial statements. Our work as auditors is limited to verifying the 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 Company's accounting records.

ERNST & YOUNG, S.L.

The original Signed on the original.

February 25, 2015

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 23). In the event of a discrepancy, the Spanish-language version prevails.

GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

BALANCE SHEET AT DECEMBER 31 2014 AND 2013 (*)

(Thousands of euros)

ASSETS	Notes	12.31.2014	12.31.2013 (*)	EQUITY AND LIABILITIES	Notes	12.31.2014	12.31.2013 (*)
NON-CURRENT ASSETS		312,348	311,406	EQUITY	Note 12	844,804	560,545
Intangible assets	Note 6	391	703	SHAREHOLDER'S EQUITY		844,804	560,545
Computer software		391	703	Share capital		47,476	43,160
Property, plant and equipment	Note 7	386	482	Share premium		386,413	154,619
Other fixtures, tools and furniture		315	375	Reserves		386,129	(59,469)
Other items of property, plant and equipment		71	107	Legal and bylaw reserves		8,633	8,408
Non-current investments in Group companies and associates	Note 9	276,108	270,431	Other reserves		377,496	(67,877)
Investments in Group companies and associates		276,108	270,431	Treasury shares		(24,873)	(21,340)
Non-current financial assets	Note 9	560	558	Profit for the year		49,659	443,575
Equity instruments		113	113				
Guarantees and deposits given	Note 8	447	445				
Deferred tax assets	Note 16	34,903	39,232	NON-CURRENT LIABILITIES		29,739	2,709
				Non-current payables		29,739	2,709
				Other financial liabilities	Note 15	5,739	2,709
				Bank borrowings	Note 14	24,000	
CURRENT ASSETS		604,415	402,632			42,220	150,784
Trade and other receivables	Note 10	42,895	55,753	CURRENT LIABILITIES			
Trade receivables for sales and services		40	26	Short-term provisions	Note 13	891	891
Receivables from Group companies and associates	Note 19	38,050	39,106	Other provisions		891	891
Accounts receivable		97	97	Current payables	Note 14	7,461	31,338
Other accounts receivable from public authorities	Note 16	4,708	16,524				
Current investments in Group companies and associates	Notes 10 and 19	542,918	342,764	Bank borrowings		7,461	31,338
Short-term loans to Group companies		542,918	342,764				
Current financial assets	Note 10	1,165	1,717	Current payables to Group companies and associates	Note 19	13,693	90,640
Short-term loans to third parties		1,165	1,717	Trade and other payables		20,175	27,915
Short-term accruals		262	1,339	Sundry accounts payable		9,526	4,712
Cash and cash equivalents	Note 11	17,175	1,059	Remuneration payable		7,682	4,090
Cash		17,175	1,059	Other accounts payable to public authorities	Note 16	2,967	19,113
TOTAL ASSETS		916,763	714,038	TOTAL EQUITY AND LIABILITIES		916,763	714,038

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 23 are an integral part of the balance sheet at December 31 2014.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 23). In the event of a discrepancy, the Spanish-language version prevails.

GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

INCOME STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (*)

(Thousands of euros)

	Notes	2014	2013 (*)
CONTINUING OPERATIONS:			
Revenue	Notes 19 and 18.1	59,768	461,719
Dividends received for investments in equity instruments of Group companies and associates		43,000	455,544
Income from loans granted to Group companies and associates		16,768	6,175
Other operating income		39,645	20,823
Non-core and other current operating income	Note 18.2	39,463	20,800
Income-related grants transferred to profit or loss		182	23
Personnel expenses	Note 18.4	(32,914)	(19,156)
Wages, salaries and similar expenses		(27,240)	(15,950)
Employee benefit costs		(5,674)	(3,206)
Other operating expenses	Note 18.3	(19,851)	(11,743)
Outside services		(19,825)	(11,768)
Taxes other than income tax		(26)	25
Depreciation and amortization	Notes 6 and 7	(593)	(1,060)
Impairment and profit/loss on disposals of financial instruments	Note 9	9,062	(4,899)
Impairment and profit/loss in Group companies and associates investments		9,062	(4,899)
OPERATING PROFIT/(LOSS)		55,117	445,684
Financial income		-	61
From marketable securities and other third-party financial instruments		-	61
Financial expense		(2,921)	(1,112)
On debts to Group companies and associates	Note 19	(173)	(185)
On debts to third parties		(2,748)	(927)
Exchange differences		28	(642)
FINANCIAL PROFIT/(LOSS)		(2,893)	(1,693)
PROFIT/(LOSS) BEFORE TAX		52,224	443,991
Income tax	Note 16	(2,565)	(416)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		49,659	443,575
PROFIT/(LOSS) FOR THE YEAR		49,659	443,575

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 23 are an integral part of the income statement at December 31, 2014.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 23). In the event of a discrepancy, the Spanish-language version prevails.

GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31 2014 AND 2013 (*)

(Thousands of euros)

A) STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR 2014 AND 2013 (*)

	2014	2013 (*)
Profit per income statement	49,659	443,575
Transfers to income statements	-	-
Grants, donations and bequests received	-	-
TOTAL INGRESOS Y GASTOS RECONOCIDOS	49,659	443,575

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 23 are an integral part of the statement of changes in equity at December, 31 2014.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 23). In the event of a discrepancy, the Spanish-language version prevails.

GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (*)

(Thousands of euros)

B) STATEMENTS OF CHANGES IN TOTAL EQUITY FOR 2014 AND 2013 (*)

	Share capital	Share premium	Legal reserve	Other reserves				Treasury shares	Profit for the year	Total
				Reserve for redenomination of capital in euros	Voluntary reserves	Losses from previous year	Reserves for treasury shares			
BEGINNING BALANCE AT DECEMBER 31 2013 (*)	43,160	154,619	8,408	1	363,607		7,157	(7,157)	(454,812)	114,983
Total income and expense recognised	-	-	-	-	-	-	-	-	443,575	443,575
Other changes in equity:										
- Distribution of 2012 profit:										
Voluntary reserves	-	-	-	-	-	(454,812)	-	-	454,812	-
- Treasury share transactions (Note 12.3)	-	-	-	-	150	-	14,183	(14,183)	-	150
- Incentive plan (Note 12.4)	-	-	-	-	1,899	-	-	-	-	1,899
- Others	-	-	-	-	(62)	-	-	-	-	(62)
ENDING BALANCE AT DECEMBER 31 2013 (*)	43,160	154,619	8,408	1	365,594	(454,812)	21,340	(21,340)	443,575	560,545
Total income and expense recognised	-	-	-	-	-	-	-	-	49,659	49,659
Other changes in equity:										
- Capital increase (Note 12)	4,316	231,794	-	-	(2,586)	-	-	-	-	233,524
- Distribution of 2013 profit:										
Other reserves	-	-	225	-	-	443,350	-	-	(443,575)	-
- Treasury share transactions (Note 12.3)	-	-	-	-	(1,653)	-	3,533	(3,533)	-	(1,653)
- Incentive plan (Note 12.4)	-	-	-	-	2,729	-	-	-	-	2,729
ENDING BALANCE AT DECEMBER 31 2014	47,476	386,413	8,633	1	364,084	(11,462)	24,873	(24,873)	49,659	844,804

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 23 are an integral part of the statement of changes in equity at December 31, 2014.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 23). In the event of a discrepancy, the Spanish-language version prevails.

GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (*)

(Thousands of euros)

	Notes	2014	2013 (*)
CASH FLOW FROM OPERATING ACTIVITIES (I)		30,469	435,195
Profit for the year before tax		52,224	443,991
Adjustments for:			
- Depreciation and amortization	Notes 6 and 7	593	1,060
- Impairment losses	Note 9	(9,062)	4,898
- Changes in provisions (incentive plans)	Note 12	2,080	3,295
- Income from loans granted to Group companies and associates	Note 19	-	(6,175)
- Income from marketable securities and other third party financial instruments	Note 9	-	(61)
- Financial expenses	Note 14 and 19	2,921	1,112
- Exchange differences		(28)	642
Changes in working capital			
- Trade and other receivables		13,410	(7,221)
- Other current assets		1,764	-
- Other payables		(31,617)	(4,394)
- Prepaid expenses		1,077	(1,339)
Other cash flows from operating activities			
- Interests paid	Note 14	(2,893)	(613)
CASH FLOWS FROM INVESTING ACTIVITIES (II)		(273,903)	(453,982)
OPERATING PROFIT/(LOSS)			
Payments due to investments			
- Group companies and associates	Note 9	(282,019)	(453,817)
- Investments in intangible assets and property, plant and equipment	Notes 6 and 7	(185)	(165)
Charges for divestments			
- Other investments in non-current financial assets		8,301	-
CASH FLOWS FROM FINANCING ACTIVITIES (III)		259,550	18,664
Receipts and paymentos for equity instruments			
- Capital increase		232,520	-
- Purchase of treasury shares	Note 12	-	150
Receipts and payments for financial liability instruments			
- Issuing/(repayment) of bank borrowings and other financial liabilities	Notes 14 and 15	27,030	18,655
- Issuing of borrowings from Group companies and associates	Note 19	-	(141)
IMPACT OF CHANGES IN EXCHANGE RATE (IV)		-	-
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV)		16,116	(123)
Cash and cash equivalents at beginning of the year		1,059	1,182
Cash and cash equivalents at year end		17,175	1,059

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 23 are an integral part of the statement of cash flows at December 31, 2014.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 23). In the event of a discrepancy, the Spanish-language version prevails.

Gamesa Corporación Tecnológica, S.A.

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

1. ACTIVITIES AND CORPORATE PURPOSE

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 in Zamudio (Vizcaya, Spain), Parque Tecnológico de Bizkaia, Edificio 222.

Its corporate purpose 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.

The Company is the parent of a group of subsidiaries and in accordance with current legislation it is required to prepare separate consolidated financial statements. The consolidated financial statements of Gamesa Corporación Tecnológica, S.A. and subsidiaries (hereinafter “GAMESA Group”) for 2014 have been prepared by the Directors at a Board of Directors meeting held on February 25, 2015. The consolidated financial statements for 2013 were approved by the shareholders at the Annual General Meeting of GAMESA held on May 28, 2014 and were filed at the Vizcaya Mercantile Registry.

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, 2014 into the following business units:

- 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 GAMESA, 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 financial statements.

2. BASIS OF PRESENTATION OF THE ANNUAL ACCOUNTS

2.1 Financial reporting legislation applicable to the Company

These financial statements have been prepared by the Directors in accordance with the financial reporting legislation applicable to the company established by:

- The Commercial Code and other mercantile legislation
- The Spanish General Accounting Plan approved by Royal Decree 1514/2007 and the amendments made by Royal Decree 1159/2010 and industry adaptations in order to provide a true and fair view of its equity, financial situation and the results obtained, as well as the accuracy of the cash flows included in the cash flow statement.
- The mandatory standards approved by the Accounting and Audit Institute to enable the General Accounting Plan and its supplementary regulations, as well as the mandatory standards approved by the National Stock Market Commission.
- All other applicable Spanish accounting legislation.

2.2 True and fair view

The accompanying Annual Accounts have been prepared on the basis of the Company's accounting records and are presented in compliance with applicable financial reporting legislation, particularly the accounting standards and policies established therein, so as to provide a true and fair view of the Company's net worth, its financial situation, the results of its operations and cash flows for the year. These Annual Accounts, which have been prepared by the Directors of the Company, will be submitted for the approval of the General Meeting and it is expected that they will be approved without any modification being made. The financial statements for 2013 were approved by the Company's shareholders at a General meeting held on May 28, 2014.

The figures contained in the balance sheet and the explanatory notes are expressed in thousands of euros (the company's functional currency).

2.3 Non-mandatory accounting principles applied

No non-mandatory accounting principles have been applied. In addition, the Directors have prepared these Annual Accounts bearing in mind all applicable accounting principles and standards that are mandatory and have a significant effect on these Annual Accounts.

All accounting principles having a significant effect on the accounts have been applied.

2.4 Critical aspects of the valuation and estimation of uncertainty

When preparing the accompanying financial statements estimates made by Company management have been used in order to measure some assets, liabilities, income, expenses and commitments recorded in the accounts. These estimates relate basically to the following:

- Calculation of provisions: At each the end of each reporting period company management estimates the liabilities arising from litigation and similar events which require the recognition of provisions of a tax and legal nature. Although the Company 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 (Note 13).
- The evaluation of possible impairment losses affecting certain assets such as receivables and interests in group companies and associates (Notes 9 and 19).
- Useful lives of property, plant and equipment and intangible assets. Company management estimates the useful lives and relevant depreciation and amortization charges for its property, plant and equipment and intangible assets, respectively (Notes 6 and 7).
- Company management has made a series of assumptions to calculate liabilities for commitments to employees.
- Corporate income tax and deferred tax assets: The status of tax regulations applicable to the Company entails the need for estimated calculations and a final quantification of the uncertain tax. The calculation of the tax is carried out based on Company management's best estimates in accordance with the current tax situation and bearing in mind the foreseeable evolution of tax legislation.

The Company evaluates the recovery of deferred tax assets based on estimates of future taxable income by analysing whether or not this income will be sufficient for the Company and the tax group to which it pertains during the periods in which the deferred tax assets are deductible.

Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact income tax in the period in which such determination is made (Note 16).

- Contingent liabilities:The Company's management considers that there are no significant contingent liabilities at December 31, 2014 and 2013.

Despite the fact that these estimates have been made based on the best information available at the end of 2014, it is possible that events may take place in the future which will require them to be changed (upwards or downwards) in future years, which would be done on a prospective basis.

2.5 Comparison of information

In accordance with the current mercantile legislation, the information relating to 2014 contained in the balance sheet, income statement, statements of changes in equity and statement of cash-flows is presented for comparison purposes with the information relating to 2013. The notes also include

quantitative information of the previous year, except if an accounting standard specifically states that it is not necessary.

The account "Impairment and profit/loss in group companies and associates investments" of the income statement has been assigned to operating profit for the years 2014 and 2013, according to corporate holding accounting standards.

2.6 Groupings of items

For the purposes of facilitating the understanding of the balance sheet, the income statement, the statement of changes in equity and the cash flow statement, these financial statements are presented in a group format and all necessary analysis is set out in the notes to the financial statements.

3. DISTRIBUTION OF RESULTS

The distribution of the net profit for 2014 that the Board of Directors of GAMESA will propose for approval by the shareholders at the Annual General Meeting is as follows:

(Thousands of euros)		2014
Basis of distribution:		
Profit for the year		49,659
Total		49,659
Distribution:		
Legal reserve		862
Voluntary reserves		25,757
Dividends		23,040
Total		49,659

4. ACCOUNTING POLICIES AND MEASUREMENT BASIS

The main accounting and measurement policies followed by GAMESA during the preparation financial statements, in accordance with those stipulated in the Spanish General Accounting Plan, are as follows:

4.1 Intangible assets

As a general rule, intangible assets are initially recognized at acquisition or production cost. Subsequently they are measured at cost, less accumulated amortization and any applicable impairment loss. These assets are amortised over their useful life (Note 6).

Computer software

The Company uses this account to record the costs incurred on the acquisition and development of software. Software maintenance costs are recorded in the income statement for the year in which they arise. Software is amortised on a straight-line basis over three years.

4.2 Asset impairment

At the end of each year (in the case of goodwill or intangible assets with an indefinite useful life) or when there are indications of impairment (for all other assets) the Company applies impairment tests to determine the possible existence of impairments that reduce the recoverable value of those assets to an amount lower than their carrying value.

If there is objective evidence that the carrying value is not recoverable, the relevant value adjustments are reflected for the difference between the carrying value and recoverable amount, understood as the higher of fair value less costs to sell and the present value of cash flows from the investment.

4.3 Property, plant and equipment

Property, plant and equipment is initially recognized at acquisition or production cost (Note 7) and subsequently reduced by accumulated depreciation and any impairment losses, in accordance with the policy mentioned under Note 4.2.

Property, plant and equipment upkeep and maintenance expenses are recognised in the income statement for the year in which they are incurred. However, the costs of improvements leading to increased capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised.

The Company depreciates its property, plant and equipment by the straight-line method at annual rates based on the years of estimated useful life of the assets, the detail being as follows:

	Average estimated useful life
Other equipment and furnishing	6 – 10
Tooling	3 – 4
Other property, plant and equipment	3 – 5

At December 31, 2014 and 2013 the Company does not record any land, buildings and other structures held for leasing or to obtain a capital gain as a result of future increases in market prices.

4.4 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases. The Company only records leases of the latter type (Note 8).

Revenues and expenses deriving from operating leases are charged to the income statement in the year incurred.

A payment made on entering into or acquiring a leasehold that is accounted for as an operating lease represents prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

4.5 Financial instruments

Financial assets

Financial assets held by the company are classified into the following categories:

- a) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are included in current assets except for assets maturing in more than 12 months of the balance sheet date which are classified as non-current assets. Loans and receivables are included under "Loans to companies" and "Trade and other receivables" on the balance sheet.

Financial assets are initially carried at fair value, including directly attributable transaction costs, and are subsequently measured at amortized cost. Accrued interest is recognized at the effective

interest rate, which is the discount rate that brings the instrument's carrying amount into line with all estimated cash flows to maturity. Trade receivables falling due in less than one year are carried at their face value at both initial recognition and subsequent measurement, provided that the effect of not discounting flows is not significant.

At the year-end, at least, the necessary value adjustments are made to account for impairment when there is objective evidence that all receivables will not be collected.

The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate prevailing at the date of initial recognition. Value adjustments, and reversals, where applicable, will be recognized in the income statement.

- b) Investments in the equity of group companies and associates. They are stated at cost less, where appropriate, accumulated value adjustments for impairment. However, when there is an investment prior to being classified as a group, jointly-controlled or associated company the carrying value before being so classified is considered to be a part of the investment cost. The prior measurement adjustments that are directly recorded under equity are maintained there until written off.

If there is objective evidence that the carrying value is not recoverable, the relevant value adjustments are reflected for the difference between the carrying value and recoverable amount, understood as the higher of fair value less costs to sell and the present value of cash flows from the investment. Unless better evidence is available of the recoverable amount, when estimating the impairment of these investments, the investee's equity is taken into account, adjusted for any latent capital gains existing at the measurement date. The value adjustment and, if appropriate, its reversal, are reflected in the income statement for the year in which they arise.

The provisions and reversals on investments in group companies and associates are recorded in operating income, under "Impairment losses on shares in group companies and associates" in accordance with the accounting interpretation in force.

GAMESA has majority stakes in the capital of certain companies and has shareholdings that are equal to or exceed 20% of the share capital in others (Appendix). These financial statements do not reflect the effect of applying consolidation or equity method criteria, as appropriate. As a company whose shares are listed on a stock market, GAMESA has presented its consolidated financial statements for 2014 in accordance with International Financial Reporting Standards. Note 9 indicates the effect that the application of consolidation criteria in accordance with International Financial Reporting Standards would have on these financial statements.

- c) Financial assets held for trading and other financial assets at fair value through profit or loss: Financial assets at fair value through profit or loss are considered to be all those assets held for trading that are acquired with the intention of being sold in the short-term or which form part of an identified securities portfolio that is jointly managed to obtain short-term profits, as well as financial assets designated by the Company at initial recognition to be included under this category as it provides more relevant information. Derivatives are also classified as held for trading provided that they do not consist of a financial guarantee and have not been designated as hedging instruments.

These financial assets are measured, both initially and subsequently, at fair value and any changes affecting this value are taken to the income statement for the year. Directly attributable transaction costs are recognized in the income statement for the year.

- d) Available-for-sale financial assets: This category includes debt securities and equity instruments in other companies that have not been classified in any of the preceding categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

They are stated at fair value, recording the changes that take place directly under equity, up until the asset is disposed of or becomes impaired, the time at which accumulated profits and losses accumulated in equity are charged against the income statement, provided that it is possible to calculate the aforementioned fair value. If this is not the case, they are stated at cost less impairment losses.

In the case of available for sale financial assets, adjustments are made if there is objective evidence of impairment as a result of a reduction or delay in estimated future cash flows in the case of acquired debt instruments or due to the lack of recovery of the carrying value of the asset in the case of equity investments. The adjustment is the difference between their cost and amortized cost less, if appropriate, any adjustment previously recognized in the income statement, and their fair value at the time at which measurement takes place. In the event that the equity instruments are measured at cost because their fair value cannot be calculated, the adjustment is determined in the same manner as for equity investments in group, multi-group and associated companies.

If there is objective evidence of impairment the Company records accumulated losses previously recognized under equity as a reduction in fair value. Impairment losses on equity instruments recognized in the income statement are not reversed through the income statement.

The fair values of listed investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using measurement techniques which include the use of recent transactions between knowledgeable willing parties, reference to other instruments which are substantially identical, methods of discounting future cash flows and models for setting option prices by making maximum use of observable market data and relying as little as possible on the Company's subjective considerations.

Financial assets are eliminated from the balance sheet when all risks and benefits inherent to ownership are substantially transferred. In the specific case of accounts receivable, the understanding is that this takes place in general when the risks of insolvency and default have been transferred.

Financial liabilities

Borrowings and payables

This category includes trade and non-trade payables. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months as from the balance sheet date.

Payables are initially recognized at fair value, adjusted for directly attributable transaction costs, and subsequently measured at amortized cost using the effective interest method. The effective interest rate is the discount rate that brings the instrument's carrying amount into line with the expected future flow of payments to the maturity date of the liability.

Notwithstanding the above, loans for commercial operations maturing within one year, and which do not have a contractual interest rate, are stated, both at the time of initial recognition as well as subsequently, at their nominal value provided that the effect of not restating the cash flows is not significant.

Should any existing liabilities be renegotiated, no substantial modification to financial liabilities is deemed to exist when the new lender is the same party that granted the initial loan and the present value of cash flows, including net commissions, does not differ by more than 10% of the present value of the cash flows pending payment with respect to the original liability calculated using the same method.

4.6 Transactions and balances denominated in currency other than the euro

The Company's functional currency is the euro. As a result, transactions in currencies other than the euro are considered to be denominated in foreign currency and are recorded at the exchange rates prevailing on the transaction dates.

At the end of the year monetary assets and liabilities denominated in foreign currency are converted using the exchange rate in force at the balance sheet date. Any resulting gains or losses are recognised directly in the income statement in the year in which they arise.

Non-monetary assets and liabilities which are measured at fair value and are denominated in foreign currency are translated at the exchange rates prevailing on the date on which fair value was determined. Gains or losses that are revealed are taken to equity or to profit and loss in accordance with the same criteria used to recognise changes in fair value.

4.7 Corporate income tax

Since 2002 GAMESA and certain subsidiaries located in the Basque Country subject to local corporation tax legislation have filed income tax returns 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. GAMESA therefore applies the criteria established by the ICAC Resolution dated October 9 1997 when recognising the accounting effects of that tax consolidation (Note 16).

Corporate income tax expense and revenue consists of the expense or revenue deriving from current taxes and a portion of deferred tax expense or revenue.

Current tax is the amount that the Company pays as a result of the tax returns it files each for corporate income tax purposes. Deductions and other tax benefits applied to tax payable, without taking into consideration withholdings and interim payments, as well as tax-loss carryforwards from prior years effectively applied this year, reduce current taxes.

Deferred tax expense and revenue relates to the recognition and cancellation of deferred tax assets and liabilities. These include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carryforwards. These amounts are recorded by applying the timing difference or credit relating to the tax rate at which they are expected to be recovered or settled.

Deferred tax liabilities for all taxable timing differences are recognized, except those deriving from initial recognition of goodwill or other assets and liabilities in a transaction that does not affect taxable or book results and is not a business combination.

Deferred tax assets are recognised to the extent that it is considered probable that the Company will have taxable profits in the future against which the deferred tax assets can be utilised.

Deferred tax assets and liabilities deriving from transactions involving direct charges or credits to Equity are also recorded under Equity.

At each year end recognized deferred tax assets will be reconsidered and all appropriate adjustments will be made to the extent that there are any doubts regarding future recovery. Deferred tax assets not recognized in the balance sheet are also reviewed at each year end in order to recognize the extent to which it is likely that they may be offset against future taxable profits.

4.8 Income and expense

Income and expense are recorded on an accruals basis, i.e. in the period in which the income or expense deriving from the goods or services in question is earned or incurred, rather than the period in which the cash is actually received or disbursed. Such income is measured at the fair value of the consideration received, less any discounts and taxes.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting period, provided the outcome of the benefit can be estimated reliably.

Interest income from financial assets is recognised using the effective interest method and dividend income is recognised when the shareholder's right to receive payment has been established. In any event, interest and dividends from financial assets accrued after the time of acquisition will be recognized as revenue in the income statement.

4.9 Severance indemnities

In accordance with current, GAMESA is required to pay indemnities to employees who, under certain conditions, are dismissed from the Company. Severance indemnities which can be reasonably quantified are expensed in the year in which the related decision is taken and reported. During the 2014 €439 thousands were recognised for severance payments (€1,093 thousands in 2013).

In the Annual Accounts for the year ended December 31, 2014 and 2013 there is no provision whatsoever for this item, since all of the situations reported during both years have been settled at the year-end.

4.10 Environmental assets

Environmental assets are considered to be those which are used on a lasting basis in the Company's activity and whose main purpose is to minimize environmental impacts and to protect and improve the environment, including the reduction or elimination of future pollution.

Due to its nature, the Company's activity does not have any significant environmental impact.

4.11 Equity instruments and share-based payments

An equity instrument represents a residual stake in the Company's equity after deducting all liabilities. The equity instruments issued by the Company are recorded under equity at the amount received, net of issue costs.

Treasury shares acquired by the Company during the year are recognised at the value of the consideration paid in exchange, directly as a reduction in equity. The results deriving from the purchase, sale, issue or amortisation of treasury shares are recognised directly in equity and in no case is any gain or loss recognised in the income statement (Note 12.3).

GAMESA recognises the assets and services received as a result of share-based payments as an asset or expense, based on their nature, at the time they were obtained and the relevant increase in equity of the transaction is settled using equity instruments or a liability if the transaction is settled at an amount based on the value of equity instruments (Note 12.4).

In the case of transactions that are settled with equity instruments, both the services rendered and the increase in equity are measured at the fair value of the equity instruments assigned, at the date of the granting agreement. If, to the contrary, it is settled in cash, the assets and services received and the related liability is recognised at the fair value of the latter on the date on which the recognition criteria are met.

In the cases in which GAMESA grants treasury shares to subsidiaries to make payment of these instruments to employees, the fair value balancing entry for the equity instruments delivered is considered to be an increase in the value of the investment that GAMESA has in the subsidiary, unless it is not likely that profits or financial yields will not be obtained, in which case it would be an expense (Note 9 and 12.4).

4.12 Provisions and contingencies

When preparing the Financial Statements, the Company's Directors make a distinction between:

- a) Provisions: credit balances covering present obligations arising from past events with respect to which it is probable that an outflow of resources embodying economic benefits that is uncertain as to its amount and/or timing will be required to settle the obligations (Note 13).
- b) Contingent liabilities: possible obligations as a result of past events whose occurrence depends on the occurrence or non-occurrence of one or more separate future events not within the control of the consolidated entities (Note 13).

The Annual Accounts include all provisions for obligations classed as more likely than not to arise. Contingent liabilities are not recognised in the Annual Accounts, but rather they are reported in the notes to the accounts to the extent that they are not considered to be remote.

Provisions are stated at the present value of the best possible estimate of the amount necessary to cancel or transfer the obligation, taking into account the information available regarding the event and its consequences, and recognising those adjustments that arise from the restatement of those provisions as a financial expense as they accrue.

The compensation to be received from a third party on settlement of the obligation is recognised as an asset, provided that there are no doubts that the reimbursement will take place, unless there is a legal relationship whereby a portion of the risk has been externalised as a result of which the Company is not liable; in this situation, the compensation will be taken into account for the purpose of estimating the amount of the related provision that should be recognised.

4.13 Transactions and balances with related-parties

Transactions between Group companies are initially recognized at fair value. Transactions are subsequently measured in accordance with applicable standards.

However, in transactions involving a merger, spin-off or non-monetary contribution of a business the elements making up the acquired business are measured at their value after the transaction in the consolidated Annual Accounts for the Group or the subgroup.

When the parent company of the group or subgroup and its subsidiary are not involved, the Annual Accounts to be taken into account for these purposes will be those of the larger group or subgroup into which the equity items are incorporated and whose parent company is Spanish.

In these cases, the difference that may arise between the net value of the assets and liabilities of the target company, adjusted for any balance relating to subsidies or donations received and adjusted for any changes in value, and any capital and share premium amount issued by the acquiring company is recognized under reserves.

4.14 Cash and other cash equivalents

This balance sheet heading includes petty cash bank accounts and any deposits and assets acquired under repurchase agreements that meet all of the following requirements:

- Convertible into cash.

- At the time of acquisition the maturity date did not exceed three months.
- They are not subject to a significant risk of changes in value.
- They form part of the Company's normal cash management policy.

4.15 Equity

Share capital consists of ordinary shares.

The cost of issuing new shares is charged directly against equity, as a reduction in reserves.

In the event that the Company's acquires treasury shares, the price paid, including any directly attributable incremental cost, is deducted from equity until the treasury shares are redeemed, reissued or sold. When these shares are subsequently sold or reissued, any amount received is taken to Equity net of directly attributable incremental costs.

4.16 Estimation of fair value

The fair value of the financial instruments sold on an active markets (such as held-for-trading and available-for-sale equities) is based on the market prices at the balance sheet date. The listed market price used for financial assets is the ordinary purchase price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and develops assumptions that are based on market conditions existing at each balance sheet date. For long-term debt market prices or agent quotation prices are used. Other techniques, such as estimated discounted cash flows, are used to determine fair value for other financial instruments. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows.

The fair value of forward foreign exchange contracts is determined using listed forward exchange market rates at the balance sheet date.

The carrying amounts of trade receivables and payables are assumed to approximate their fair value. The fair value of financial liabilities for financial reporting purposes is estimated by discounting future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

5. INFORMATION ON THE NATURE AND LEVEL OF RISK OF FINANCIAL INSTRUMENTS

GAMESA 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.

5.1 Market risk (exchange rate)

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, and 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 it is established and sells its products the Group (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 aimed to reduce this risk, 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 a percentage 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 breakdown of the main foreign currency balances 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	29	70	106	111
US dollar	63	270	3,817	25
Other currencies	3	17	5	12
Total	95	357	3,928	148

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
Receivables	61	-	3,645	-
Cash and other liquid assets				
cash equivalents	34	-	283	-
Payables and other	-	357	-	148
Total	95	357	3,928	148

5.2 Interest rate risk

The Group uses external financing sources for the performance of some of their operations, so 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.

5.3 Liquidity risk

GAMESA policy 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, the Group's non-current assets are financed with long-term financing (equity and non-current borrowings), whereas working capital is financed with current borrowings.

5.4 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.

A substantial part of the credit risk of the accounts receivable is mitigated because they are related to sales to the Group.

6. INTANGIBLE ASSETS

Movements in the accounts included under "Intangible assets" during 2014 and 2013 are as follows:

(Thousands of euros)	Balance at 12.31.2013	Additions /Depreciation	Balance at 12.31.2014
Year 2014			
COST			
Industrial property	23	-	23
Software	2,857	43	2,900
	2,880	43	2,923
DEPRECIATION			
Industrial property	(23)	-	(23)
Software	(2,154)	(355)	(2,509)
	(2,177)	(355)	(2,532)
Net total	703		391

(Thousands of euros)	Balance at 12.31.2012	Additions /Depreciation	Balance at 12.31.2013
Year 2013			
COST			
Industrial property	23	-	23
Software	2,710	147	2,857
	2,733	147	2,880
DEPRECIATION			
Industrial property	(23)	-	(23)
Software	(1,505)	(649)	(2,154)
	(1,528)	(649)	(2,177)
Net total	1,205		703

At December 31, 2014 and 2013 the Company recorded fully amortised intangible assets that continued to be used, as follows:

(Thousands of euros)	Carrying value (gross)	
	12.31.2014	12.31.2013
Industrial property	23	23
Software	1,958	565
Total fully depreciated assets	1,981	588

7. PROPERTY, PLANT AND EQUIPMENT

Movements in the accounts included under Property, plant and equipment during 2014 and 2013 are as follows:

(Thousands of euros)	Balance at 12.31.2013	Additions/ Depreciation	Balance at 12.31.2014
Year 2014			
COST			
Other installations, tooling and fixtures	2,193	79	2,272
Other property, plant and equipment	1,327	63	1,390
	3,520	142	3,662
DEPRECIATION			
Other installations, tooling and fixtures	(1,818)	(139)	(1,957)
Other property, plant and equipment	(1,220)	(99)	(1,319)
	(3,038)	(238)	(3,276)
Net total	482		386

(Thousands of euros)	Balance at 12.31.2012	Additions/ Depreciation	Balance at 12.31.2013
Year 2013			
COST			
Other installations, tooling and fixtures	2,193	-	2,193
Other property, plant and equipment	1,309	18	1,327
	3,502	18	3,520
DEPRECIATION			
Other installations, tooling and fixtures	(1,562)	(256)	(1,818)
Other property, plant and equipment	(1,065)	(155)	(1,220)
	(2,627)	(411)	(3,038)
Net total	875		482

GAMESA's policy is to obtain insurance policies to cover all risks that could affect its property, plant and equipment. At the end of 2014 and 2013 there was no shortfall in the coverage for these risks.

At December 31, 2014 and 2013 the Company recorded fully depreciated property, plant and equipment that continued to be used, as follows:

(Thousands of euros)	Carrying value (gross)	
	12.31.2014	12.31.2013
Other installations, tooling and fixtures	1,583	854
Other property, plant and equipment	1,256	875
Total fully amortised assets	2,839	1,729

The Company had no commitments to acquire property, plant and equipment at December 31, 2013 and 2014.

8. LEASES

At the end of 2014 and 2013 the Company had contracted the following minimum lease instalments with several lessors, in accordance with current contracts, without taking into account the repercussion of common expenses, inflation increases or future updates of the rent agreed in the contracts.

Operating leases Minimum instalments	Thousands of euros	
	Par value	
	2014	2013
Less than one year	5,032	203
Total	5,032	203

At December 31, 2014 and 2013 the Company maintains diverse lease agreements, mainly for vehicles, in immaterial amounts considered individually. Also, note that the variation in the year 2014 is due to the lease of various offices in Pamplona, which were previously leased by the company Group Gamesa Innovation & Technology, S.L. (Note 18.3).

At December 31, 2014 and 2013 the Company held a total of €447 thousands and €445 thousands, respectively, under the heading "Long-term financial investments - Deposits and guarantees provided" (Note 9) for building lease security deposits for the premises at which GAMESA mainly carries out its business.

9. NON-CURRENT FINANCIAL INSTRUMENTS

The balance under the heading "Long-term investments in group companies and associates" and Non-current financial assets" at the end of 2014 and 2013 is as follows:

(Thousands of euros)	Non-current financial instruments		
	Equity instruments	Loans, derivatives and other	Total
Year 2014			
Shareholdings in Group companies and associates	276,108	-	276,108
Available-for-sale assets	113	-	113
Deposits and guarantees provided (Note 8)	-	447	447
Total	276,221	447	276,668

Year 2013

Shareholdings in Group companies and associates	270,431	-	270,431
Available-for-sale assets	113	-	113
Deposits and guarantees provided (Note 8)	-	445	445
Total	270,544	445	270,989

Movement during 2014 in "Non-current investments in group companies and associates" and "Non-current financial investments" is as follows:

(Thousands of euros)	Non-current financial instruments				
	Balance at 12.31.2013	Additions	Disposals	Impairment	Balance at 12.31.2014
Year 2014					
Shareholdings in Group companies and associates	270,431	4,928	(8,301)	9,050	276,108
Loans and receivables available-for-sale assets	113	-	-	-	113
Deposits and guarantees (Note 8)	445	2	-	-	447
Total	270,989	4,930	(8,301)	9,050	276,668

(Thousands of euros)	Non-current financial instruments					Transfer of provisions for liabilities and charges (Note 13)	Balance at 12.31.2013
	Balance at 12.31.2012	Additions	Disposals	Impairment			
Year 2013							
Shareholdings in Group companies and associates	210,776	454,685	(655)	(4,243)	(390,132)		270,431
Loans and receivables available-for-sale assets	113	-	-	-	-		113
Deposits and guarantees (Note 8)	442	3	-	-	-		445
Total	211,331	454,688	(655)	(4,243)	(390,132)		270,989

9.1 Shareholdings in Group companies and associates

The most significant information relating to group companies and associates at the end of 2014 and 2013 is as follows:

Company or Group of companies (Note 19 and Appendix)	% Direct interest	% Indirect interest	(Thousands of euros)						
			Carrying value		Capital (1)	Rest of equity with no yield (1)	Operating results (1)	Net result (1)	Dividends collected (Note 19)
			Cost	Accumulat ed impairment losses					
Year 2014									
Group companies:									
Gamesa Energía, S.A. Unipersonal (**)	100%	-	164,337	-	35,491	179,204	1,994	42,868	43,000
Cametor, S.L. Unipersonal (*)	100%	-	4,577	-	3,902	8,386	195	233	-
Gamesa Technology Corporation, Inc. (*)	100%	-	480,053	(394,214)	24,441	342,001	(14,120)	4,666	-
Gamesa Venture Capital, S.C.R. de Régimen Simplificado (*)	100%	-	600	-	600	13	4	3	-
Associated companies:									
Windar Renovables, S.L. (***)	32%	-	6,104	-	9	49,938	4,099	2,761	-
9ren España, S.L. (***)	49%	-	48,390	(33,739)	11,957	28,859	(5,281)	(5,468)	-
New Broadband Network Solutions, S.L. (*)	39.62%	-	2,150	(2,150)	560	(1,313)	-	-	-
Total			706,211	(430,103)					

(1) This information makes reference to the individual financial statements at December 31, 2014, not consolidated, for the respective companies.

(*) Companies not legally required to audit their Annual Accounts.

(**) Companies audited by EY.

(***) Audited by another audit firm.

			(Thousands of euros)						
Company or Group of companies (Note 19 and Appendix)	% Direct interest	% Indirect interest	Carrying value		Capital (1)	Rest of equity with no yield (1)	Operating results (1)	Net result (1)	Dividends collected (Note 19)
			Cost	Accumulat ed impairment losses					
Year 2013									
Group Companies:									
Gamesa Energía, S.A. Unipersonal (**)	100%	-	163,289	-	35,491	(46,497)	(13,284)	299,001	454,514
Cametor, S.L. Unipersonal (*)	100%	-	4,577	-	3,902	8,120	158	266	-
Gamesa Technology Corporation, Inc. (*)	100%	-	479,931	(416,153)	24,942	302,605	(15,866)	(22,284)	-
Compass Transworld Logistics, S.A. (***)	51%	-	3,562	-	6,861	109	2,750	1,290	1,030
Gamesa Venture Capital, S.C.R. de Régimen Simplificado	100%	-	600	-	600	4	(1)	10	-
Gamesa Wind Turbines PTV, Lda (**)	0.52%	99.48%	1,131	-	154,878	(54,293)	9,907	(5,078)	-
Associated companies:									
Windar Renovables, S.L. (**)	32%	-	6,104	-	9	48,286	2,641	1,908	-
Worldwater & Solar Technologies Inc. (*)	25.67%	-	2,243	(2,243)	2,356	(2,117)	(5,057)	(5,057)	-
9ren España, S.L. (***)	49%	-	48,390	(21,000)	11,957	41,250	(11,956)	(12,391)	-
New Broadband Network Solutions, S.L. (*)	18.8%	-	2,000	(2,000)	136	719	(3,666)	(3,731)	-
Total			711,827	(441,396)					

(1) This information makes reference to the individual financial statements at December 31, 2013, not consolidated, for the respective companies.

(*) Companies not legally required to audit their Annual Accounts.

(**) Companies audited by PwC.

(***) Audited by another audit firm.

Changes in the cost of the shareholdings in 2014 and 2013 are as follows (thousands of euros):

Company or Group of companies	Carrying value						Balance at 12.31.2014
	Balance at 12.31.2013	Acquisitions	Share capital increase and Shareholder contributions	Incentive plans (Note 12.4)	Impairment of shareholdings	Other movements	
Year 2014							
Gamesa Energía, S.A. Unipersonal	163,289	-	-	1,048	-	-	164,337
Gamesa Technology Corporation, Inc.	63,778	-	-	122	21,939	-	85,839
Gamesa Wind Turbines PTV, Lda	1,131	-	-	-	-	(1,131)	-
New Broadband Network Solutions, S.L.	-	-	150	-	(150)	-	-
Compass Transworld Logistics, S.A.	3,562	3,608	-	-	-	(7,170)	-
9ren España, S.L.	27,390	-	-	-	(12,739)	-	14,651
Others	11,281	-	-	-	-	-	11,281
Total	270,431	3,608	150	1,170	9,050	(8,301)	276,108

Company or Group of companies	Carrying value						Balance at 12.31.2013
	Balance at 12.31.2012	Acquisitions	Share capital increase and Shareholder contributions	Incentive plans (Note 12.4)	Impairment of shareholdings	Other movements	
Year 2013							
Gamesa Energía, S.A. Unipersonal	162,512	-	-	777	-	-	163,289
Gamesa Technology Corporation, Inc.	-	-	453,816	94	-	(390,132)	63,778
Gamesa Wind Turbines PTV, Lda	1,131	-	-	-	-	-	1,131
Compass Transworld Logistics, S.A.	3,564	-	-	(2)	-	-	3,562
Skybuilt Power Inc.	655	-	-	-	-	(655)	-
9ren España, S.L.	27,390	-	-	-	-	-	27,390
Others	15,524	-	-	-	(4,243)	-	11,281
Total	210,776	-	453,816	869	(4,243)	(390,787)	270,431

The most significant changes in 2014 were as follows:

- At January 9, 2014 the Company acquired the remaining 49% of shares of Compass Transworld Logistics, S.A. amounting to 3,608 thousand euros, thus owning 100% of the shareholding. Subsequently, at June 27, 2014, the Company sold this participation to the Group Company Gamesa Eólica, S.L. amounting to 7.366 thousand euros, obtaining a profit of €196 thousands registered in the "Impairment loss/profit on disposals of financial instruments" in the income statement for the year 2014.
- On November 28, 2014 the Company sold its 0.52% stake in the company Gamesa Wind Turbines PTV, Lda. to the company Gamesa Energía, S.A. amounting to €947 thousands, incurring a loss of €184 thousands registered under "Impairment loss/profit on disposals of financial instruments" in the income statement for the year 2014.
- The impairment provision involving Gamesa Technology Corporation, Inc. has been partially reversed, amounting to €21.939 thousands due to the positive evolution of this company in 2014.
- On June 9, 2014 the Company subscribed €150 thousands in the capital increase carried out by New Broadband Networks Solutions, S.L. increasing its share from 18.8% to 39.62% on December 31, 2014.

- 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:

- Growth in the MW maintained in the photovoltaic sector over the coming years attaining a target level of 840 MW in 2018, fundamentally due to the expansion in the wind energy plant maintenance market starting in 2015 and 2016.
- Increase in the EBIT margin, attaining a target level of 8%, approximately, in 2018. This is fundamentally due to the improvement in variable and structural costs.

As a result of this estimation, a further deterioration in the value of participation has been revealed, considering the percentage of participation in the Company, amounting to €12,739 thousands.

The most significant variations during the year 2013 are the following:

- At December 31, 2012, Gamesa Technology Corporation, Inc. presented negative equity totalling €390 million. Due to the uncertainty and regulatory volatility in the USA, the best evidence of the recoverable value of the investment is the theoretical book value of the shareholding and therefore the Company has recorded impairment for the full cost of the shareholding totalling €26 million, and a non-current provision for the negative equity accumulated by the investee company (EUR 390 million). In order to restore the US company's financial position, in 2013 the Company increased share capital on November 15, 2013 and December 13, 2013 by the amount of €270million and 184 million, respectively. As a result of the above, the subsidiary's equity is now €62 million. Given that at December 31, 2013 there continues to be regulatory uncertainty and volatility the consideration continues to be that the best evidence of the recoverable value of the investment is its theoretical carrying value. No significant difference arose during this analysis between the theoretical carrying value and the cost of the interest at December 31, 2013. After the share capital increase, the impairment provision recorded as a provision for liabilities and charges at December 31, 2012 was reclassified to the heading investments in group companies and associates (Note 19).
- The company Skybuilt Power, Inc. liquidated on August 13 2013, which resulted in a €655 thousands loss that was recorded under the heading "Impairment and results on the disposal of financial instruments" in the accompanying income statement of 2013, and there were no further liabilities for the Company.
- Furthermore, the company detected indications of impairment of the shares in New Broadband Network Solutions, S.L. and Worlwater & Solar Technologies Inc. due to the fact that business expectations are not being met. For this reason, the Company has considered the best evidence of the recoverable value of the investments to be their theoretical carrying value and has recorded a provision for the entire cost of the investment. The recognition of an additional provision for negative equity is not applicable since the Company does not have any additional commitments concerning the liabilities relating to those shares.

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 is 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, S.L.

A detail of the subsidiaries, joint ventures and associates involved in the consolidation of the Gamesa Group together with information related to them is shown in the Appendix.

None of the subsidiaries, joint ventures and associates of GAMESA are listed on regulated markets.

9.2 Non-current financial information

The breakdown by maturity of the items composing "Long-term financial investments" at December 31, 2014 is as follows:

(Thousands of euros)	2015	2016	2017	2018 and subsequent	Total
Year 2014					
Deposits and guarantees provided	-	-	-	447	447
Total	-	-	-	447	447

"Other non-current financial assets" are recognised at amortised cost, which fundamentally coincides with their market value.

9.3 Effect of non-consolidation

GAMESA's Financial Statements are presented in compliance with current mercantile legislation. However, the management of GAMESA and Group companies is carried out on a consolidation basis. As a result, GAMESA's financial statements do not reflect the financial-equity changes that result from applying consolidation criteria to those shares or the transactions carried out by them, some of which

derive from the Group's global strategy. These changes are reflected in the consolidated financial statements for GAMESA Group in 2014.

The main figures in GAMESA's consolidated accounts for 2014 and 2013, prepared in accordance with International Financial Reporting Standards approved by the European Union (IFRS-EU) are as follows:

Thousands of euros	12.31.2014	12.31.2013
Total assets	4,251,850	4,759,377
Equity	1,385,413	1,017,658
Parent Company	1,385,320	1,012,734
Minority shareholders	93	4,924
Net revenues from continuing operations	2,846,157	2,335,618
Result for the year	91,169	46,237
Parent Company	91,848	45,033
Minority shareholders	(679)	1,204

10. SHORT-TERM FINANCIAL INSTRUMENTS

The breakdown of current financial instruments at December 31, 2014 and 2013 is as follows:

(Thousands of euros)	Current financial instruments		
	Equity instruments	Loans, derivatives and other	Total
Year 2014			
Loans and receivables			
Trade receivables for sales and services rendered	-	40	40
Group trade receivables (Note 19)	-	38,050	38,050
Trade receivables	-	97	97
Loans to Group companies (Note 19)	-	542,918	542,918
Current financial investments	-	1,165	1,165
Total	-	582,270	582,270
Year 2013			
Loans and receivables			
Trade receivables for sales and services rendered	-	26	26
Group trade receivables (Note 19)	-	39,106	39,106
Trade receivables	-	97	97
Loans to Group companies (Note 19)	-	342,764	342,764
Current financial investments	-	1,717	1,717
Total	-	383,710	383,710

11. CASH AND OTHER CASH EQUIVALENTS

"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.

12. EQUITY AND CAPITAL AND RESERVES

12.1 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 thousand euros. 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.

The share capital of Gamesa Corporación Tecnológica, S.A. at December 31, 2014 and 2013 totals €47,476 thousands, consisting of 279,268,787 ordinary shares with a par value of €0.17 each, represented by book entries and fully subscribed and paid in.

Per public information in the possession 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.

12.2 Reserves

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.

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 may be used to increase capital in an amount equal to the portion of the balance that exceeds 10% of capital after the increase. Except for the aforementioned purpose, until it exceeds 20% of

the share capital, this reserve may be used only to set off losses and this may only be done if other available reserves are insufficient for this purpose. At the end of 2014 and 2013 this reserve had not reached the stipulated level.

12.3 Treasury shares

The detail of the total number of treasury shares and of the heading "Equity – Shareholder's equity - 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 this contract, in 2014 GAMESA acquired 38,166,378 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".

In 2013 GAMESA acquired 32,082,172 treasury shares at an average price of €4.26 and sold 32,108,793 treasury shares at an average price of €3.81. The difference between the cost price and the selling price, amounting to €150 thousands, was recorded in "Voluntary reserves".

12.4 Incentive plans

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 of the subsidiaries specifically included in the plan, if any.

The number of shares to be provided to each beneficiary was determined by the degree to which the objectives established in the Plan for the period between January 1, 2011 and December 31, 2013 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 has given rise to a charge totalling €325 thousand under "Personnel expenses" in the income statement for 2013 (2012: €746 thousand) credited to "Reserves – Other reserves" under equity at December 31, 2013.

In those cases in which GAMESA granted equity instruments to its subsidiaries to make payment of these instruments to beneficiaries, the Company has recorded €322 thousand under the heading "Investments in Group companies and associates-Shareholdings in Group companies and associates" in the accompanying balance sheet at December 31, 2013 (Note 9), crediting the heading "Reserves - Other reserves" under equity, equivalent to the services received and accrued by beneficiaries at subsidiaries.

The total accumulated cost of this incentive plan, charged against "Personnel expenses" in the consolidated income statements for the period 2011-2013 was approximately €1.96 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 €513 thousand, 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 €1,559 thousands under "Personnel expenses" in the accompanying consolidated income statement for 2014, crediting the heading "Other reserves" under equity in the accompanying consolidated balance sheet at December 31, 2014 (€1,153 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 €3,031 thousands to the heading "Other liabilities" under non-current liabilities in the consolidated balance sheet at December 31, 2013 (€2,330 thousands in 2013). 85% of the targets associated with this incentive are assumed to have been met.

In those cases in which GAMESA granted equity instruments to its subsidiaries to make payment of these instruments to beneficiaries, the Company has recorded €1,170 thousands under the heading "Investments in Group companies and associates-Shareholdings in Group companies and associates" in the accompanying balance sheet at December 31, 2014 (Note 9), crediting the heading "Reserves - Other reserves" under equity, equivalent to the services received and accrued by beneficiaries at subsidiaries (€1,179 thousands in 2013).

13. PROVISIONS AND CONTINGENCIES

The breakdown of provisions in the balance sheet at December 31, 2014 and 2013, as well as the main movements recorded during the year, is as follows:

(Thousands of euros)	12.31.2013	Allocation/Application	12.31.2014
Shor-term provisions			
Other short-term provisions	891	-	891
Total short term	891	-	891

(Thousands of euros)	12.31.2012	Allocation/Application	12.31.2013
Long-term provisions			
Provision por liabilities and charges for investments in Group companies (Note 9)	390,132	(390,132)	-
Total a largo plazo	390,132	(390,132)	-
Shor-term provisions			
Other short-term provisions	888	3	891
Total short term	888	3	891

14. BANK BORROWINGS

At December 31, 2014 and 2013 bank borrowings were as follows:

(Thousands of euros)	Short-term	Long-term	Total
Year 2014			
Loans/Credit lines	7,000	24,000	31,000
Interest payable	461	-	461
Total	7,461	24,000	31,461
Year 2013			
Credit lines	30,969	-	30,969
Interest payable	369	-	369
Total	31,338	-	31,338

The breakdown of the total amounts drawn-down and still available at December 31, 2014 and 2013 is as follows:

(Thousands of euros)	Amount drawn-down	Amount still available	Total
Year 2014			
Loans and credit lines	31,000	65,001	96,001
Total	31,000	65,001	96,001
Year 2013			
Credit lines	30,921	11,679	42,600
Total	30,921	11,679	42,600

On July 15, 2014, the Bank of Brazil granted a loan amounting €21,000 thousands that matures on June 29 2007. On September 26, 2014 Banco Sabadell granted a loan amounting €10,000 thousands that matures on September 26, 2018.

The loans and credit lines bear payable interests according to the Euribor plus a market spread.

The detail on the annual maturities of the principle loans and credit lines from financial institutions at December 31, is as follows:

(Thousands of euros)	2014	2013
Year 2015	7,461	31,338
Year 2016	7,000	-
Year 2017	7,000	-
Year 2018 and subsequents	10,000	-
Total	31,461	31,338

15. OTHER FINANCIAL LIABILITIES

This heading includes a €620 thousand loan granted by the Ministry of Industry, Tourism and Commerce in 2010 as assistance to encourage competitiveness in strategic and industrial sectors. This loan matures on June 30, 2025 and does not accrue any interest.

The repayment of the loan will consist of 10 instalments in the amount of €62 thousand, after a 5 year grace period, and the first instalment will be due on June 30, 2016. The Company presents this loan at amortised cost based on a market interest rate (effective interest rate).

This heading also includes the provision for pending non-current compensation for personnel deriving from the Incentive Plan 2013-2015 (Note 12.4)

16. PUBLIC ADMINISTRATIONS AND TAX SITUATION

Since 2002 GAMESA and some of its subsidiaries subject to Basque Country income tax legislation have filed their income tax returns under the special consolidated tax regime. Also, since 2013 those companies are resolved to be under the Group's Special Regime of Value Added Tax included in Chapter IX of the Provincial Law 7/1994 of November 9, of Vizcaya which regulate this tax at its basic level, being GAMESA the parent company of the Tax Group. The companies mentioned are as follows:

- Gamesa Corporación Tecnológica, S.A. (Parent company).
- Gamesa Electric, S.A.U.
- Gamesa Energía, S.A.U.
- Cametor, S.L.U.
- Gamesa Inversiones Energéticas Renovables, S.C.R.
- International Windfarm Development II, S.L.
- International Windfarm Development III, S.L.
- International Windfarm Development IV, S.L.
- Gamesa Europa, S.L.U.
- Sistemas Energéticos Tarifa, S.A.U.
- Sistemas Energéticos Balazote, S.A.U.
- Sistemas Energéticos Fonseca, S.A.U.
- Sistemas Energéticos Serra de Lourenza, S.A.U.
- Sistemas Energéticos Sierra de Valdefuentes, S.L.U.
- Sistemas Energéticos Sierra del Carazo, S.L.U.
- Sistemas Energéticos Monte Genaro, S.L.U.
- Sistemas Energéticos Argañoso, S.A.U.
- Sistemas Energéticos Carril, S.A.U.
- Sistemas Energéticos Jaralón, S.A.U.
- Sistemas Energéticos Lomas del Reposo, S.A.U.

16.1 Current payables to public institutions

The breakdown of current taxes and Social Security payable at December 31, 2014 and 2013 is as follows:

(Thousands of euros)	12.31.2014	12.31.2013
Balances receivables		
VAT refundable	4,226	16,490
Withholdings refundable and interim payments	482	34
Total	4,708	16,524
Balances payables		
VAT payable	2,507	18,094
Withholdings payable	59	760
Social security	314	172
Sundry taxes payable	87	87
Total	2,967	19,113

16.2 Reconciliation of reported results and taxable results

The reconciliation between reported profits and taxable profits for GAMESA at the individual level is set out below:

(Thousands of euros)	
<u>Year 2014</u>	
Book profit before taxes	52,224
Plus (less) – Permanent differences	(12,929)
Plus (less) – Timing differences	
Other provisions	4,590
Individual tax base	43,885
Plus (minus) – Eliminations due to consolidated taxation	
Dividends from Gamesa Energía, S.A. Unipersonal (Note 19)	(43,000)
Individual tax base contributed to the Group	885
<u>Year 2013</u>	
Book profit before taxes	443,991
Plus (less) – Permanent differences	3,731
Plus (less) – Timing differences	
Impairment provisions	(308,095)
Other provisions	2,728
Individual tax base	142,355
Plus (minus) – Eliminations due to consolidated taxation	
Dividends from Gamesa Energía, S.A. Unipersonal (Note 19)	(454,514)
Individual tax base contributed to the Group	(312,159)

During 2014 and 2013, GAMESA received dividends from companies forming part of the tax consolidation Group (Note 19). Under the individual corporate income tax system, these dividends would generate a double taxation deduction in the full amount of the tax payable on the amount distributed. However, as a result of the taxation under the tax consolidation special system, they must be eliminated from the tax base that the Company contributes to the Group.

During 2013 part of the temporary difference generated in 2012 by the provision for the impairment of the stake in Gamesa Technology Corporation, Inc. reversed as a result of the shareholder contributions made during 2013 (Note 9).

16.3 Consolidation of reported profits and income tax expense/ (income)

The reconciliation between reported profits and taxable profits is set out below:

(Thousands of euros)	2014	2013
Book profit before taxes	52,224	443,991
Impact of permanent differences	(55,929)	(450,783)
Tax payable at 28%	(1,037)	(1,902)
Others	(727)	(288)
Tax-loss carryforwards yet to be applied and deductions applied in prior years	4,329	2,606
Total corporate income tax expense / (income)	2,565	416

16.4 Breakdown of total corporate income tax expense/(income)

The detail of the corporate income tax income is as follows:

(Thousands of euros)	2014	2013
Current tax		
From continuing operations	(1,764)	-
Deferred tax		
For continuing operations	4,329	416
Total corporate income tax expense / (income)	2,565	416

16.5 Deferred tax assets recognised

The breakdown at December 31, 2014 and 2013 and movements in this account during the year are as follows:

(Thousands of euros)	12.31.2013	Additions	Applications/ Transfers	12.31.2014
Deferred tax assets	7,136	1,285	(5,880)	2,541
Available tax-loss carryforwards pending application	22,071	266	8,000	30,337
Deductions capitalised by the Tax Group	10,025	-	(8,000)	2,025
Total deferred tax assets	39,232	1,551	(5,880)	34,903

(Thousands of euros)	12.31.2012	Additions	Applications/ Transfers	12.31.2013
Deferred tax assets	1,281	5,855	-	7,136
Available tax-loss carryforwards pending application	16,042	6,029	-	22,071
Deductions capitalised by the Tax Group	26,065	(16,040)	-	10,025
Total deferred tax assets	43,388	(4,156)	-	39,232

Tax-loss carryforwards and deductions yet to be applied by the Company may be offset in coming successive years up to the time they become statute barred in 15 years following 2013. At December 31, 2014, the Fiscal Group of which Gamesa Corporación Tecnológica, S.A. is the Parent company, has carryforwards that have not been registered amounting €30,337 thousands.

Likewise, at December 31, 2014 Gamesa Corporación tecnológica, S.A. has tax credits totalling €4,386 thousands yet to be applied that were generated before entering into the tax consolidation special system (€4,386 thousands in 2013). To the extent that these items concern tax credits generated before entering onto the tax consolidation system, they are only be applied against individual future tax bases generated by GAMESA. Given its activities, and in accordance with the prudence principle, GAMESA has not capitalised the tax effect of these tax credits, which will be recognised as a reduction in corporate income tax expense in the years in which they are effectively applied.

Due to its position as the parent of the tax group, GAMESA records the capitalised deductions pending application on December 31, 2014 under the heading "Deductions capitalised by the tax group". These items were generated by the companies in its tax group this year and in prior years and they have been capitalised and are recognised in accounts payable to those companies (Note 19). At December 31, 2014 Gamesa Corporación Tecnológica S.A. has unrecognised tax credits amounting €2,025 thousands.

As a result of the corporate income tax expense estimates made by members of the tax group and the deductions and tax credits recognised, GAMESA, as the parent of the tax group, has recorded a reduction in the existing account payable to group companies by €974 thousands in 2014 (the existing payable account with the companies of the Group decreased in an amount of €3,740 thousands euros in the year 2013).

16.6 Years open to inspection and tax audit action

As established by current legislation, taxes cannot be considered to be definitive until the relevant returns have been inspected by the tax authorities or four years have elapsed since filing. At 2014 year-end, in Spain the Group had all years since 2009 open for review for corporate income tax and all years since 2010 for the other taxes to which it is liable. The Company's Directors consider that all tax returns have been properly prepared and therefore should there be any dispute regarding the interpretation of the current legislation with respect to the tax treatment of operations, any liabilities that may arise will not significantly affect the accompanying Annual Accounts.

17. GUARANTEES TO THIRD PARTIES

On December 19, 2008, Gamesa Eólica, S.L. (Single-Shareholder Company) (an indirectly wholly-owned investee of Gamesa Corporación Tecnológica, S.A.- Note 19) 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, Gamesa Corporación Tecnológica, S.A., together with other GAMESA Group companies directly or indirectly wholly owned by the Company, are joint and several guarantors on first demand to the European Investment Bank with respect to the repayment of the principal, interest, commissions, expenses or any other items, in the event that Gamesa Eólica, S.L. (Sole-Shareholder Company) is unable to make the related repayments. This loan is fully disposed by Gamesa Eólica, S.L. at December 31, 2014.

On November 29, 2012, Gamesa Eólica, S.L., Unipersonal (indirectly investee company at 100% of Gamesa Corporación Tecnológica, S.A. – Note 19) 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 the new loan establish its maturity date in 2019 and it accrues an interest rate referenced to the euribor rate plus a market spread. This loan is still available for Gamesa Eólica, S.L. in its total amount at December 31, 2014.

During 2014 and 2013 the Company provided guarantees for obtaining lines of credit and surety by its US subsidiary Gamesa Technology Corporation Inc. totalling a maximum of the equivalent of €198 million and €180 million, respectively; to its Brazilian subsidiary Gamesa Eólica Brazil for an amount equivalent to €16 million and €15 million, respectively; to Gamesa Eólica, S.L. for a maximum of €180 million and €150 million respectively; to Gamesa Energía, S.A. for a maximum of the equivalent of €148 million and €174,5

million, respectively; to its subsidiary in India, Gamesa Wind Turbines, Pvt Ltd, for a maximum of the equivalent of €25 million and €18 million, respectively.

GAMESA believes that no significant liabilities will arise for the Company as a result of these guarantees.

18. OPERATING INCOME AND EXPENSES

18.1 Revenue

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

	2014	2013
Domestic	100.00%	100.00%
OECD countries	0.00%	0.00%
Other countries	0.00%	0.00%
Total	100.00%	100.00%

18.2 Other operating, accessory and other ordinary revenues

The heading "Other operating income - Accessory and other current revenues" in the accompanying 2014 income statement records €39.463 thousands (€20.800 thousands in 2013) fundamentally relates to services at market value rendered by Company management to other group companies for advisory, assistance and support services rendered to management and other departments, consisting of the monitoring of the business objectives set by the Company (Note 19).

18.3 Other operating expenses

The breakdown of the heading "Other operating expenses" in the income statements for 2014 and 2013 is as follows:

(Thousands of euros)	2014	2013
Leases and royalties (Note 8)	5,154	255
Repairs and maintenance	1,401	867
Independent professional services	6,217	6,517
Transport costs	8	-
Insurance premiums	557	221
Bank commissions	-	597
Advertising, publicity and public relations	877	912
Utilities	660	40
Other services	4,951	2,359
Other taxes	26	(25)
Total	19,851	11,743

18.4 Personnel expenses

The breakdown of the heading "Personnel expenses" in the accompanying income statements for 2014 and 2013 is as follows:

(Thousands of euros)	2014	2013
Wages and salaries	17,028	9,375
Objective-based compensation	5,183	1,674
Incentive Plan (Note 12.4)	4,590	3,808
Termination benefits (Note 4.9)	439	1,093
Social welfare expenses	3,010	1,280
Other benefit expenses	2,664	1,926
Total	32,914	19,156

The "Objective based compensation" registers the amount accruing in 2014 and 2013 to Company executives and employees based on the extent to which the objectives set in those years were met.

The following table shows the average number of employees by professional category and gender in 2014:

	Average Number of employees		
	Male	Female	Total
<u>Year 2014</u>			
Executives	34	5	39
Employees	80	117	197
Total	114	122	236
<u>Year 2013</u>			
Executives	31	4	35
Employees	23	43	66
Total	54	47	101

The increase in the average number of employees during 2014 is because of the fact that 146 employees of the Group's Company Gamesa Innovation & Technology, S.L. have been transferred to the Company.

At December 31, 2014 the Company had 241 employees (98 at December 31, 2013), as follows:

	Number of employees		
	Male	Female	Total
<u>Year 2014</u>			
Executives	36	4	40
Employees	76	125	201
Total	112	129	241
<u>Year 2013</u>			
Executives	30	4	34
Employees	21	43	64
Total	51	47	98

19. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The balances maintained with group companies and related parties at December 31, 2014 and 2013, and operations carried out with them during the years then ended, are summarised below:

	Thousands of euros															
	Current Receivables					Current payables						Other operating income (Note 18.2)	Net revenues (Notes 9.1 and 16.2)	Financial income	Financial expenses	Other services
	Receivables from other services (Note 10)	Short-term receivables to Group Companies (Note 10)	Credit interests (Note 10)	VAT receivables (Note 10)	Receivable tax from corporate tax (Note 10)	VAT payables	Payables from corporate tax	Suppliers and trade payables	Advance payment from clients	Short-term loans from Group companies	Loan interests					
Year 2014																
Group companies and associates																
Gamesa Technology Corporation, inc.	1	-	-	-	-	-	-	-	-	-	-	2,531	-	-	-	-
Gamesa Energía, S.A. Unipersonal	46	349,548	32,106	-	5,444	624	-	-	1,854	-	-	-	43,000	12,772	-	1
Gamesa Inversiones Energéticas Renovables, S.C.R.	-	-	-	-	-	-	96	-	-	-	-	-	-	-	-	-
Gamesa Eólica, S.L. Unipersonal	118	150,645	2,191	-	-	-	280	-	-	718	-	19,933	-	3,996	-	-
Gamesa Electric, S.A. Unipersonal.	-	-	-	84	318	-	-	-	-	-	-	-	-	-	-	-
Gamesa Eólica de Brasil	5,639	-	-	-	-	-	-	-	-	-	-	2,792	-	-	-	-
Gamesa Wind Tianjin Co Ltd.	14,452	-	-	-	-	-	-	-	-	-	-	1,486	-	-	-	-
Gamesa Innovation & Technology, S.L. Unipersonal	11,251	94	-	-	-	-	-	55	-	5	-	9,269	-	-	-	-
Gamesa Wind Hungary KTF	-	26	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gamesa Eolica France SARL	-	140	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gamesa Eólica Italia, S.R.L.	-	274	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gamesa Wind Poland Sp zoo	-	487	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gamesa Wind UK Limited	-	69	-	-	-	-	-	22	-	-	-	-	-	-	-	-
Gamesa II Eólica Portugal Sociedade Unipessoal Lda	-	106	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gamesa Wind Romania, SRL	-	43	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cametor, S.L	-	-	-	411	680	-	-	-	-	7,728	1,366	-	-	-	160	-
Gamesa Eolica Greece E.P.E.	-	45	-	-	-	-	-	-	-	-	-	-	-	-	-	-
International Wind Farm Developments III, S.L.	-	-	-	-	80	-	-	-	-	-	-	-	-	-	-	-
International Wind Farm Developments IX, S.L.	-	-	-	-	-	-	97	-	-	-	-	-	-	-	-	-
9Ren España, S.L.	-	-	-	-	-	-	-	-	-	-	-	106	-	-	-	-
Gamesa Venture Capital, S.C.R	-	2	-	-	1	-	-	-	-	599	31	-	-	-	13	-
Gamesa Wind Turbines Private	6,464	-	-	-	-	-	-	-	-	-	-	3,325	-	-	-	-
Other companies of GAMESA Group	79	63	-	2	59	3	128	89	-	-	-	21	-	-	-	1
Total balances and transactions with Group companies	38,050	501,542	34,297	497	6,582	627	601	166	1,854	9,050	1,397	39,463	43,000	16,768	173	2

Year 2013	Thousands of euros															
	Current Receivables					Current payables						Other operating income (Note 18.2)	Net revenues (Notes 9.1 and 16.2)	Financial income	Financial expenses	Other services
	Receivables from other services (Note 10)	Short-term receivables to Group Companies (Note 10)	Credit interests (Note 10)	VAT receivables (Note 10)	Receivable tax from corporate tax (Note 10)	VAT payables	Payables from corporate tax	Suppliers and trade payables	Advance payment form clients	Short-term loans form Group companies	Loan interests					
Empresas del Grupo y Asociadas																
Gamesa Technology Corporation, Inc.	3,208	-	-	-	-	-	-	-	-	145	-	3,264	-	-	-	-
Gamesa Energía, S.A. Unipersonal	-	175,000	19,333	2,007	-	3,488	39,589	15,243	1,854	-	-	-	454,514	4,403	-	1
Gamesa Inversiones Energéticas Renovables, S.C.R.	-	-	-	-	-	-	1,135	-	-	-	-	-	-	-	15	-
Gamesa Eólica, S.L. Unipersonal	9,996	89,067	4	-	-	-	280	1	17,254	718	-	8,261	-	1,772	-	4
SS.EE. Fonseca	-	-	-	-	-	276	77	-	-	-	-	-	-	-	-	-
Gamesa Electric, S.A. Unipersonal.	-	-	-	1,496	920	-	-	-	-	-	-	-	-	-	-	-
Gamesa Eólica de Brasil	2,847	-	-	-	-	-	-	-	-	-	-	2,847	-	-	-	-
Gamesa Wind Tianjin Co Ltd.	12,966	-	-	-	-	-	-	-	-	-	-	3,212	-	-	-	-
SS.EE Sierra de Lourenzà	-	-	-	-	-	-	737	-	-	-	-	-	-	-	-	-
SS.EE Jaralon	-	-	-	-	-	-	144	-	-	-	-	-	-	-	-	-
International Wind Farm Development II	-	-	-	-	-	-	135	-	-	-	-	-	-	-	-	-
Gamesa Energy Transmisión, S.A. Unipersonal.	-	-	-	21,833	28,404	-	-	-	-	-	-	-	-	-	-	-
Especial Gear Transmission, S.A. Unipersonal	-	-	-	2,898	634	-	-	-	-	-	-	-	-	-	-	-
Gamesa Innovation & Technology, S.L. Unipersonal	36	434	-	-	-	-	-	4	-	5	-	1	-	-	-	8
Cametor, S.L	-	(297)	-	346	590	-	-	-	-	6,879	1,206	-	-	-	170	-
Compass Transworld Logistic, S.A.	-	-	-	-	-	-	-	-	-	-	-	-	1,030	-	-	-
Gamesa Venture Capital, S.C.R	-	2	-	-	-	-	-	-	-	599	18	-	-	-	-	-
Gamesa Wind Turbines Private	10,038	-	-	-	-	-	-	-	-	-	-	3,101	-	-	-	-
Other companies of Gamesa Group	15	1	-	2	90	205	368	24	-	169	-	-	-	-	-	-
Total balances and transactions with Group companies	39,106	264,207	19,337	28,582	30,638	3,969	42,465	15,272	19,108	8,515	1,224	20,686	455,544	6,175	185	13

Dividends from Gamesa Energía, S.A. Unipersonal

On December 28, 2014, the Company, as the Single Shareholder of Gamesa Energía, S.A. adopted a resolution to distribute a dividend totalling €43,000 thousands (€454,514 thousands in 2013), that had not been paid at December 31, 2014, being the account recorded under the heading "Current investments in group companies and associates - Current loans to group companies" in the accompanying balance sheet at December 31, 2014.

Compass Transworld Logistics, S.A. dividend

On December 31, 2013 a dividend was collected from the investee company Compass Transworld Logistics, S.A. in the amount of €1,030 thousands recorded under the heading "Revenues- Dividends received for equity instrument investments in group companies and associates" in the income statement for 2013. During 2014, there has not been received any dividend from this company.

Financing agreements between GAMESA Group companies

In 2002 Gamesa Corporación Tecnológica, S.A. concluded a loan agreement with Gamesa Eólica, S.L. Unipersonal. This loan accrues 2% interest per year and it will be repaid after the financial debt recorded by Gamesa Eólica, S.L. Unipersonal has been repaid. The amount granted at December 31, 2014 amounts €150,645 thousands (€89,060 thousands at December 31, 2013) and in 2014 interest totalling €3,996 thousands accrued (€1,772 thousands in 2013) recorded under the heading "Revenue – Interest on loans granted to group companies and associates" in the accompanying income statement for 2013.

After the agreement reached with Gamesa Eólica, S.L. Unipersonal, this interest is capitalised and will be repaid together with the principal amount at maturity.

Agreements between GAMESA Group and Windar Renovables, S.L.

On June 25, 2007 GAMESA (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.

Agreements relating 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 MW.

- 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:

- 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.
- The extension of current maintenance services in the following terms:
 - 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.
 - 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.
 - 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.

19.1 Compensation and benefits for the Board of Directors and Senior Management-

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	12.31.2014	12.31.2013
Members of the Board of Director		
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" at December 31, 2014 relates to (i) the amount of the premiums paid. Compensation for the Board of Directors does not include the accrual of long-term incentive plans (Note 12.4) totalling €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 12.4) amounting to €540 thousands in the year 2014 (€484 thousands in the 2013), which will be effective once the Plan 2013-2015 ends and payments 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:

(Thousands of euros)	12.31.2014	12.31.2013
Type of director		
Executives	1,836	1,136
External proprietary directors	423	342
External independent directors	1,441	1,127
Other external	-	16
Total	3,700	2,621

At December 31, 2014, the members of the Board of Directors consist of 9 men and 1 women,

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 (in 2013). Compensation for senior management does not include the accrual of Long-term Incentive Plans (Note 12.4) amounting €1,586 thousands in 2014 (€1,063 thousands in 2013), which will be effectively paid once the Plan measurement period of 2013-2015 ends and it will be paid out based on the degree of effective compliance with the objectives to which it is subject, 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.

19.2 Information regarding conflicts of interest affecting Directors

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 sector	30.284.584	None
Rubio Reinoso, Sonsoles	Iberdrola, S.A.	Electric sector	28.005	Directora de Cumplimiento del Grupo Iberdrola
Castresana Sánchez, Ramón	Iberdrola, S.A.	Electric sector	9.899	Director de Recursos Humanos del Grupo Iberdrola
Moreu Munaiz, Manuel	Iberdrola, S.A.	Electric sector	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.

20. OTHER INFORMATION

20.1 Audit fees

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:

(Thousands of euros)	Services rendered by EY	Services provided by other audit firms
Year 2014		
Audit services	968	55
Other attest services	78	-
Total audit and related services	1,046	55
Tax counselling services	285	13
Other services	29	146
Total other services	314	159
Total professional services	1,360	214

(Thousands of euros)	Services rendered by PwC	Services provided by other audit firms
Year 2013		
Audit services	1,297	62
Other attest services	120	16
Total audit and related services	1,417	78
Tax counselling services	25	16
Other services	144	19
Total other services	169	35
Total professional services	1,586	113

Of the amount relating to the services rendered by the main auditor, €280 thousands relate to audit services provided to Gamesa Corporación Tecnológica, S.A. (€374 thousands in 2013). Likewise, taking into account the corresponding amount related to other services provided by the principal auditor, €12 thousands correspond to Gamesa Corporación Tecnológica, S.A. (€9 thousands in 2013).

Finally, from the corresponding amount related to audit and related services billed by other audit firms, €80 thousands correspond to services provided to Gamesa Corporación Tecnológica, S.A. (€16 thousands in 2013). Likewise, from the corresponding amount related to other services provided by other audit firms, €2,038 thousands correspond to Gamesa Corporación Tecnológica, S.A. (€587 thousands in 2013).

20.2 Information regarding the deferral of payments made to suppliers

The average payment period to suppliers during the year has been 125 days (153 days in 2013).

21. 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 presidency 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 months 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.

22. POST-BALANCE SHEET EVENTS

There were no significant events subsequently to the year end.

23. 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.

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%
S.E. Cabezo Negro, S.A. Unipersonal	Operation of wind farms	-	Zaragoza	100%

Companies	Line of business	Auditor	Location	% of direct and indirect ownership
SAS SEPE du Plateau	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 Peloponissou 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 Lingeuvres	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	-	Italia	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%

Companies	Line of business	Auditor	Location	% of direct and indirect ownership
Southern Windfarm sp. Zoo. W Organizacj	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%
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 WTGSs				
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%

Companies	Line of business	Auditor	Location	% of direct and indirect ownership
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%
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.	Diseño, fabricación y montaje de palas	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 Reinos, 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%

Companies	Line of business	Auditor	Location	% of direct and indirect ownership
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	Otros	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%
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	Development of wind farms	-	Germany	50%
Entwicklungsgesellschaft, GmbH	Operation of wind farms	-	Barcelona	50%
Sistemas Electricos Espluga S.A.	Manufacturing and holding company	-	Jaén	32%
Windar Logistic, S.L.	Manufacturing and holding company	-	Avilés	32%
Tadarsa Eólica	Manufacturing and holding company	-	Spain	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%

Companies	Line of business	Auditor	Location	% of direct and indirect ownership
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 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 52 sheets of unstamped paper, on the obverse only, and the balance sheet, income statement, statement of changes in equity, statement of cash flows and notes to the 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

Jose María Vázquez Eguskiza
Member of the Board of Directors

Ramón Castresana Sánchez
Member of the Board of Directors

Jose 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

25 February 2015

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 Tecnológica¹ 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 million², 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/y⁴ 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)
- **EBIT²:** €191 million (+48.1% y/y)
- **Net Income²:** €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 different⁵. **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.

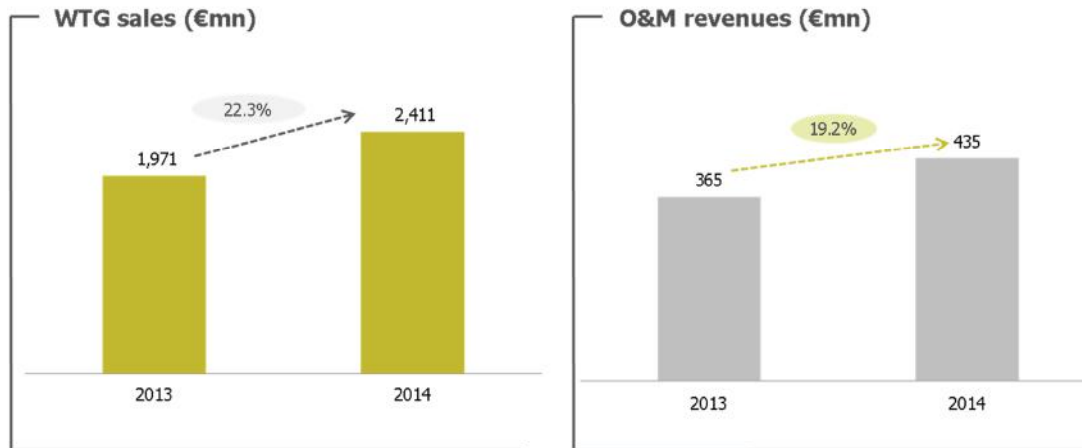
² EBIT, EBIT margin and net profit excluding non-recurring items amounting to €9.4 million in 2014. Variations with respect to the 2013 numbers are calculated by excluding non-recurring items amounting to €5.6 million in 2013.

³ At the 2013 average exchange rate.

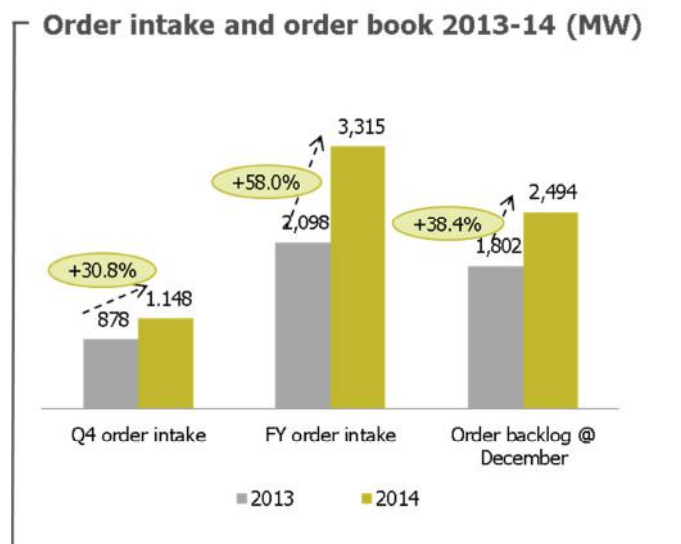
⁴ Year-on-year reduction in net financial debt excluding the cash inflow from the capital increase.

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.



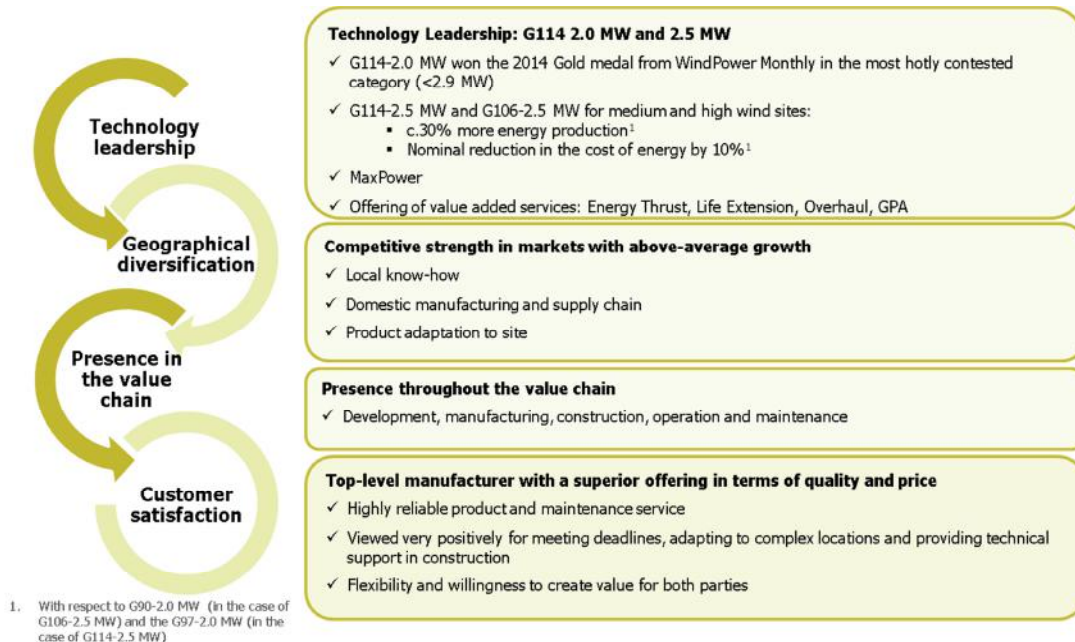
This increase in activity volume and revenues is in line with growth in global demand following the decline in 2013. The recovery in demand, driven in large part by the US market, was also supported by double-digit growth in emerging wind markets such as India, Brazil and Mexico; GAMESA has a strong 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 MW⁶ 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.



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).

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.

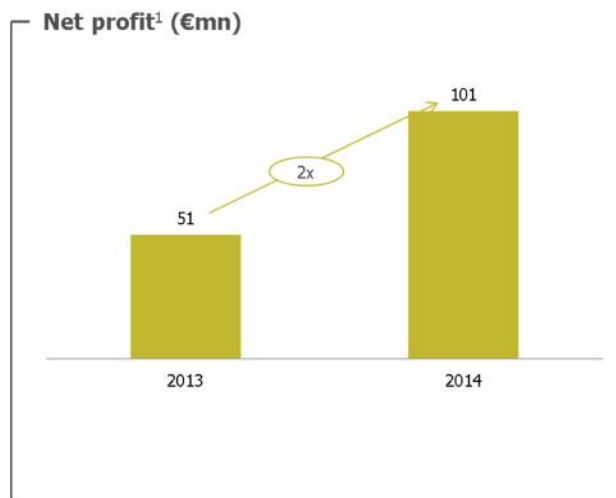


GAMESA's greater activity volume, supported by a leaner fixed cost structure than at the beginning of the Business Plan 2013-2015, led to a material increase in operating profitability in 2014. Together with rising volumes, the continuous optimisation of variable costs enabled the company to partly offset 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,⁸ 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

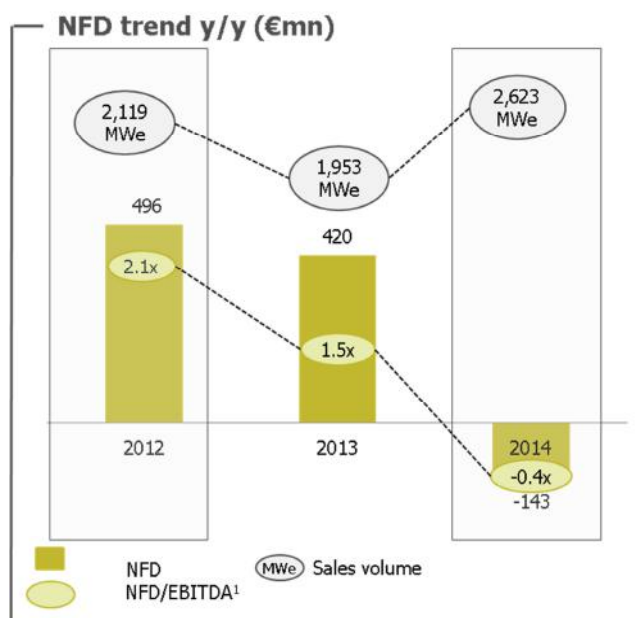
⁹ At the 2013 average exchange rate.



1. Recurring net profit excluding non-recurring items amounting to €5.6mn in 2013 and €9.4mn in 2014 (capital losses on asset sales)

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.**



1. EBITDALTM, excluding non-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) €109¹⁰ 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 (4)	
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	✓	<2.0x	✓
FCF (€ Million)	330 ⁽³⁾	>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%, subject to prior approval from the General Shareholder Meeting.

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

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).

(€ 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%	+0,5p.p.	14.4 %
Recurring EBIT	129	191	48%	67
Recurring EBIT/Revenues (%)	5.5%	6.7%	+1,2p.p.	7.4%
EBIT	123	181	+47%	58
EBIT/Revenues (%)	5.3%	6.4%	+1,1p.p.	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), 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 million¹¹, 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, 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.

¹³ Financial expenses exclude heading equity

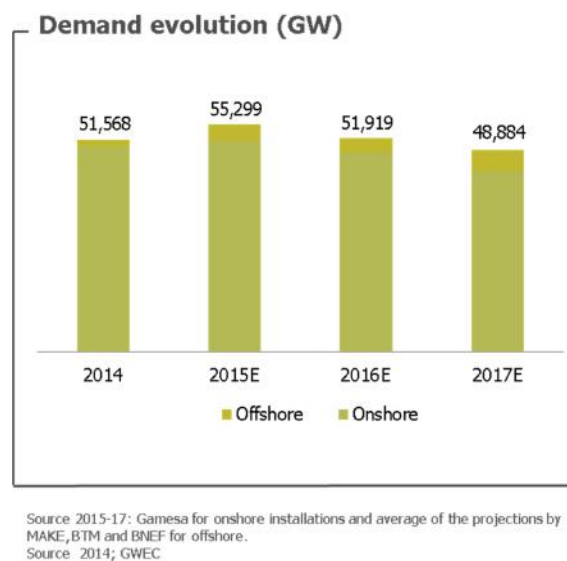
¹⁴ CAPEX figure does not include investments linked to pilot parks (2 MM EUR in 2014)

¹⁵ Net cost of capital increase

2. Forecasted evolution

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.



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 48GW¹² 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.

¹⁶ Pace of installations and grid connections according to BTM (48 GW in 2015E), BNEF (64 GW) and MAKE (51 GW)

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.

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, 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

¹⁶ Pace of installations and grid connections according to BTM (48 GW in 2015E), BNEF (64 GW) and MAKE (51 GW)

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.

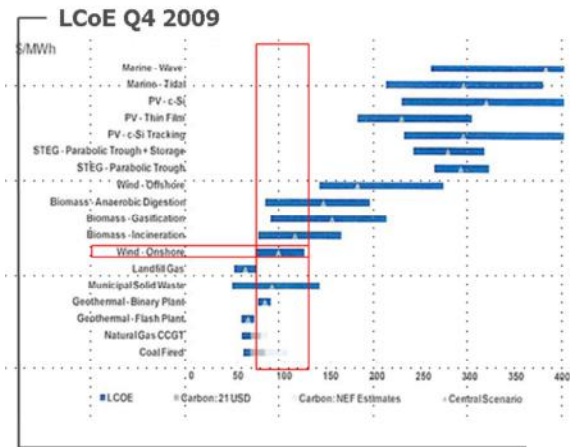
In addition to regulatory developments in the mature economies growing economies such as China, Brazil, Mexico and India continue working to reduce energy dependency while meeting the rising demand for energy.

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.

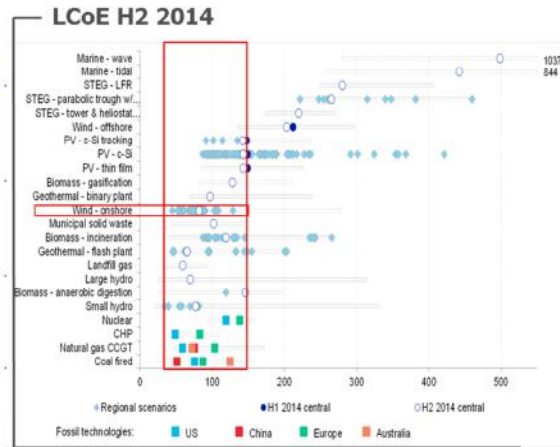
The new government in India has introduced major reforms that support investments in renewable energies in general and wind in particular. Accelerated depreciation has been reinstated for calculating the tax base for wind investments (up to 80% of the value in one year), tax holidays for wind generation 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.



Source: Bloomberg New Energy Finance



Source: Bloomberg New Energy Finance

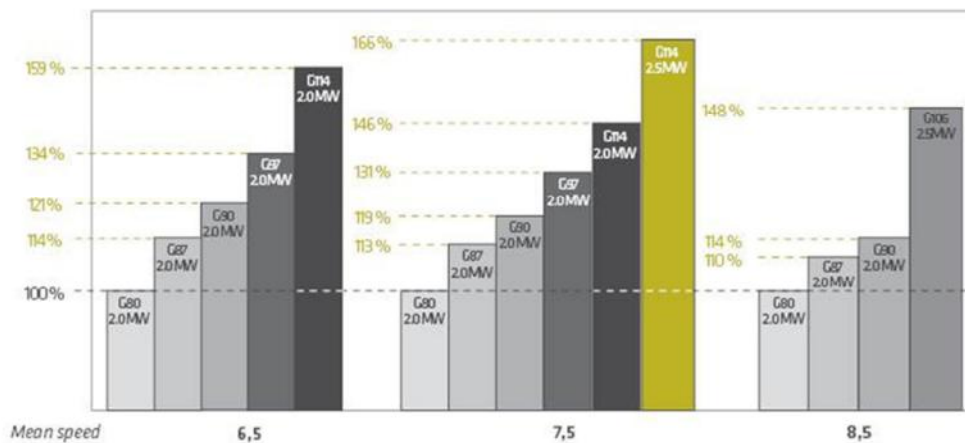
GAMESA is participating in this effort to improve wind power's competitiveness. In the last two years, the company has made significant progress in this direction with the launch of the G114-2MW in 2013 and the G114-2.5 MW and G106-2.5 MW for medium and high wind sites in 2014.

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

Increase in production

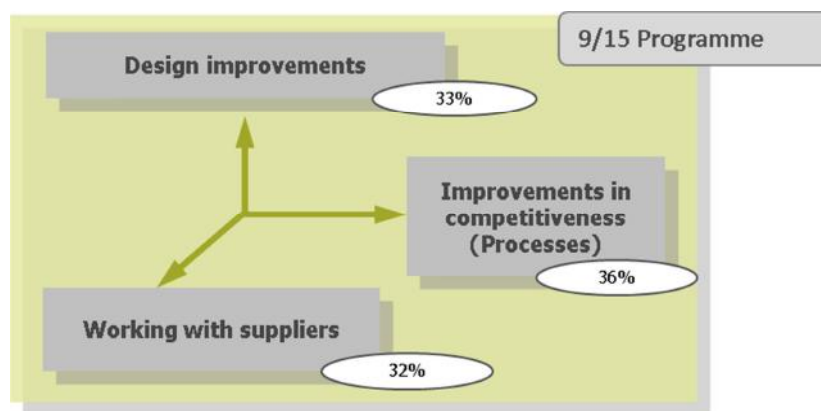


* NOTE: theoretical production calculated for k=2, density 1,225 kg/m3, with average speed at hub height.

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	 Additional profitable growth
Revenues (€mn)	3,150-3,400	
EBIT margin @ average YTD 2015 FX	≥8%	
WC/sales	<5%	 With a significant reduction in capital consumption
Capex/revenues	≤4%	
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%¹³, more than 1 percentage point higher year-on-year. At constant exchange rates¹⁴, 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% of the guidance for 2015¹⁵**, i.e. 11 points more than coverage of 2014 sales at 2013 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 resolutions 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.

**ANNUAL CORPORATE GOVERNANCE REPORT
OF LISTED COMPANIES**

IDENTIFYING DATA OF THE ISSUER

END DATE OF THE REFERENCE YEAR: 12-31-2014

TAX ID NO. A01011253

Company Name:

GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

Business Address:

PARQUE TECNOLÓGICO DE BIZKAIA, EDIFICIO 222, 48170 ZAMUDIO (VIZCAYA)

**ANNUAL CORPORATE GOVERNANCE REPORT
OF LISTED COMPANIES**

A STRUCTURE OF THE PROPERTY

A.1 Fill out the following table on the Company's share capital:

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
09-08-2014	47,475,693.79	279,268,787	279,268,787

Indicate whether or not there are different kinds of shares with different associated rights.

Yes ☐

No ☒

Type	Number of shares	Denomination per unit	Unitary number of voting rights	Different rights

A.2 Detailed information of the direct and indirect holders of significant shares, of their company at the year end date, excluding directors:

Shareholder's name or company name	Number of direct voting rights	Indirect voting rights		% of the total voting rights
		Direct shareholder	Number of 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

Indicate the most significant changes to the shareholder structure throughout the year:

Shareholder's name or company name	Operation date	Operation description
BLACKROCK INC.	03/06/2014	Decreased its shareholding under 3% down to 2.996%
BLACKROCK INC.	03/07/2014	Increased its shareholding more than 3% up to 3.007%
BLACKROCK INC.	03/12/2014	Decreased its shareholding under 3% down to 2.997%

BLACKROCK INC.	03/13/2014	Increased its shareholding more than 3% up to 3.003%
BLACKROCK INC.	04/10/2014	Decreased its shareholding under 3% down to 2.898%
BLACKROCK INC.	05/22/2014	Increased its shareholding more than 3% up to 3.101%
NORGES BANK	06/02/2014	Decreased its shareholding under 3% down to 2.989%
NORGES BANK	06/13/2014	Increased its shareholding more than 3% up to 3.023%
NORGES BANK	06/27/2014	Decreased its shareholding under 3% down to 2.999%
JPMORGAN ASSET MANAGEMENT HOLDINGS INC.	07/30/2014	Increased its shareholding more than 3% up to 3.065%
JPMORGAN ASSET MANAGEMENT HOLDINGS INC.	08/01/2014	Decreased its shareholding under 3% down to 2.933%
NORGES BANK	08/07/2014	Increased its shareholding more than 3% up to 3.007%
BLACKROCK INC.	09/09/2014	Decreased its shareholding under 3% down to 2.783%
NORGES BANK	09/09/2014	Decreased its shareholding under 3% down to 2.734%
BLACKROCK INC.	09/19/2014	Increased its shareholding more than 3% up to 3.213%
NORGES BANK	10/02/2014	Increased its shareholding more than 3% up to 3.016%

See note (A.2) in Section H of this report.

A.3 Fill out the following tables on the members of the Company's Board of Directors who have rights to vote on the Company's shares:

Director's name or company name	Number of direct voting rights	Indirect voting rights		% of the total voting rights
		Direct shareholder	Number of voting rights	
Arregui Ciarso, Juan Luis	0	RETOS OPERATIVOS XXI, S.L.	138,196	0.049 %
Moreu Munaiz, Manuel	2,000	María del Carmen Gamazo Trueba	2,000	0.001 %
Castresana Sánchez, Ramón	2,060		0	0.001 %
Martín San Vicente, Ignacio	1,030		0	0.000 %
Rubio Reinoso, Sonsoles	1,030		0	0.000 %
Lada Díaz, Luis	519		0	0.000 %
Aldecoa Sagastasoloa, José María	500		0	0.000 %
Rodríguez-Quiroga Menéndez, Carlos	315		0	0.000 %
Aracama Yoldi, José María	207		0	0.000 %
Vázquez Egusquiza, José María	0		0	0.000 %

Total % of voting rights in the power of the Board of Directors	0.053 %
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Fill out the following tables on the members of the Company's Board of Directors who have rights over the Company's shares:

Director's name or company name	Number of direct rights	Indirect rights		Number of equivalent shares	% of the total voting rights
		Direct holder	Number of voting rights		

- A.4 Indicate, where relevant, family, commercial, contractual or corporate relationships between the significant shareholders, as the Company is aware of them, unless they are hardly relevant or derived from normal commercial traffic or activity:

Related name or company name	Type of relationship	Brief description

- A.5 Indicate, where relevant, family, commercial, contractual or corporate relationships between the significant shareholders and the Company and/or its group unless they are hardly relevant or derived from normal commercial traffic or activity:

Related name or company name	Type of relationship	Brief description
IBERDROLA, S.A.	CONTRACTUAL	SEE SECTION D.2.

- A.6 Indicate whether or not the Company has been notified of shareholders' agreements which affect it according to the provisions in Articles 530 and 531 of the Capital Companies Law. Where applicable, describe them briefly and list the shareholders bound by the agreement:

Yes ☐

No ☒

Members of the shareholder's agreement	% of affected share capital	Brief description of the agreement

Indicate whether or not the Company is aware of the existence of shares agreed on between its shareholders. Where applicable, describe them briefly:

Yes ☐

No ☒

Members of the agreed on share	% of affected share capital	Brief description of the agreement

If, throughout the year, there was an amendment to or termination of these agreements or agreed on shares, indicate this expressly:

- A.7 Indicate whether or not there is a natural or legal person who exercises or may exercise control over the Company according to Article 4 of the Securities Market Law. Where applicable, identify it:

Yes ☐

No ☒

Name or company name

Observations

A.8 Fill out the following tables on the Company's treasury shares:

At the year end date:

Number of direct shares	Number of indirect shares (*)	Total % of share capital
3,154,218	0	1.13

(*) Using the:

Direct shareholder's name or company name	Number of direct shares
Total:	

Detail the significant variations, in accordance with the provisions in Royal Decree 1362/2007, made throughout the year:

Communication date	Total of direct shares acquired	Total of indirect shares acquired	Total % of share capital
01-21-2014	2,573,692		1.01
02-19-2014	2,615,033		1.03
03-24-2014	2,558,158		1.01
04-24-2014	2,576,893		1.02
05-23-2014	2,634,237		1.04
06-20-2014	2,615,229		1.03
07-17-2014	2,647,117		1.04
08-06-2014	2,612,570		1.03
09-03-2014	2,871,839		1.13
09-12-2014	1,258,786		0.45
10-01-2014	2,904,062		1.04
10-20-2014	2,828,456		1.01
11-05-2014	2,914,177		1.04
12-01-2014	2,855,931		1.02

See note (A.8) in Section H of this report.

A.9 Provide detailed information on the terms and conditions and period of the current mandate from the Shareholders' Meeting to the Board of Directors to issue, repurchase or transfer own shares.

On this report's approval date, the authorization given by the Ordinary General Meeting of the Company's Shareholders held on May 28, 2010, by virtue of which the Board of Directors was authorized to acquire own shares. The content of the agreement adopted at the referred to Meeting in point ten of the agenda is transcribed below:

"To expressly authorise the Board of Directors, with the express power of delegation, as per the dispositions in article 75 of the Companies Law for the derivate acquisition of the Gamesa Corporación Tecnológica, Sociedad Anónima's own shares in the following terms:

- a.- The acquisitions may be made directly by Gamesa Corporación Tecnológica, Sociedad Anónima or indirectly by any of the companies in which it has a controlling holding.
- b.- The share acquisitions, which must be fully paid up and free of charges or costs, will be made through sales, swaption or any other legally permitted operations.
- c.- The acquisitions may be made at any time and up to the legally allowed maximum figure.
- d.- The minimum share price will be their nominal value and the maximum will not be 10% above their market quotation value on the date of acquisition.
- e.- That the liabilities section of the Company Balance Sheet is endowed with a non-disposable reserve fund equivalent to the sum of the Company shares entered as assets. This reserve fund must be maintained until the shares have been transferred or capitalised.
- f.- The shares acquired may subsequently be transferred in freely decided conditions.
- g.- The present authorisation is awarded for a maximum period of 5 years, expressly repealing the unused part of the authorisation awarded by the Company Shareholders' Ordinary General Meeting held on May 29, 2009.

For the purposes conceived in article 75, point 1, paragraph two of the Revised Text of the Companies Law, to award express authorisation for acquisition of the Company's shares by any of its acquired companies in the same terms as those of the present agreement.

Lastly, and in relation to the dispositions in article 75, point 1, last paragraph of the Companies Law, in its rewritten text given by Law 55/1999, of 29th December, it is stated that the shares that are acquired under the present authorisation, may be used by the Company for, amongst other purposes, giving to Company employees or administrators either directly or deriving from the exercise of option or other rights contemplated in incentive plans of which they are holders and/or beneficiaries as considered in the relevant legislation, statutes or regulations."

A.10 Indicate whether or not there is a restriction on the transfer of securities and/or any restriction on the right to vote. Specifically, notify the existence of any other kind of restrictions which may make it hard to take control of the Company by acquiring its shares in the market.

Yes ☐

No ☒

Description of the restrictions

A.11 Indicate whether or not the general meeting has agreed on adopting neutralization measures regarding a public acquisition offer pursuant to the provisions in Law 6/2007.

Yes ☐

No ☒

Where applicable, explain the approved measures and the terms and conditions in which the restrictions will not be effective:

A.12 Indicate whether or not the Company has issued securities that are not traded in a regulated community market.

Yes ☐

No ☒

Where applicable, indicate the different kinds of shares and, for each kind of share, the conferred rights and obligations.

B**GENERAL MEETING**

- B.1 Indicate and, where applicable, detail if there are differences between the minimum quorum given in the Capital Companies Law (LSC) regarding the quorum required to hold the general meeting.

Yes ☐No ☒

	% of quorum different from the provisions in Art. 193 LSC for general circumstances	% of quorum different from the provisions in Art. 194 LSC for special circumstances in Art. 194 LSC
Required quorum in the 1st call		
Required quorum in the 2nd call		

Description of the differences

- B.2 Indicate and, where applicable, detail if there are differences between the quorum given in the Capital Companies Law (LSC) for entering into social agreements:

Yes ☐No ☒

Describe how it differs from the minimum quorum given in the LSC.

	Enhanced majority different from the one established in Article 201.2 of the LSC for the circumstances in 194.1 of the LSC.	Other enhanced majority circumstances
% established by the entity for adopting agreements		
Describe the differences		

- B.3 Indicate the standards applicable to amending the Company's by-laws. Specifically, the majorities laid down for amending the by-laws will be communicated as well as, where applicable, the set standards for enforcing the rights of partners when amending the by-laws.

The amendment of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.'s by-laws is governed by the provisions in Articles 285 to 290 of the Capital Companies Law approved by Legislative Royal Decree 1/2010, dated July 2 (the "Capital Companies Law").

As stated in Articles 16.1 h) of the by-laws and 7 of the General Shareholders' Meeting Regulations, the competence to amend the by-laws corresponds to the General Shareholders' Meeting.

For its part, in Article 40.2 m) of the by-laws, it is indicated that the Board of Directors will be responsible for proposing amendments of the articles at the General Shareholders' Meeting.

Article 35.3 of the General Shareholders' Meeting Regulations states that the Board of Directors will form proposals for different agreements for matters that are substantially independent so the shareholders may separately exercise their vote preferences. Specifically, this rule will be applied in the case of amendments to the by-laws, to each article or a group of articles which are substantially independent.

To convene the General Shareholders' Meeting in which a proposal is made to modify the by-laws, in accordance with Article 518 of the Capital Companies Law, the complete text of the agreement proposals and a report from the competent bodies will be included on the Company's website.

- B.4 Indicate the data regarding attendance at the general meetings held throughout the year referred to in this report and those of the previous year:

	Attendance data				
General meeting date	% physical presence	% represented	% distance voting		Total
			Electronic vote	Others	
05-28-2014	22.73	26.49	0.00	0.00	49.22
04-19-2013	21.88	17.17	0.00	0.00	39.05

See note (B.4) in Section H of this report.

- B.5 Indicate if there is a restriction in the by-laws which establishes a minimum number of required shares to attend the general meeting:

Yes ☐

No ☒

Number of required shares to attend the general meeting	1
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- B.6 Indicate if it has been agreed that certain decisions which entail modifying the Company's structure ("subsidiarization", purchase-sale of essential operating assets, operations equivalent to winding up the company, etc.) must be subject to approval at the General Shareholder's Meeting, even though the commercial laws do not expressly require it.

Yes X

No X ☐

- B.7 Indicate the address and mode of access to the Company's website and to the information on corporate governance and other information on the general meetings which should be available to the shareholders through the company's website.

The content which must be published according to Law 24/1988, dated July 28, on the Securities Market ("Securities Market Law"), and by the Capital Companies Law, developed by Order ECC/461/2013, dated March 20, by which the content and structure of the annual corporate governance report, the annual report on remunerations and other informative instruments of the listed companies, of savings accounts and other entities that issue securities traded in official securities markets are determined, and completed by Circular 1/2004, dated March 17, of the Comisión Nacional del Mercado de Valores (National Securities Exchange Commission, on the annual corporate governance report of the listed limited liability companies and other entities which issue securities traded in official secondary security markets, and other information instruments of the listed limited liability companies, even though in force regarding this matter, are directly accessible at <http://www.gamesacorp.com/en/investors-and-shareholders/>.

The Company's website does not only contain the information required by the legislation (Securities Market Law, Capital Companies Law, Order ECC/461/2013, dated March 20, and Circular 1/2004, dated March 17) but also a large quantity of information of interest for shareholders and investors and news referring to the company's activity.

Limiting ourselves to the mandatory content, we have aimed for the viewers of it, shareholders and investors, to be able to simply access the information which, in accordance with the legislation of the Securities Market Law, has to be accessible and mainly that this information is continuously updated.

Regarding accessibility of the mandatory content, it must be noted that access to it is shown on the home page of the website under the title "Shareholders and Investors". Within this title, there is an index that includes content which, in accordance with the aforementioned Circular 1/2004 and Order ECC/461/2013, have to be included on the listed companies' websites. Likewise, it is noted that the mentioned index is also directly available from the home page of the website, being able to access one of its already, individually broken down sections.

As in the previous six years, it is worth noting that the Company has finished in 2014 (in compliance with the internal regulation on maintenance and updating the corporate website), the monthly revision of the mandatory content, proceeding, where necessary, to updating it in the maximum period of twenty days.

C THE COMPANY'S ADMINISTRATION STRUCTURE

C.1 Board of Directors

C.1.1 Maximum and minimum number of directors established in the by-laws:

Maximum number of directors	15
Minimum number of directors	3

C.1.2 Fill out the table below with the board members:

Director's name or company name	Representative	Position on the board	Date of first appointment	Date of last appointment	Election procedure
Martín San Vicente, Ignacio		Chairman and CEO	05-23-2012	06-29-2012	General Meeting
Arregui Ciarso, Juan Luis		Vice Chairman	01-28-1976	04-19-2013	General Meeting
Rodríguez-Quiroga Menéndez, Carlos		Director and Secretary	09-27-2001	04-19-2013	General Meeting
Vázquez Egusquiza, José María		Director	05-25-2007	04-19-2013	General Meeting
Lada Díaz, Luis		Director	10-23-2009	04-19-2013	General Meeting
Aracama Yoldi, José María		Director	03-08-2011	04-19-2013	General Meeting
Rubio Reinoso, Sonsoles		Director	12-14-2011	06-29-2012	General Meeting
Aldecoa Sagastalola, José María		Director	07-25-2012	04-19-2013	General Meeting
Castresana Sánchez, Ramón		Director	07-25-2012	04-19-2013	General Meeting
Moreu Munaiz, Manuel		Director	03-08-2013	04-19-2013	General Meeting

Total number of directors	10
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Indicate any resignations in the Board of Directors during the period subject to information:

Director's name or company name	Condition of the director at the time of resignation	Leave date

See note (C.1.2) in Section H of this report.

C.1.3 Fill out the following tables on the board members and their different conditions:

EXECUTIVE DIRECTORS

Director's name or company name	Committee which informed his/her appointment	Position in the company's organizational chart
Martín San Vicente, Ignacio	Appointment and Remuneration Committee	Chairman and CEO
Rodríguez-Quiroga Menéndez, Carlos	Appointment and Remuneration Committee	Director-Secretary of the Board of Directors and Legal Counsel

total number of executive directors	2
% of the total of the board	20

EXTERNAL PROPRIETARY DIRECTORS

Director's name or company name	Committee which informed his/her appointment	Name or company name of the significant shareholder acting as representative or who approved his/her appointment
Rubio Reinoso, Sonsoles	Appointment and Remuneration Committee	IBERDROLA, S.A.
Castresana Sánchez, Ramón	Appointment and Remuneration Committee	IBERDROLA, S.A.

Total number of proprietary directors	2
% of the total of the board	20

INDEPENDENT EXTERNAL DIRECTORS

Director's name or company name	Profile
Aracama Yoldi, José María	<p>He was born in Pamplona (Navarra). He currently holds the position of Member of the Board of Directors and Chairman of the Appointment and Remuneration Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.</p> <p>He holds a Degree in Industry Engineering in the San Sebastian faculty (TECNUN) from the University of Navarra with a specialization in "Industrial Organization". He completed his studies with a Master in Business Administration (MBA) in the IESE in Barcelona (University of Navarra).</p> <p>Throughout his professional career he held different posts in the private and public sector. He was Financial Director and in charge of the registered office in Navarra of "Cementos Portland, S.A." (1979-1996), Economy and Tax Counsel in the Navarra Government (1996-1999), Director in Pamplona of the group "Cementos Portland Valderrivas" (1999-2001), General Director of SODENA (Sociedad de Desarrollo de Navarra, S.A.) (2001-2011) and Enclosure to the Presidency of the group "Cementos Portland Valderrivas" (2011-2013).</p> <p>In parallel to his professional activity and representing the Government of Navarra, Caja Navarra, SODENA or the group Cementos Portland Valderrivas, he was member of the Board of Directors of several companies, among others, SOFOENSA (Sociedad de Fomento Energético, S.A.), EHN (Energía Hidroeléctrica de Navarra, S.A.), Electra de Zudaire, S.A., Caja de Ahorros de Navarra, Sociedad de Desarrollo de Navarra, S.A., Redes de Telecomunicaciones de Navarra, S.A., Mutua Navarra, Cementos Alfa, S.A., Cementos Lemona, S.A., Uniland Cementera, S.A., Oficemen, Cembureau, Committee of the Regions of the European Parliament, Consejo Económico y Social de Navarra, Fundación Jorge Oteiza and Fundación Baluarte.</p>

	<p>Likewise and as independent Director or representing himself he was member of the Board of Directors of, among others, CEASA (Compañía Eólica Aragonesa, S.A.), Chairman of the Colegio de Ingenieros Industriales de Navarra, Chairman of the Agrupación Territorial de Navarra, País Vaco y La Rioja of the IESE, member of TEMIS (group of applied investigation specialized in business processes), Teacher of Finance in the Executive Master of Companies Management of the Foro Europeo (Escuela de Negocios, Pamplona).</p> <p>Currently, he is member of the Board of Consultora Altair, founding partner of the Technological Consultancy Tangle Research, S.L., member of the Social Board of the Universidad Pública de Navarra, of the Strategic Board of CEIT (Centro de Estudios e Investigaciones Técnicas), of the Junta Rectora de APD (Asociación para el Progreso de la Dirección) and of the Junta de Fundación Proyecto Hombre de Pamplona.</p>
Lada Díaz, Luis	<p>He was born in Mieres (Asturias). He currently holds the position of Lead Independent Director, Member of the Executive Committee and Chairman of the Audit and Compliance Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.</p> <p>He holds a Degree in Telecommunications Engineering from the Polytechnic University of Madrid. He is "Ad Honorem" Professor and permanent member of the Royal Academy of Engineering.</p> <p>After a short period in the Superior Board of Scientific Investigations (Consejo Superior de Investigaciones Científicas) he joined, in 1973, the Center of Investigations and Studies of Telefonica, company where he mostly has developed his professional career. In 1984, he was appointed as Responsible for Planning and Technology. Between 1989 and 1993 he worked for the Amper Group, as General Director of Planning and Control, and after that he returned to Telefónica as Responsible of its Group of Subsidiaries and Participated Companies. In 1994 he was appointed Chairman of Telefonica Moviles España. In August, 2000, he became member of the Board of Directors of Telefonica, S.A., member of its Executive Committee and Executive Chairman of</p>

	<p>Telefonica Moviles, S.A. In August, 2003, he assumed the General Directorate of Development, Planning and Regulation of the Telefonica Group. Between December 2005 and July 2006 he was Executive Chairman of Telefonica de España. Likewise he has also held the posts of Sole Administrator of Ribafuerte, S.L., Chairman of Perlora Inversiones, and member of the Board of Directors of Telefónica I+D.</p> <p>Currently, he is non-executive Chairman of Grupo Segur, member of the Board of Directors of Indra Sistemas and member of its Strategy Committee, member of the Counsel Board of ASSIA Inc. and member of the Círculo de Empresarios and of the Consejo del Colegio de Ingenieros de Telecomunicación.</p> <p>He has been member of the Government Board and Vice Chairman of the Spanish Telecommunications Engineers Association, as well as member of the Board of Directors of several companies of the Information Technology field. He has been awarded with different professional and business honours.</p>
Aldecoa Sagastasoloa, José María	<p>Born in Zaldibar (Vizcaya), he holds the position of member of the Board of Directors and of the Executive Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.</p> <p>Holds a Degree in Electronic Technical Engineering by the University of Mondragón and PADE (Programa de Alta Dirección de Empresas) by the IESE.</p> <p>Along his professional career he has hold different posts in the private sector, like diverse Technical and Management in COPRECI (1971-1982), the post of Management Director of FAGOR ELECTRÓNICA and he was also member of the Management Counsel of Fagor, S. Coop. (1982-1991). Between 1984 and 1991 he was Deputy Chairman of ANIEL (Asociación Nacional de Industrias Electrónicas) and Chairman of the Board of Components. Likewise his post as member of the Management Board of the European Association of electronic components (EECA) between 1986 and 1991 shall be pointed out.</p>

	<p>From 1992 until 2012 his professional career was developed in MONDRAGON CORPORACION holding diverse posts like Deputy Chairman (1992-2006), General Director of the Components Division (1992-1999), Chairman of the Congress and of its Permanent Committee (1994-1995), General Director of the Automotive Division (1999-2006), and he was also member of the General Board (1992-2006). In 2007 he was appointed Chairman of the General Board, post he held until July 2012.</p> <p>He was also Chairman of the Engineering School of the Univeristy of Mondragón (1998-2002).</p> <p>He also held the post of member of the Board of Directors of diverse companies of components and the automotive sector (Copreci-Chequia, Copreci-Mexico, Vitorio Luzuriaga, Fagor Ederlan-Brasil, Paranoa-Cicautxo-Brasil, FPK, Fagor Ederlan-Eslovaquia), and the post of member (1992-2006) and Chairman (2007-2012) of MONDRAGON INVERSIONES.</p> <p>Currently he holds the position of external independent Director in VISCOFAN, S.A. and member of its Audit Committee.</p>
Arregui Ciarsolo, Juan Luis	<p>Born in Mallavia (Vizcaya). He is currently Deputy Chairman of the Board of Directors, member of the Executive Committee and member of the Appointments and Remuneration Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.</p> <p>He holds a Technical Engineering Degree from the Bilbao School of Engineering, holds a degree in Numerical Control from Wandsdorf, Germany and has a Master in Micromechanics from Besançon, France.</p> <p>He is the Chairman of Viña Izadi, S.A. since 1987 and of Foresta Capital, S.A., since 2002, having taken part in founding both companies. He is also the President of ENCE Energía y Celulosa, S.A. since 2006, Director of GRL Aceite since 2000, and First Deputy Chairman of Cartera Industrial Rea, S.A. since 2008. He held the position of Director of Iberdrola, S.A. (1993-2010), holding the posts of member of the Audit Committee (1999-2001), member of the Executive Committee (2002-2010), member of its</p>

	<p>Appointment and Remuneration Committee (2004-2010) and Deputy Chairman of the Board of Directors (2006-2010).</p> <p>He also held the positions of Chairman of Gamesa, Chairman of Corporation Eólica Cesa, S.L., Co-Chairman of Grupo Guascor and member of Gestora de Proyectos y Contratos, S.A., of which he was co-founder.</p>
Vázquez Egusquiza, José María	<p>He was born in Bilbao (Vizcaya). He currently holds the position of Member of the Board of Directors and Member of the Audit and Compliance Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.</p> <p>He holds an Industrial Metallurgic Engineering Degree and an Economics Degree from the University of País Vasco, having completed his training with various Masters in the USA and Sweden.</p> <p>His professional career has been developed mainly in the metallurgic sector. He started at Babcock & Wilcox as an engineer of materials and weld in the valves for the nuclear power station department, holding afterwards management positions at different companies of the País Vasco within the metallurgic sector, equipments, shipping and construction.</p> <p>He is currently, among others, Chairman of the Board of Directors of GIROA (Grupo Dalkia), member of the Strategic Committee of IK4 Research Alliance and member of the Patronato and the Strategic Board of the Centro de Estudios e Investigaciones Técnicas de Gipuzkoa (CEIT).</p> <p>He has performed, among others, tasks of President of the Industrial Politics Committee of CONFEBASK, member of the Board of Directors of CEOE, President of the Technological Innovation Committee of CEOE, member of the Corporate Committee for CEOE's Information Company, Director of Centro de Diseño Industrial of Bizkaia, member of the Board of Directors of Asociación Española para el Desarrollo de la Soldadura and member of the Board of Directors of SEOPAN.</p> <p>He has developed an intensive educational and disclosed work.</p>

<p>Moreu Munaiz, Manuel</p>	<p>He was born in Pontevedra. He currently holds the position of Member of the Board of Directors and Member of the Audit and Compliance Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.</p> <p>He is Naval Doctor Engineer by the Escuela Técnica Superior de Ingenieros Navales of Madrid and Master of Science in Ocean Engineering by the Massachusetts Institute of Technology (Cambridge, Massachusetts).</p> <p>His professional career has been developed in SEAPLACE, S.L. since 1981, where he currently holds the position of Director, and where he has developed numerous projects in the offshore engineering sector, of perforation, production and auxiliary unities, on fixed and floating solutions.</p> <p>He currently also holds, among others, the post of member of the Board of Directors of Metalships and Docks, Rodman Polyships and Neuvisa, S.L.; and of Sole Administrator in SEAPLACE, S.L., HI Iberia Ingeniería y Proyectos, S.L. and Howard Ingeniería y Desarrollo, S.L. Previously he held, among others, the post of independent Director in Iberdrola Renovables.</p> <p>He is member of diverse professional associations: Colegio Oficial de Ingenieros Navales de España, Asociación de Ingenieros Navales de España, Asociación de alumnos del M.I.T, SNAME, Comité Técnico del GL and is the Chairman of Instituto de la Ingeniería de España since 2012.</p> <p>He has developed an intensive educational and disclosed work. He is Associated Professor of E.T.S.I.N. (Madrid) in Naval Artifacts and Structures, Professor of the Petroleum Master of REPSOL in Offshore Installations and Professor of the Maritime Master in IME-COMILLAS.</p>
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Total number of independent directors	6
Total % of the board	60

Indicate if any director qualified as independent receives from the Company, or from its same Group, any amount or benefit for an item other than remuneration as director or maintains or has maintained, throughout the past year, a business relationship with the Company or any other company of its Group, whether in his/her name or as a significant shareholder, director or senior manager of an entity which maintains or would have maintained this relationship.

Where applicable, a reasoned statement from the Board on the reasons why it considers this director can perform its duties as an independent director shall be included.

Director's name or company name	Relationship description	Reasoned statement

OTHER EXTERNAL DIRECTORS

Director's name or company name	Committee which informed or proposed his/her appointment

Total number of other external directors	0
Total % of the board	0

Detail the reasons for which they may not be considered proprietary or independent directors and their ties, whether to the Company or its managers, even if with its shareholders:

Director's name or company name	Reasons	Company, manager or shareholder with which the tie is maintained

Indicate the variations which, where applicable, have occurred during the period in each director type:

Director's name or company name	Date of the change	Previous condition	Current condition

See note (C.1.3) in Section H of this report.

C.1.4 Fill out the following table with the information related to the number of female board members in the last 4 years, as well as the nature of each one:

	Number of female board members				% of the total directors of each kind			
	Year t	Year t-1	Year t-2	Year t-3	Year t	Year t-1	Year t-2	Year t-3
Executive	0	0	0	0	0%	0%	0%	0%
Proprietary	1	1	1	1	50%	50%	50%	50%
Independent	0	0	0	0	0%	0%	0%	0%
Other External	0	0	1	1	0%	0%	100%	50%
Total:	1	1	2	2	10%	10%	20%	20%

C.1.5 Explain the measures that, where applicable, were adopted to include a number of women on the Board of Directors which permits reaching a balanced presence of men and women.

Explanation of the measures
The Appointment and Remuneration Committee actively seeks to, directly or with advice from external companies, include female candidates in the different Director selection processes.

C.1.6 Explain the measures that, where applicable, the Appointment Committee agreed on so the selection procedures do not suffer from any implicit discriminatory bias which interfere with selecting female directors, and the Company deliberately seeks and includes among the potential candidates, women who meet the sought after professional profile:

Explanation of the measures
The Appointment and Remuneration Committee in applying Article 24 of the Board of Director's Regulations has established the following as director selection criteria - reputation/credibility, solvency, competence and experience - procuring that, in this selection process, female candidates who meet this profile are selected.
Additionally, Article 19.5.p) of the Board of Director's Regulations establishes that the Appointment and Remuneration Committee will have, as a basic responsibility, to <i>"ensure that when new vacancies on the Board of Directors are filled, the selection procedures do not suffer from any implicit discriminatory bias due to any reason whatsoever."</i>

When, despite the measures adopted, where applicable, the number of female board members is little or null, explain the reasons which justify this:

Explanation of the reasons

C.1.7 Explain the form of representation on the Board of shareholders with significant shareholdings.

Shareholders with significant shares are represented on the Board of Directors by Proprietary Directors who, in accordance with Article 8.1 b) of the Regulations of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., are those directors *"(i) who own a stake equal to or exceeding that legally considered as a significant shareholding or who have been appointed in their capacity as a shareholder, even though their shareholding does not reach the aforementioned amount: or (ii) whose appointment has been proposed to the Company by the shareholders set forth in point (i) above.*

For the purposes of this definition, it shall be assumed that a director has been proposed to the Company by a shareholder when: (i) he/she has been appointed in the exercise of the right of representation; (ii) is a director, top manager, employee or non-occasional provider of services to the aforementioned shareholder or to companies belonging to its same group; (iii) it can be deduced from the corporate documents that the shareholder accepts that the director has been appointed by him/her or represents him/her; (iv) is the spouse, a person having an analogous personal relationship or a relative to the second degree of kinship of a significant shareholder."

Likewise, it must be pointed out that Article 8.5 of the Board of Director's Regulations states that *"in order to establish a reasonable balance between proprietary directors and independent directors, the Board of Directors shall attempt, as far as possible, to the complexity of the group, to take into account the Company's ownership structure, the absolute importance of significant shareholdings and to its number and fragmentation, as well as the level of continuity, commitment and strategic links of the owners of such shareholdings with the Company."*

Below, Art. 8.6 of the mentioned Board of Director's Regulations establishes that *"in any event, the provisions set forth in this article are subject to the shareholders' legally recognized right to proportional representation and the full freedom of the Shareholders' General Meeting to decide on the appointment of directors."*

Currently, Ms. Sonsoles Rubio Renosa is an external proprietary female director, appointed December 14, 2011 by the motion of Iberdrola, S.A. and re-elected for the last time at the General Shareholder's Meeting held on June 29, 2012.

For his part, Mr. Ramón Castresana Sánchez is an external proprietary director, appointed July 25, 2012 by the motion of Iberdrola, S.A. and re-elected for the last time at the General Shareholder's Meeting held on April 19, 2013.

- C.1.8 Explain, where applicable, the reasons for which the proprietary directors were appointed by the motion of shareholders whose shares are less than 5% of the capital:

Shareholder's name or company name	Reason

Indicate whether or not formal requests for presence on the Board from shareholders whose shares are equal to or greater than that of others whose motion would have designated proprietary directors were taken into account. Where applicable, explain the reasons why they were not taken into account:

Yes ☐

No ☒

Shareholder's name or company name	Explanation

- C.1.9 Indicate if any director has resigned from his/her position before the end of his/her term, if said director explained his/her reasons and how, to the Board of Directors, and, if done in writing to the entire Board, at least explain the reasons given below:

Director name	Reason for resignation

See note (C.1.9) in Section H of this report.

- C.1.10 Indicate, if they exist, the powers delegated to him/her or the executive director/s:

Director's name or company name	Brief description
Martín San Vicente, Ignacio	The Board of Directors of GAME SA CORPORACIÓN TECNOLÓGICA, S.A., in its meeting on May 23, 2012, unanimously agreed, after a favorable report from the Appointment and Remuneration Committee, to appoint as Executive Director, Chairman and CEO of the Company, Mr. Ignacio Martín San Vicente, delegating all powers to him which, according to the law and the by-laws correspond to the Board of Directors, except those which cannot be delegated by the law and by-laws, an appointment which was accepted by Mr. Martín San Vicente in the same act.

C.1.11 Identify, where applicable, the board members who assume positions as administrators or managers in other companies which are part of the listed company's group:

Director's name or company name	Company name of the entity in the group	Position

C.1.12 Detail, where applicable, the directors of its company which are members of the Board of Directors of other listed entities in official security markets different from its group, which the Company has been notified of:

Director's name or company name	Company name of the listed entity	Position
Arregui Ciarsolo, Juan Luis	ENCE ENERGÍA AND CELULOSA, S.A.	Chairman
	CARTERA INDUSTRIAL REA, S.A.	Vice Chairman 1º
Lada Díaz, Luis	INDRA SISTEMAS, S.A.	Director
Aldecoa Sagastasoloa, José María	VISCOFAN, S.A.	Director

C.1.13 Indicate and, where applicable, explain whether or not the Company has established rules on the number of boards its directors may be a part of:

Yes ☒

No ☐

Explanation of the rules
<p>Article 7 of the Board of Director's Regulations establishes rules on the number of boards its directors may be a part of:</p> <p>"Article 7.- Incompatibilities for becoming a Board member</p> <p><i>No natural persons or legal entities may become a member of the Board, nor hold other executive posts in the Company, if they are incompatible with this post, in accordance with current legal provisions, the Company's Bylaws and the Regulations. Specifically, and without limitation, the following may not become members of the Board:</i></p> <p><i>a) Any person acting in the capacity of administrator of three or more enterprises whose shares are traded on domestic or foreign markets.</i></p> <p><i>(...)"</i></p>

C.1.14 Indicate the policies and general strategies of the Company which the entire Board has reserved for approval:

	Yes	No
Investment and financing policy	X	
Definition of the structure of the group of companies	X	
Corporate governance policy	X	
Corporate social responsibility policy	X	
Strategic or business plan, as well as the annual management and budget objectives	X	
Remuneration policy and performance evaluation of senior managers	X	
Risk control and management policy, and the periodic monitoring of internal information and control systems	X	
The dividend policy as well as the treasury share and, in particular, its limits	X	

See note (C.1.14) in Section H of this report.

C.1.15 Indicate the overall remuneration of the Board of Directors:

Remuneration of the Board of Directors (thousands of euros)	3,700
Amount of the overall remuneration which corresponds to the rights accumulated by the directors regarding pensions (thousands of euros)	0
Overall remuneration of the Board of Directors (thousands of euros)	3,700

See note (C.1.15) in Section H of this report.

- C.1.16 Identify the members of Senior Management who are not also executive directors, and indicate the total accrued remuneration in their favor throughout the year:

Name or company name	Position(s)
Etxeberría Muguruza, Xabier	Executive General Director
Cortajarena Manchado, José Antonio	General Corporate Director and General Secretary
Artazcoz Barnea, Ignacio	Financial General Director
Mesonero Molina, David	Business Development Director
Zarza Yabar, Félix	Internal Audit Director

Total remuneration for Senior Management (in thousands of euros)	3,252
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See note (C.1.16) in Section H of this report.

- C.1.17 Indicate, where applicable, the identity of the board members which, at the same time, are members of the Board of Directors of other significant shareholder companies and/or entities of its group:

Director's name or company name	Significant shareholder's company name	Position

Detail, where relevant, the relevant relationships different from those in the previous paragraph, of the members of the Board of Directors which relate them to other significant shareholders and/or in entities of its group:

Related board member's name or company name	Related, significant shareholder's name or company name	Relationship description
Rubio Reinoso, Sonsoles	IBERDROLA, S.A.	Compliance Director
Castresana Sánchez, Ramón	IBERDROLA, S.A.	Grupo Iberdrola Human Resources Director

C.1.18 Indicate if any amendment was made to the Board's regulations during the year:

Yes ☐

No ☒

Amendment description

C.1.19 Indicate the selection, appointment, re-election, evaluation and resignation of board members procedures. Detail the competent bodies, processes to be followed and the criteria to be used in each procedure.

Selection and appointment procedure:

As established by Article 32 of the by-laws of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., the members of the Board of Directors are *"elected by the Shareholders' General Meeting"* with the provision that *"if vacancies arise during the period for which directors are appointed, the Board of Directors can appoint shareholders to occupy them until the first Shareholders' General Meeting is held"* always in accordance with the provisions contained in the Capital Companies Law and the by-laws.

In accordance with Articles 19.5 b) and c) and 23.2 of the Board of Director's Regulations, proposals for appointing directors that the Board of Directors brings before the General Shareholders' Meeting for their consideration and the appointment decisions said body may make pursuant to the powers of co-option legally conferred on it, shall be preceded by the relevant proposal issued by the Appointment and Remuneration Committee in the case of independent directors, and subject to the relevant report issued by this Committee in the case of the remaining categories of directors. Article 23.3 of the Board of Director's Regulations establishes that *"when the Board of Directors declines the proposal or the report of the Appointment and Remuneration Committee, it must justify its reasons and include a record of it in the minutes."*

Add Article 24 of the Board of Director's Regulations which *"1. The Board of Directors and the Appointment and Remuneration Committee shall make an effort, within the sphere of their competencies, to ensure that the proposal and appointment of candidates falls on individuals of renowned reputation, credibility, solvency, competence and experience. They shall take special care regarding the individuals called upon to fill the positions of independent directors. 2. In the case of directors who are legal persons, the individual who represents them in performing the functions of the position shall be subject to the conditions of reputation, credibility, solvency, competence and experience set forth in the preceding paragraph and shall be personally required to carry out the director's duties set forth in these Regulations."*

Finally, Article 19.5 p) of the Board of Director's Regulations establishes that the Appointment and Remuneration Committee will have, as a basic responsibility, to ensure that, when new vacancies on the Board of Directors are filled, the selection procedures do not suffer from any implicit discriminatory bias for any reason whatsoever.

Re-election procedure:

Regarding the re-election of directors, Article 25 of the Board of Director's Regulations establishes that *"1. Any proposals for re-election of directors that the Board of Directors may decide to bring before the Shareholders' General Meeting must be subject to a formal assessment process, of which a report issued by the Appointment and Remuneration Committee must form part, containing an evaluation of the quality of work and dedication to the position of the directors proposed during the preceding mandate. 2. For these purposes, the directors that form part of the Appointment and Remuneration Committee shall be evaluated by this Committee and each of them must abstain from taking part in the deliberations and votes that affect them. 3. The chairman, deputy chairmen and, as the case may be, the secretary and the deputy secretary of the Board of Administration who are re-elected as directors as per a resolution of the Shareholders' General Meeting, shall continue to perform their tasks on the Board of Directors without the need for a new election, without prejudice to the Board's power to revoke such positions."*

Evaluation procedure:

Regarding the evaluation, Article 20.7 of the Board of Director's Regulations, states that *"before the end of each year, the Board of Directors shall draw up an annual plan for regular meetings. The Board shall devote at least one meeting per year for evaluating (i) the quality and effectiveness of its operations, (ii) the chairman's and chief executive officer's performance of their responsibilities, based on a report prepared by the Appointment and Remuneration Committee, and (iii) the operation of the committees, based on the reports they submit to the Board of Directors."*

The Board of Directors started in 2014 a new evaluation process of the administration bodies of the Company with external advisory and its conclusion are still in analysis process for its further approval.

Resignation procedure:

The resignation of directors is regulated in Article 27 of the Board of Director's Regulations which states that *"the directors shall stand down once the term of office for which they were appointed has elapsed, without prejudice to the possibility of being re-elected, and whenever the Shareholders' General Meeting may so decide pursuant to its legal and statutory powers. Likewise, the Board of Directors may propose a director's dismissal to the Shareholders' General Meeting."*

The processes and criteria to be followed for the resignation will be those given in the Capital Companies Law and in the Companies Register Regulation.

Additionally, Section 2 of Article 27 of the Board of Director's Regulations contains the circumstances in which directors must offer their position to the Board of Directors and formalize their resignation, if the Board sees fit, in any case subject to a report from the Appointment and Remuneration Committee (see Section C.1.21 of this report).

C.1.20 Indicate if the Board of Directors proceeded with evaluating its activity during the year:

Yes ☒

No ☐

Where applicable, explain to which extent the self-evaluation resulted in important changes in its internal organization and the procedures applicable to its activities:

Amendment description
N/A

See note (C.1.20) in Section H of this report.

C.1.21 Indicate the circumstances in which directors are required to resign.

As established in Article 27.2 of the Board of Director's Regulations, *"the directors shall offer their resignation to the Board of Directors and formally tender their resignation, if the Board sees fit, subject to a report issued by the Appointment and Remuneration Committee, in the following cases:*

a) Concerning proprietary directors, whenever these or the shareholder they represent cease to be the holders of significant stable stakes in the Company, as well as whenever such shareholders revoke the representation.

b) Concerning executive directors, whenever the Board may deem fit.

c) Concerning external directors, whenever they join the Company's management or the management of any of the group's companies.

d) Concerning independent directors, when for any other reason any of the circumstances set forth in Article 8.2 of these Regulations apply, causing an incompatibility with their status as an independent director.

e) Whenever due to circumstances beyond their control, they are involved in a conflict of interest or prohibition as set forth in current legislation, the Bylaws or these Regulations.

f) Whenever they are brought to trial for a supposedly criminal act or a court ruling is passed against them for the opening of trial for any of the offences set forth in the provision of the Corporate Companies Law (Ley de Sociedades de Capital) relating to the prohibitions on being an administrator, or whenever they are involved in disciplinary proceedings for a serious or very serious offence brought by the supervisory authorities.

g) Whenever they stand down from executive positions linked to their appointment as a Director.

h) Whenever they are issued a serious warning by the Audit and Compliance Committee or are sanctioned for a serious or very serious offence by a public authority for having breached their duties as a director.

i) Whenever their continuity on the Board may put the Company's interests at risk, or whenever the reasons for their appointment have ceased to exist.

j) When acts attributable to the director acting in such a capacity cause a significant damage to the company's equity, or result in the loss of the business and professional reputation and credibility required for being a director of the Company."

See note (C.1.21) in Section H of this report.

C.1.22 Indicate if the duty of chief executive of the Company falls to the position of board chairman. Where applicable, explain the measures which have been taken to limit the risks of one individual accumulating powers:

Yes X

No X ☐

Measures to limit risks
<p>There are different measures adopted by GAMESA CORPORACIÓN TECNOLÓGICA, S.A. aimed at reducing the risks of concentration of power in one person, which are detailed below:</p> <p>1. <u>Appointment of one of the Company's independent directors as Vice Chairman</u></p> <p>In the Board of Directors meeting on April 22, 2010, it was agreed to appoint Mr. Juan Luis Arregui Ciarsola who also acts as the Company's independent external director as Vice Chairman of the Board of Directors.</p> <p>In accordance with the provisions in Article 12 of the Board of Director's Regulations, the Vice Chairman may substitute the Chairman should he/she be unable to perform his/her duties or in his/her absence.</p> <p>Likewise, as established in Article 6.2 c) of the Board of Director's Regulations, the Board shall adopt the necessary measures for ensuring that no individual or small group holds a decision-making power not subject to counterweights or controls.</p> <p>Article 11 of the Board of Director's Regulations states that "<i>the Board of Directors may, subject to a report from the Appointment and Remuneration Committee, empower one deputy chairman, in the case of an independent director, or one of the independent directors so that he/she may (i) coordinate and echo the concerns of the external directors, (ii) request that the chairman call a Board meeting or include new items in the agenda whenever deemed advisable, (iii) supervise the Board's assessment of its chairman, and (iv) propose amendments to the Regulations of the Board of Directors.</i>"</p> <p>As a result, the presence of the Vice Chairman, given his/her condition of independent director, entails a limit on the accumulation of powers of one person.</p>

2. Appointment as lead Director (*lead independent director*) of one of the Company's Independent Directors

As established in Article 6.2 c) of the Board of Director's Regulations, the Board shall adopt the necessary measures for ensuring that no individual or small group holds a decision-making power not subject to counterweights and controls.

Article 11 of the Board of Director's Regulations states that "*the Board of Directors may, subject to a report from the Appointment and Remuneration Committee, empower one deputy chairman, in the case of an independent director, or one of the independent directors so that he/she may (i) coordinate and echo the concerns of the external directors, (ii) request that the chairman call a Board meeting or include new items in the agenda whenever deemed advisable, (iii) supervise the Board's assessment of its chairman, and (iv) propose amendments to the Regulations of the Board of Directors.*"

As a result, the presence of a lead independent director entails a limit on the accumulation of powers of one person.

In the Board of Director's meeting on May 29, 2013, it was agreed to appoint Mr. Luis Lada Díaz, independent director, as *lead independent director*.

3. Absence of the Chairman and CEO at the Committee's consultation meetings and the Board of Director's supervisory meetings.

Articles 43.1 and 44.1 of the by-laws and Articles 18.1 and 19.1 of the Board of Director's Regulations establish that both the Audit and Compliance Committee and the Appointment and Remuneration Committee shall be formed by a minimum of three and maximum of five external directors.

As a result, given the executive nature of the CEO, he/she cannot be a member of the aforementioned committees of the Board of Directors, which have powers of information, advice and proposals, supervision and control. This is expressly prohibited by the by-laws and the Board of Director's Regulations, as well as the Regulations of the Audit and Compliance Committee of the Company. All this without prejudice that, upon request by the respective committees, the Chairman and CEO inform them on matters of their competence.

4. Competencies of the Board of Directors

Article 5 of the Board of Director's Regulations contains the mission and duties of the Board of Directors and, of its content, Section 7 is to be emphasized as it establishes that "*those powers which may not be delegated by law, by-laws or express internal standards are reserved to the exclusive knowledge of the Board of Directors.*"

5. Evaluation of the Chairman and CEO

Article 20.7 of the Board of Director's Regulations establishes that *"before the end of each year, the Board of Directors shall draw up an annual plan for regular meetings. The Board shall devote at least one meeting per year for evaluating (i) the quality and effectiveness of its operations, (ii) the chairman's and chief executive officer's performance of their responsibilities, based on a report prepared by the Appointment and Remuneration Committee, and (iii) the operation of the committees, based on the reports they submit to the Board of Directors."*

As a result, the CEO's and Chairman's performance of their duties, in addition to reproaching the shareholders, is subject to the control of the Board of Directors and the Appointment and Remuneration Committee.

Indicate and, where applicable explain, if rules have been established which empower one of the independent directors to call a meeting of the Board or to request the inclusion of new items on the agenda, to coordinate and express the concerns of the external directors and to direct the evaluation by the Board of Directors.

Yes X

No ☐

Explanation of the rules

In Article 11 of the Board of Directors Regulations, it is established that *"before the end of each year, the Board of Directors shall draw up an annual plan for regular meetings. The Board shall devote at least one meeting per year for evaluating (i) the quality and effectiveness of its operations, (ii) the chairman's and chief executive officer's performance of their responsibilities, based on a report prepared by the Appointment and Remuneration Committee, and (iii) the operation of the committees, based on the reports they submit to the Board of Directors."*

C.1.23 Are enforced majorities other than the legal majorities required in certain kinds of decisions?

Yes X

No X ☐

Where applicable, describe the differences.

Description of the differences
<p>In accordance with Article 22.4 of the Board of Director's Regulations <i>"the decisions shall be adopted by an absolute majority of votes cast by present or represented directors, except when they refer to:</i></p> <p>(...)</p> <p><i>b) Any amendment of the Regulations of the Board of Directors, which requires a favourable vote of two-thirds of the directors, either present or represented at the meeting, except in cases when these amendments are imposed by law."</i></p>

C.1.24 Explain if there are specific requirements, other than those regarding directors, to be appointed chairman of the Board of Directors.

Yes ☐

No **X**

Description of the requirements

C.1.25 Indicate if the chairman has a casting vote:

Yes **X**

No **X** ☐

Matters in which there is a casting vote
<p>Article 22.5 of the Board of Director's Regulations establishes that <i>"in case of a tie, the chairman of the Board of Directors shall have a casting vote."</i></p>

C.1.26 Indicate if the by-laws or the Board of Director's Regulations establish a limit for the age of directors:

Yes ☐

No **X**

Chairman age limit ☐

CEO age limit ☐ Director age limit ☐

C.1.27 Indicate if the by-laws or the Board's Regulations establish a limited term for independent directors, other than that established in the legislation:

Yes ☐

No ☒

Maximum number of term years	
-------------------------------------	--

C.1.28 Indicate if the by-laws or the Board of Director's Regulations establish specific standards for awarding a proxy vote in the Board of Directors, how to do so and, specifically, the maximum number of awarded proxy votes a director can have, as well as if it is mandatory to award proxy to a director of the same kind. Where applicable, detail these standards briefly.

According to Article 32.2 b) of the Board of Director's Regulations *"in the event that a director is not able to attend the meetings to which he/she has been called due to the justifiable reasons, he/she shall leave instructions to the director who shall represent him/her if at all possible, assuring that said representation and vote are entrusted a director who is operating under the same position."*

The Board of Director's Regulations establish that the director assures that the delegation of representation and vote are entrusted to a director who is operating under the same condition.

Neither the by-laws or the Board of Director's Regulations establish a maximum number of awarded proxy votes which a director can have.

For the purposes of delegating votes, in all calls of the Board of Directors, the specific proxy award model for that meeting and, where applicable, voting instructions if deemed necessary by the representee are included in compliance with Article 38.2 of the by-laws of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. *"Any director can issue a vote in writing or confer powers of representation to another director, which are specific to each meeting, by notifying the Board chairman or secretary using any of the means that permit its reception. Directors, having previously informed themselves about the items that are submitted to the approval of the Board of Directors, must include voting instructions."*

C.1.29 Indicate the number of meetings held by the Board of Directors throughout the year. Also indicate, where applicable, the times the board has met without the attendance of its chairman. Representations made with specific instructions shall be considered attendances in the calculation.

Number of board meetings	14
Number of board meetings without attendance of the chairman	0

Indicate the number of meetings held by the different board committees throughout the year:

Number of meetings of the Executive Committee	10
Number of meetings of the Audit Committee	11
Number of meetings of the Appointment and Remuneration Committee	10
Number of meetings of the Appointment Committee	
Number of meetings of the Remuneration Committee	
Number of meetings of the _____ committee	

C.1.30 Indicate the number of meetings held by the Board of Directors throughout the year which all of its members attended. Representations made with specific instructions shall be considered attendances in the calculation:

Director attendance	11
% of attendances of the total votes throughout the year	97.86%

C.1.31 Indicate if the individual and consolidated annual financial statements presented to the Board for their approval are previously certified:

Yes ☐

No ☒

Identify, where applicable, the person/people who certified the company's individual and consolidated annual financial statements for them to be drawn up by the Board:

Name	Position

C.1.32 Explain, if there were any, the mechanisms put in place by the Board of Directors to keep its drawn up individual and consolidated financial statements from being presented in the General Meeting with exceptions in the audit report.

In Article 43, the by-laws attribute the following competencies, among others, to the Audit and Compliance Committee:

"f) Supervising the economic-financial reporting process and internal control systems relating to the Company's main risks.

g) Staying in contact with auditors to receive information on matters that could jeopardize their independence and any other matters relating to the audit process, including other communication matters established in audit legislation and regulations.

h) Acting as the communication channel between the Board of Directors and auditors, evaluating the results of each audit and the management team's responses to recommendations, and assessing disagreements between auditors and the Board in relation to financial statement preparation principles and criteria."

For its part, Article 18.4 g) of the Board of Director's Regulations establishes these as the basic responsibilities of the Audit and Compliance Committee, *"(...) assess the results of each audit and the management team's responses to its recommendations, and evaluate the cases of discrepancies between them, regarding the principles and criteria applicable to the drawing up of financial statements."*

In the same sense, Article 6 of the Regulations of the Audit and Compliance Committee includes the following among its main duties regarding external auditing:

"f) Serve as a communications channel between the Board of Directors and the External Auditor, with no prejudice of the relation between the Financial Directorate of the Company and the External Auditor, and of the direct interlocutory and reporting role that said management should maintain regarding this matter with the Committee in the issues mentioned in the present Article.

g) Evaluate the results of each audit as well as the management team's responses to its recommendations. Mediate in cases of discrepancies between the External Auditor and the management team, in relation to the principles and criteria applicable to the preparation of the financial statements.

h) Review the audit reports before they are issued, and, if necessary, the reports about the limited revision of the intermediate accounts, making sure that the content and opinions concerning the annual accounts are expressed clearly, precisely, and without qualifications by the External Auditor."

One of the main objectives of the reports from the Audit and Compliance Committee, presented before the entire Board prior to approval of the information is to point out those aspects which may be considered, where applicable, exceptions in the audit report of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. and its consolidated Group, formulating, where applicable, the appropriate recommendations to prevent them.

It should also be noted that the External Auditor has appeared before the Audit and Compliance Committee on five occasions throughout the year which ended December 31, 2014:

- appearance on February 25, 2014 regarding drawing up the annual financial statements which refer to the year that ended on December 31, 2013.
- appearance on June 25, 2014 regarding the recommendations to improve the system for internal control over financial information.
- appearance on July 22, 2014 regarding the limited review of transitional financial statements on June 30, 2014;

- appearance on December 17, 2014 regarding the presentation of their internal procedures that prove independence in relation with the audited company; as well as regarding the most relevant aspects which were identified in the preliminary phase and regard the annual financial statements of the year which ended December 31, 2014.

C.1.33 Is the Board secretary a director?

Yes X

No X ☐

See note (C.1.33) in Section H of this report.

C.1.34 Explain the board secretary appointment and resignation procedures, indicating if the Appointment and Remuneration Committee notified the entire Board of his/her appointment and resignation.

Appointment and resignation procedure	
In accordance with Articles 5.4 v) and b), 13.1 and 19.5 f) of the Board of Director's Regulations, the appointment and resignation of the Board Secretary shall be approved by the Board of Directors after a report, in both cases, from the Appointment and Remuneration Committee.	

	Yes	No
Does the Appointment Committee provide notification of the appointment?	X	
Does the Appointment Committee provide notification of the resignation?	X	
Does the entire Board approve the appointment?	X	
Does the entire Board approve the resignation?	X	

Is the board secretary specifically entrusted with the main duty of ensuring follow-up of the good governance recommendations?

Yes X

No ☐

Observations
<p>Article 13.3 of the Regulations of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. establishes that <i>"the secretary shall at all times look after the formal and material legality of the Board's actions and specially ensure that the Board's actions:</i></p> <p><i>a) Observe the required formal and material legality and comply with the provisions emanating from the regulatory bodies and, where appropriate, with their recommendations.</i></p>

b) Comply with the Company's Bylaws and with the Regulations of the Board of Directors, of the Shareholders' General Meeting and other Company regulations.

c) Take into consideration the recommendations on good corporate governance issued by the regulatory bodies which the Company has accepted in its Bylaws and in the Company's internal regulations.

d) Process all requests of the Board members relating to the information and documentation for any matters that the Board of Directors needs to be aware of."

C.1.35 Indicate, if there were any, the mechanisms put in place by the Company to preserve the independence of external auditors, financial analysts, the investment banks and rating agencies.

As stated in Article 43.3 g), h) and i) of the by-laws, Article 18.4 g), h) and i) of the Board of Director's Regulations and Article 6 d), e) and i) of the Regulations of the Audit and Compliance Committee, one of the duties of this Committee is *"maintain relationships with the auditors in order to receive information on any matters that may put their independence at risk and regarding any other matters concerning the audit process, as well as any other communications laid down by the audit legislation and technical audit standards, and act as a channel of communication between the Board of Directors and the auditors, assess the results of each audit and the management team's responses to its recommendations, and evaluate the cases of discrepancies between them, regarding the principles and criteria applicable to the drawing up of financial statements."*

Among the previously mentioned duties entrusted to the Audit and Compliance Committee by the Board of Directors, there is the duty of *"ensuring"* the independence of the External Auditor and to that end, ensure that the Company, its Group and the External Auditor observe the in force rules on providing services not related to auditing, limits to the concentration of the business of the External Auditor and, in general, the other established standards to ensure the External Auditors' independence.

In this context, and within its basic responsibilities, the Audit and Compliance Committee, in accordance with Article 18.4 h) of the Board of Director's Regulations, *"in any event, it should receive from the auditors an annual confirmation of their independence from the Company or enterprises that are directly or indirectly related to it, as well as the information about the additional services of any type that have been provided to these entities by the auditors, or by the persons or entities linked to them, in accordance with the legislation on the auditing of financial statements."*

Also, Article 18.4 i) of the Board of Director's Regulation is noteworthy. It establishes that the Audit and Compliance Committee is responsible for *"prior to the auditor's report, issue an annual report expressing an opinion about the independence of the auditors. In any event, this report must contain an opinion on the provision of the additional services referenced in paragraph h) above."*

Regarding information to the financial analysts and investment banks, the presentation of results, and other relevant documents which the Company sends, this is done for each one simultaneously after they were sent to the CNMV.

Specifically, in compliance with the Recommendation from the CNMV dated December 22, 2005, GAMESA CORPORACIÓN TECNOLÓGICA, S.A. proceeds to announce the findings with analysts and investors with a prior notice of at least seven workdays, indicating the expected date and time for holding the meeting, as well as, where appropriate, the technical means (teleconference, webcast) through which any interested party may follow it directly.

The supporting documentation for the meeting is available through the Company's website (www.gamesacorp.com) a few minutes before it starts.

Also, a direct Spanish/English translation service is made available to the participants.

Finally, the recording of the meeting is made available to the investors on the Company's website (www.gamesacorp.com) for one month.

Likewise, *road shows* are held regularly in the most relevant countries and banking centers where individual meetings are held with all market agents. Their independence is protected by the existence of a specific representative dedicated to their service, which ensures objective, equal and non-discriminatory treatment.

See note (C.1.35) in Section H of this report.

C.1.36 Indicate if the Company has changed external auditors during the year. Where appropriate, identify the outgoing and incoming auditor:

Yes ☒

No ☐

Outgoing auditor	Incoming auditor
PRICEWATERHOUSECOOPERS AUDITORES, S.L.	ERNST & YOUNG, S.L.

Explain the content of disagreements with the outgoing auditor if there were any:

Yes ☐

No ☒

Explanation of the disagreements

- C.1.37 Indicate if the auditing firm carries out other tasks for the Company and/or its Group not related to auditing and in that case, declare the amount of fees received for these tasks and the percentage imposed on the fees billed to the Company and/or its Group:

Yes ☒

No ☐

	Company	Group	Total
Amount for other tasks not related to auditing (thousands of euros)		314	314
Amount for tasks not related to auditing / Total amount billed by the auditing firm (in %)		23.09	23.09

- C.1.38 Indicate if the report on the previous year's annual financial statements audit contains reservations or exceptions. Where appropriate, indicate the reasons given by the Audit Committee Chairman to explain the content and scope of these reservations or exceptions.

Yes ☐

No ☒

Explanation of the reasons

- C.1.39 Indicate the number of years which the current auditing firm has carried out the audit of the Company's and/ or its Group's annual financial statements without interruption. Likewise, indicate the percentage which represents the number of years audited by the current auditing firm over the total number of years in which the annual financial statements have been audited

	Company	Group
Number of uninterrupted years	1	1

	Company	Group
No. of years audited by the current auditing firm / No. of years that the company has been audited (in %)	4.17%	4.17%

C.1.40 Indicate and, where appropriate detail, if there is a procedure so the directors may count on having external advice:

Yes ☒ X

No ☐ X

Detail of the procedure
<p>In accordance with the provisions in Article 30 of the Board of Director's Regulations <i>"in order to be aided in the performance of their duties, the external directors may request the contracting of legal, accounting and financial experts, as well as the aid of other experts at the Company's expense. The request must necessarily be related to specific problems of a certain relevance and complexity that arise during the performance of the duties.</i></p> <p><i>The request to contract such experts must be presented to the chairman or the secretary to the Board of the company, which will forward it to the approval of the Board of Directors, which can decline it, among others, in the following events:</i></p> <ul style="list-style-type: none"> <i>a) it is not necessary in order to prop performance the functions entrusted to the external directors;</i> <i>b) its cost is unreasonable when compared to the importance of the issue and the Company's assets and revenues;</i> <i>c) the required technical assistance can be adequately provided by the in-house experts and technicians;</i> <i>d) it may entail a risk to the confidentiality of the information that has to be handled."</i> <p>In similar terms, Article 18.7 of the Board of Director's Regulations and Article 31 of the Regulations of the Audit and Compliance Committee, puts the mechanisms and limits to the assistance of experts which it can request in place.</p> <p>Regarding the Appointment and Remuneration Committee, to better perform its duties, in accordance with Article 19.12 of the Board of Director's Regulations, <i>"may request external professional advice, in which case the provisions set forth in these Regulations shall apply."</i></p>

- C.1.41 Indicate and, where appropriate detail, if there is a procedure so the directors may count on having the necessary information for preparing the meetings of the administrative bodies with enough time:

Yes X

No ☐

Detail of the procedure
<p>Article 37.3 of the by-laws, establishes that <i>"the convening of the Board of Directors meeting and the sending of the necessary documentation and any sharing of documents among Board members will be via letter, fax, telegram, email or any other digital means allowed by law that ensures correct receipt."</i></p> <p>Likewise, Article 32.2 a) of the Board of Director's Regulations establishes that directors are required to <i>"inform and prepare themselves properly for the meetings of the Board and the governing bodies to which they may belong."</i></p> <p>Additionally, Article 29 of the Board of Director's Regulations empowers the director to <i>"request any information about the Company they may reasonably need, as long as it is required for the performance of their duties. The right to information shall also extend to the companies of the group, whether national or foreign."</i></p> <p><i>In order not to disturb the Company's day-to-day management, the exercise of the right to information shall be channeled through the chairman, the chief executive officer or the secretary of the Board."</i></p> <p>Last, we point out that Article 20.2 of the Board of Director's Regulations establishes that <i>"ordinary meetings may be called by means of letter, fax, telegram, e-mail or by any other electronic or telematic method allowed by law that ensures correct receipt, and shall be authorized by the signature of the chairman or the secretary by order of the chairman. The meeting notification shall be issued with at least three days notice. The notification shall include the meeting agenda and all relevant information."</i></p>

- C.1.42 Indicate and, where appropriate detail, if the Company has established rules that require directors to inform and, where appropriate, resign in circumstances which may affect the company's credibility/standing and reputation:

Yes X

No ☐

Explain the rules
<p>As indicated in previous Section C.1.21, Article 27 of the Board of Director's Regulation establishes the circumstances in which directors shall offer their position to the Board and formalize their resignation if the Board sees fit.</p> <p>These include cases which may negatively affect the company's credibility/standing and reputation.</p>

Specifically, the directors must proceed as indicated:

- a) "Whenever due to circumstances beyond their control, they are involved in a conflict of interest or prohibition as set forth in current legislation, the Bylaws or these Regulations." (Article 27.2 e).
- b) *"Whenever they are brought to trial for a supposedly criminal act or a court ruling is passed against them for the opening of trial for any of the offences set forth in the provision of the Corporate Companies Law (Ley de Sociedades de Capital) relating to the prohibitions on being an administrator, or whenever they are involved in disciplinary proceedings for a serious or very serious offence brought by the supervisory authorities"*(Article 27.2 f).
- c) *"Whenever they are issued a serious warning by the Audit and Compliance Committee or are sanctioned for a serious or very serious offence by a public authority for having breached their duties as a director."*(Article 27.2 h).
- d) *"Whenever their continuity on the Board may put the Company's interests at risk (...),"*(Article 27.2 i).
- e) *"When acts attributable to the director acting in such a capacity cause a significant damage to the company's equity, or result in the loss of the business and professional reputation and credibility required for being a director of the Company."*(Article 27.2 j).

Likewise, we point out that the directors must inform the Board of Directors about any criminal cases in which they are charged, and about any subsequent procedural events as established in Art. 27.5 of the Board of Director's Regulations.

For its part, Article 39.2 c) of the Board of Director's Regulations states that the director must inform the Company of "any judicial proceedings, administrative or of any other type that are filed against the director, and which, due to their significance or characteristics, may negatively affect the reputation of the Company. Particularly, all directors must inform the Company, through the Chairman, in case he or she is involved in the judicial proceedings or a decision has been dictated against him during the oral judgment due to any of the crimes referred to in Article 213 of the Companies Law. In this case, the Board of Directors must examine the case, as fast as it could be possible, and make the decisions that he considers the most optimal in relation to the interests of the Company."

- C.1.43 Indicate if any member of the Board of Directors has informed the Company that he or she has been involved in judicial proceedings or a court ruling has been passed against him/her for the opening of trial for any of the offenses mentioned in Article 213 of the Capital Companies Law:

Yes ☐

No ☒

Director name	Criminal case	Observations

Indicate if the Board of Directors has analyzed the case. If the response is yes, reasonably explain the decision made on whether or not the director continues in his/her position or, where appropriate, state the actions taken by the Board of Directors to the date of this report or that are planned.

Yes ☐

No ☐

Decision made/action taken	Reasonable explanation

- C.1.44 Detail the significant agreements the Company has entered into which enter into force, whether amended or terminated if the Company's control is changed due to a public acquisition bid, and its effects.

In accordance with the framework agreement undersigned on December 21, 2011 (Significant Event 155308) between IBERDROLA, S.A. and the subsidiary of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., GAMESA EÓLICA, S.L. Unipersonal, the supposed change of control at GAMESA CORPORACIÓN TECNOLÓGICA, S.A. shall permit IBERDROLA, S.A. to terminate the framework agreement, without the parties having something of which to make a claim for this termination.

Likewise, in accordance to the Joint Venture agreement signed on July 7, 2014 (Significant event number 208151) between AREVA, S.A. and GAMESA CORPORACIÓN TECNOLÓGICA, S.A., among other companies in their respective groups, the supposed change of control in GAMESA CORPORACIÓN TECNOLÓGICA, S.A. in favor of a competitor shall enable the parties of the AREVA group to finish the agreement, situation that may lead to the sale to AREVA of the participation owned by GAMESA in the Joint Venture or, as last instance, the dissolution and liquidation of the aforementioned Joint Venture company.

- C.1.45 Identify in an aggregated manner and indicate, in a detailed manner, the agreements between the companies and its administrative and management positions or employees which have severance pay, guarantee or redundancy clauses when they resign or are fired unjustly or if the contractual relationship ends due to a public acquisition bid or other kind of operations.

Number of beneficiaries	23
Type of beneficiary	Description of the agreement
CEO, Senior Management and Managers	A severance pay of a different amount is recognized based on the specific position occupied by the beneficiary, which mainly ranges from 12 to 24 months of fixed remuneration and the last received annual variable remuneration. This severance pay essentially applies to cases of termination for causes not attributable to the beneficiary and cases in which control of the Company changes.

Indicate if these contracts must be communicated and/or approved by the bodies of the Company or of its Group:

	Board of Directors	General Meeting
Body which authorizes the clauses	X	

	YES	NO
Is the Board informed of the clauses at the General Meeting?	X	

See note (C.1.45) in Section H of this report.

C.2 Committees of the Board of Directors

C.2.1 Detail all committees of the Board of Directors, their members and the proportion of proprietary and independent directors on them:

EXECUTIVE COMMITTEE

Name	Position	Type
Martín San Vicente, Ignacio	Chairman	Executive
Arregui Ciarsolo, Juan Luis	Member	Independent External
Aldecoa Sagastasoloa, José María	Member	Independent External
Lada Díaz, Luis	Member	Independent External
Rubio Reinoso, Sonsoles	Member	Proprietary External

% of executive directors	20%
% of proprietary directors	20%
% of independent directors	60%
% of other external directors	0%

AUDIT COMMITTEE

Name	Position	Type
Lada Díaz, Luis	Chairman	Independent External
Rubio Reinoso, Sonsoles	Member	Proprietary External
Vázquez Egusquiza, José María	Member	Independent External
Moreu Munaiz, Manuel	Member	Independent External

% of executive directors	0%
% of proprietary directors	25%
% of independent directors	75%
% of other external directors	0%

APPOINTMENT AND REMUNERATION COMMITTEE

Name	Position	Type
Aracama Yoldi, José María	Chairman	Independent External
Arregui Ciarsolo, Juan Luis	Member	Independent External
Castresana Sánchez, Ramón	Member	Proprietary External

% of executive directors	0%
% of proprietary directors	33.33%
% of independent directors	66.67%
% of other external directors	0%

APPOINTMENT COMMITTEE

Name	Position	Type

% of executive directors	
% of proprietary directors	
% of independent directors	
% of other external directors	

REMUNERATION COMMITTEE

Name	Position	Type

% of executive directors	
% of proprietary directors	
% of independent directors	
% of other external directors	

_____ COMMITTEE

Name	Position	Type

% of executive directors	
% of proprietary directors	
% of independent directors	
% of other external directors	

See note (C.2.1) in Section H of this report.

C.2.2 Fill out the following table with the information related to the number of female board members on the Board of Directors' committees over the last four years:

	Number of female board members							
	Year t		Year t-1		Year t-2		Year t-3	
	Number	%	Number	%	Number	%	Number	%
Executive Committee	1	20%	1	20%	1	20%	0	0.00%
Audit Committee	1	25%	1	33.33%	1	33.33%	1	33.33%
Appointment and Remuneration Committee	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Appointment Committee	N/A		N/A		N/A		N/A	
Remuneration Committee	N/A		N/A		N/A		N/A	
_____ Committee	N/A		N/A		N/A		N/A	

C.2.3 Indicate if the following conditions correspond to the Audit Committee:

	Yes	No
Supervise the drawing up process and the integrity of the financial information related to the Company and, where appropriate, to the Group, revising compliance with the regulatory requirements, the proper setting of the consolidation scope and correct application of the accounting criteria.	X	
Regularly check the Internal Control and Risk Management systems so the main risks are identified, managed and made known properly.	X	
Ensure the independence and effectiveness of the Internal Audit function; propose the selection, appointment, re-election and resignation of the individual responsible for the internal audit service; propose a budget for this service; receive periodic information on its activities; and verify that Senior Management takes into account the conclusions and recommendations in its reports.	X	
Establish and monitor a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities of potential importance, especially financial and accounting irregularities within the Company.	X	
Submit the external auditor selection, appointment, re-election and replacement proposals, as well as the conditions of his/her hiring to the Board.	X	
Receive information regularly from the external auditor on the audit plan and the results of its execution, and verify that Senior Management is taking into account its recommendations.	X	
Ensure the independence of the external auditor.	X	

- C.2.4 Describe the organization and functioning rules, as well as the responsibilities given to each Board committee.

Executive Committee

Organization

- a) Must be made up of the number of directors as decided upon by the Board of Directors, as proposed by the Appointment and Remuneration Committee, with a minimum of five (5) and a maximum of eight (8) directors.
- b) The Board of Directors shall ensure, to the extent possible and in view of the Company's circumstances, that the shareholding structure of the director categories is similar to the Board of Director's shareholding structure.
- c) The Board of Directors must appoint members to the Executive Committee and delegate powers in their favor. This requires a vote in favor by two thirds of the directors. The Board of Directors shall decide when, how and to what extent the Committee members are renewed.
- d) The Chairman and the CEO, if any, must in any case be members of the Executive Committee.
- e) The meetings must be chaired by the Chairman of the Board of Directors and, in his/her absence, by one of the Vice Chairmen, as set forth in Article 12.2 of the Board of Director's Regulations. The Secretary of the Board of Directors shall act as Secretary and, in his/her absence, one of the Vice Secretaries and, in his/her absence, the director appointed by the Committee from among its members attending the meeting.
- f) The directors who make up the Committee shall continue to be on it while appointed as directors. Their renewal as directors-members of this Executive Committee shall occur at the same time as their re-election as directors, without prejudice to the revocation power that corresponds to the Board of Directors.

Functioning

- a) Will meet as frequently as deemed appropriate by its Chairman and, at least, every two (2) months. Likewise, meetings will be held whenever a minimum of two of the directors who are members of the Committee so request.
- b) The agreements passed will be adopted by a majority of the directors who form part of it, and who are present or represented at the meeting. In the event of a tie, the Chairman shall have the casting vote.
- c) At the first meeting of the Board of Directors, the Committee shall inform the Board of Directors of the items that have been discussed and about the decisions adopted during its meetings.

Responsibilities:

Article 17 of the Board of Director's Regulations states that the Executive Committee "*may exercise all powers of the Board of Directors, except for those which may not be delegated by law or the by-laws.*"

Audit and Compliance Committee

Organization

- a) Shall be made up of at least three (3) and at most (5) external directors, with at least one of them being an independent director, appointed for a maximum period of four (4) years by the Board of Directors, as proposed by the Appointment and Remuneration Committee and from among the external directors.
- b) Appoints its Chairman and Secretary.
- c) The members shall resign from their position: a) when they lose their condition as Company directors; b) when they lose their condition as external directors; c) when agreed on by the Board of Directors.

Functioning

- a) Shall meet at least four (4) times a year in order to fulfill the duties entrusted to it.
- b) Shall be validly constituted when more than half of its members are present or represented at the meeting.
- c) The agreements shall be adopted by the absolute majority of members present at the meeting. In the event of a tie, the Chairman shall have the casting vote.
- d) When the issues to be dealt with during the Committee meetings directly affect some of its members or individuals related to it and, in general, when this member enters into a situation of conflict of interest, he/she must leave the meeting until the decision is made, being removed from the number of members of the Committee, to calculate the quorum and majorities related to the item in question.

Responsibilities

Article 43 of the by-laws, Article 18 of the Board of Director's Regulations and Article 5 of the Regulations of the Audit and Compliance Committee establish the basic responsibilities of this Committee.

Appointment and Remuneration Committee

Organization

- a) Shall be made up of at least three (3) and at most five (5) external directors.
- b) Shall choose a Chairman from among its members.
- c) Likewise, the Committee shall appoint a Secretary, who may be one of its members or the Secretary or Vice Secretary of the Board of Directors, who may or may not be a director.

Functioning

- a) Shall meet at least four times a year, and in any case whenever the Board of Directors or its Chairman requests the issuing of a report or the approval of proposals. In any case, it shall meet whenever suitable to ensure that its duties are being carried out properly, or when requested by two members of the Committee.
- b) Shall be validly constituted when more than half of its members are present or represented at the meeting.
- c) The agreements shall be adopted by the majority of members present at the meeting. In the event of a tie, the Chairman shall have the casting vote.
- d) In all not covered in its specific Regulations, where appropriate, or in the Board of Director's Regulations, it shall be governed by the Board of Directors in the by-laws and in the Board of Director's Regulations, whenever they are compatible with the nature and function of the Committee.

Responsibilities:

Article 19 of the Board of Director's Regulation establishes the basic responsibilities of the Appointment and Remuneration Committee.

The complete texts of the internal regulation of the Company can be found in www.gamesacorp.com

See note (C.2.4) in Section H of this report.

- C.2.5 Indicate, where appropriate, the existence of regulations for the Board's committees, the place where they can be reached for consultation, and amendments made throughout the year. In turn, it shall be indicated whether an annual report on the activities of each committee was drawn up voluntarily.

The Audit and Compliance Committee has its respective Regulations, which are available to interested parties on the website of the Company: www.gamesacorp.com

The Regulations of the Audit and Compliance Committee were approved by the GAMESA CORPORACIÓN TECNOLÓGICA, S.A. Board of Directors on September 29, 2004, and modified in the meeting of the Board of Directors on October 21, 2008. The Board of Directors then approved a new revised text at its meeting on April 15, 2011, which was amended on January 20, 2012.

In accordance with Article 18.4 s) of the Board of Director's Regulations and Article 25 of the Regulations of the Audit and Compliance Committee, the Audit and Compliance Committee draws up an annual report on its activities throughout the year which it makes available to shareholders once approved by the Board of Directors, at the time of notice of the Ordinary General Shareholders' Meeting.

Likewise, in accordance with Article 19.10 of the Board of Director's Regulations, the Appointment and Remuneration Committee draws up an annual report of its activities throughout the year which is subject to approval by the Board of Directors.

- C.2.6 Indicate if the composition of the Executive Committee reflects the shareholding of different directors according to their condition on the Board:

Yes X

No X ☐

If no, explain the composition of your Executive Committee.

D RELATED PARTY TRANSACTIONS AND INTERGROUP TRANSACTIONS

D.1 Identify the competent body and explain, where appropriate, the procedure for approving related party transactions and intergroup transactions.

Competent body for approving related party transactions

Article 5.4 (ii) d) of the Board of Director's Regulations states that the Board of Directors is obligated to directly exercise the responsibility related to the group of companies which consists of anticipating and regulating possible conflicts of interest and related party transactions at the Group level, specifically regarding subsidiary companies.

Procedure for approving related party transactions

In accordance with Article 41 of the Board of Director's Regulations which regulates the Company's transactions with shareholders who hold significant shares and with directors, *"the Board of Directors formally reserves the knowledge of any Company or director's transaction with a shareholder holding a significant stake, after receiving a report from the Audit and Compliance Committee, if this is requested by the Board of Director so requests – under the terms laid out in this article.*

The Board of Directors, and the Audit and Compliance Committee if a report is issued, shall evaluate the operation from the standpoint of market conditions and taking into consideration the criteria provided in section 35.8 of these Regulations when examining the operations of said shareholders, always guided by the abovementioned principle of equality of treatment for shareholders referred earlier or with the directors, and could obtain:

a) that the Chairman or the chief executive officer, as the case may be, issues the report that contains: (i) a justification for the operation and(ii) an alternative to the intervention in such operation of the shareholder or the director in question; and

b) whether the affected assets or the transaction's complexity so require it, request the advice of outside professionals, in conformance with the procedures set out in these Regulations.

In case of the transactions that fall within a general line of business and have a habitual or recurring nature, there will be sufficient to obtain a generic authorization on the line of transactions and its conditions.

The Board's chairman may commission the Audit and Compliance Committee to approve the transaction when there are reasons of urgent necessity, and the Committee shall inform the Board of Directors, as soon as that is possible.

The authorization of the Board of Directors will not be required in case of the transactions that simultaneously meet three of the following conditions: (i) which are performed by virtue of the contract, the conditions of which are standard and applicable to the bulk of the client base; (ii) that they are carried out at the generally established prices or tariffs by the entity that acts as a provider of the goods or services in question; and (iii) that the amount of the transaction does not exceed 1% of the annual income of the Company.

The Company shall provide information concerning the operations it carries out with directors, shareholders owning a significant stake and Related Persons, in its periodic financial reports, under the terms of prior notice set by the law. Similarly, the Company shall include in its report information concerning Company (and group company) operations with Directors and Related Persons, and those acting as proxies for them, when such operations fall outside the normal traffic of business, or that are not performed under habitual market conditions."

Explain if the approval of transactions with related parties has been delegated, indicating, where appropriate, the body or individuals to which it has been delegated.

N/A

- D.2 Detail the transactions which are significant due to their amount or which are relevant due to their nature made between the society or entities of its Group and the Company's significant shareholders:

Significant shareholder's name or company name	Name or company name of the company or entity of its group	Type of relationship	Type of transaction	Amount (thousands of euros)
IBERDROLA, S.A.	GAMESA EÓLICA, S.L.U.	Contractual	Sale of assets	302,470
IBERDROLA, S.A.	GAMESA ENERGÍA, S.A.U.	Contractual	Sale of financial investments	10,842

See note (D.2) in Section H of this report.

- D.3 Detail the transactions which are significant due to their amount or which are relevant due to their nature made between the society or entities of its Group and the company's administrators or managers:

Name or company name of the administrators or managers	Name or company name of the related party	Relation	Type of transaction	Amount (thousands of euros)

- D.4 Report on the significant transactions made by the Company with other entities belonging to the same group, whenever they are not deleted in the process of drawing up the consolidated financial statements and do not form part of the normal traffic of the Company regarding its purpose and conditions.

In any case, any intergroup transaction made with entities established in countries or regions which are considered a tax haven shall be reported:

Company name of the entity in its group	Brief description of the transaction	Amount (thousands of euros)

See note (D.4) in Section H of this report.

- D.5 Indicate the amount of transactions made with other related parties.

82.839 thousand euros.

See note (D.5) in Section H of this report.

- D.6 Detail the mechanisms put in place to detect, determine and resolve any conflicts of interest between the Company and/or its Group, and its directors, executives or significant shareholders.

Mechanisms:

a) Any conflicts of interest between the Company and/or its Group, and its directors:

As established in Article 35 of the Board of Director's Regulations, any director finding himself/herself in a situation of conflict of interest or who notices the possibility thereof shall report it to the Board of Directors through its Chairman and abstain from attending and intervening in the deliberations, voting, decision making and execution of transactions affecting the items in which he/she finds himself/herself in a situation of conflict of interest. The votes of directors affected by conflict of interest and who must abstain shall be subtracted for calculating the required majority of votes.

The Audit and Compliance Committee, when so requested by the Board of Directors, shall draw up a report on the transaction subject to a possible conflict of interest. This report shall include a proposal for adopting a specific agreement on it.

The Board of Directors and the Audit and Compliance Committee may, in the circumstance established in the above section:

- a) obtain a report from the CEO, or in his/her absence, from the Chairman, containing (i) a justification of the transaction (ii), an alternative to the director or related individual bringing about the transaction; and
- b) when the affected assets or the transaction's complexity so require it, the Board may seek the advice of outside professionals, in conformance with the procedure for this as given in the Board of Director's Regulations.

For the purposes of approving the transaction in question or, as the case may be, the alternative proposal, the Audit and Compliance Committee as well as the Board of Directors shall use the following criteria:

- (a) the regular and ongoing nature of the transaction, along with its significance and/or the financial amount involved;
- (b) the need to put control mechanisms for the transaction in place, due to its characteristics or nature;
- (c) criteria of equality, objectivity, confidentiality and transparency in provision and consistency when supplying information, when the alternative includes an offer directed to a group; and
- (d) the transaction price and maximization of value for shareholders.

The Company report shall include information about any transactions made by directors or their related parties that have been authorized by the Board of Directors and any other existing conflict of interest pursuant to the provisions of current legislation during the financial year referred to which the annual financial statements refer.

b) Any conflicts of interest between the Company and/or its Group, and its managers:

Management personnel and any other members of the personnel of the Company and/or companies of its Group that, due to the activities and services to which they are dedicated (hereinafter Affected Persons), are included by the Regulatory Compliance Unit, are subject to the provisions in the Internal Conduct Regulation for Securities Markets of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., text that was approved by the Board of Directors on July 22, 2003, amended by the Board of Directors on October 21, 2008 and amended again with its subsequent approval by the Board of Directors on November 10, 2011.

The Internal Conduct Regulation for Securities Markets establishes, in Article 14, that the remaining Affected Persons, must report the Regulatory Compliance Unit immediately, and keep it continuously updated, those situations which are a potential conflict of interest due to other activities outside the Company or companies of its Group, family relationships, their personal assets or for any other reason.

c) *Any conflicts of interest between the Company and/or its Group, and its significant shareholders:*

If the transaction entails a conflict of interest with a shareholder who owns significant shares, Article 41 of the Board of Director's Regulations states that *"the Board of Directors formally reserves the knowledge of any Company or director's transaction with a shareholder holding a significant stake, after receiving a report from the Audit and Compliance Committee."*

d) *Relationships of the directors and/or significant shareholders with companies of the Group:*

Article 42 of the Board of Director's Regulations establishes that the obligations set out in Chapter IX of these Regulations pertain to Company directors and shareholders owning a significant share shall be understood as applying also to their possible relationships with companies belonging to the Group.

D.7 Do you list more than one company of the Group in Spain?

Yes ☐

No ☒

Identify the subsidiary companies listed in Spain:

Listed subsidiary companies

Identify if the respective areas of activity and possible business relationships between them, as well as relationships between the listed subsidiary and other Group companies have been accurately and publicly defined;

Yes ☐

No ☐

Define any business relationships with the parent company and listed subsidiary company, and between it and other companies of the Group

Identify the mechanisms in place for resolving any conflicts of interest between the listed subsidiary and other companies of the Group:

Mechanisms for resolving possible conflicts of interest

E RISK MANAGEMENT AND CONTROL SYSTEMS

E.1 Explain the scope of the Company's Risk Management System.

GAMESA CORPORACIÓN TECNOLÓGICA has an Opportunity and Risk Management and Control System, encouraged by the Board of Directors and Senior Management, implemented in the entire organization (business units, departments, companies) and, following the strategic globalization line of the industrial, technological and commercial activity, in the different geographic areas in which they operate, developing a global and integral vision in this System, which contributes to meeting the business objectives, creating value for the different groups of interest and to the sustainable and profitable development of the organization.

The system uses a universal risk management and control model to classify risks titled "Business Risk Model (BRM)" approved by the Board of Directors in 2004, which has been updated in 2014 and which considers and groups the risks into 4 main categories: (1) strategic and environment risks, (2) process risks, (3) information reliability risks for decision making and (4) ethics, fulfillment and corporate governance risks. Likewise, each of these categories are broken down in other specific risks.

The basis of this system is found in GAMESA CORPORACIÓN TECNOLÓGICA, S.A.'s Risk Management and Control Policy, approved by the Board of Directors on April 22, 2009, which, in line with the reality of the Company, sets the bases and general context upon which all components of risk management and control are based, providing discipline and structure as regards these components: management philosophy, model for identifying, assessing, measuring and controlling risks, accepted risk level, communication, reporting and supervision by the Board of Directors, integrity, ethical values, competencies and assignment of responsibilities.

The Risk Management and Control System functions integrally and continually, consolidating this management through the BRC Network, whose elements and functions are described in Section E.2. This risk control network consists of different business units, geographic areas, and support areas, being able to count on support/designation if needed by the "risk controllers", with a global vision, for example in cases in which it is necessary to add risks of the same kind which are identified in several business and/or geographic units but which, due to their possible impact, require corporate management if Management considers it appropriate.

The applied methodology is translated into a corporate risk map which is updated every six months, monitoring monthly and/or every three months (depending on the risk priority - high or moderate) the financial, fiscal, operational, strategic, legal risks and other specific risks associated with the activities, processes, projects, products and key services in the entire business to evaluate whether changes are made to this map or not, due to usual variations on the impact, probability and/or control and to establish the corresponding action plans. Additionally, a more in depth review of the map which coincides with the change/update of each strategic period's/business plan objectives is carried out.

Likewise, specific maps of the main geographic areas for industrial/commercial implementation are developed, having developed the maps of Europe + ROW (including LATAM), USA, China, India and Brazil in 2014, determining, where appropriate, if any risks of the same kind are added to the corporate map and/or the individualized monitoring of a geographic risk on the corporate map.

The Risk Management and Control System, due to the 2013-2015 Business Plan, with the integrated management of operational risks associated with the main business processes and decision making processes (NBA=New Business Approval, PM=Program Management, SC2G=New Product/Technology Development Systems, O&M Services, Continuous Improvement, Monthly closures, etc.) has improved, where the risks are identified and managed with specific Risk Management Procedures aligned regarding the evaluation and identification criteria with the general corporate procedure and the BRM model, so that, for their optimum control, may not be necessary to arise at the corporate level.

E.2 Identify the bodies of the Company that are responsible for developing and implementing the Risk Management System.

The Management Committee and Executive Committee are responsible, among other aspects, for:

- Determining and approving the risks identified by the different business units which become part of the corporate and/or global risk map, adding risks of the same kind in different geographic areas, as well as the procedures and indicators. They also responsible for suggesting limits of tolerance to the acceptable risks.
- Ensure compliance with the procedures related to risk management and control and that the personnel of all units are familiar with the risk and control environment in each process.
- Maintain a proper continuous risk assessment process.
- As owners of the risks associated with activities, processes and projects implemented globally, are responsible for identifying, assessing, and mitigating/eliminating the risks, having the support of the Risk Controllers Network which analyzes and decides and/or suggests the risk map.
- Each participating Department in the Management Committee and Executive Committee is the owner of each risk associated with activities, processes, projects, products and services carried out by them, its highest and last responsible individuals are the corresponding directors. The Director, according to the expected/estimated risks, may appoint one or several risk controllers for each risk/opportunity identified in his/her area.
- The people responsible for the processes with risk lead the implementation of the action plans, evolution of indicators, as well as any other task (defining new indicators, actions to correct deviations, etc.) related to the risk/opportunity requested by the corresponding Director.
- The people in charge of the processes with risk, the Risk Controllers and/or BRC can involve different Collaborators in the management of risks.

Other departments of the Group that are responsible for the elaboration and execution of the Risk Management System:

- Governance bodies for each of the geographic areas.
- Management control department.
- Financial Department.

In addition, the following bodies and/or departments with supervision and control functions for the Risk Management System are identified:

- Board of Directors: Highest body for making decisions, supervision and control of the Company that examines and authorizes all relevant operations. It exercises the responsibility that cannot be delegated of supervision, and is the last responsible party for the identification of the main risks of the Company. It is also responsible for approving the general policies and strategies of the Company and for establishing the policy for the, control and management of risks, including tax risks, and the supervision of the internal information and control systems.
- Audit and Compliance Committee: The Board of Directors entrusts it with the following functions, among others:
 - Supervise the financial reporting process and review the information that the Company must periodically and/or statutorily make available to the markets and their supervisory bodies, with the necessary level of detail as to ensure its accuracy, reliability, sufficiency and clarity.
 - Supervise the effectiveness of the Company's internal control, the internal audit and Risk Management Systems, including tax risks, and to discuss any significant weaknesses detected in the internal control system together with the auditor, during the course of the audit.
 - Ensure that the policy for the control and management of risks identifies the different types of risk (operational, technological, financial, legal, reputational, etc.) that the Company faces, including contingent liability risks and other off-balance sheet risks among the financial and economic risks.
 - Supervise the definition and review of the map and the levels of risk that the Company considers acceptable, as well as the measures foreseen for mitigating the impact of the identified risks.
- Regulatory Compliance Unit: Reporting to the Management Committee and the Audit and Compliance Committee, the Regulatory Compliance Unit is the professional body entrusted with the monitoring and follow-up of the regulatory environment that affects the activities of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

It supervises and monitors compliance with the Internal Rules of Conduct in Securities Markets and of the Code of Conduct, being responsible for, in particular, the promotion of a culture of compliance as well as the prevention of corruption, bribery and conflicts of interest in the Group.

At the end of 2014 and starting to be operative on 2015, this unit has been transformed in the Ethic and Compliance Direction.

- Internal Audit Management: Directly linked to the Board of Directors, on which it functionally depends through the Audit and Compliance Committee, which allows it to guarantee the full independence of its actions.

Its function consists in contributing to the proper functioning of the Group, guaranteeing effective and independent oversight of the internal control system and contributing recommendations to the Group that will aid in reducing to reasonable levels the potential impact of risks that hinder the achievement of the Organization's objectives.

It also serves as the channel for communication between the Organization and the Audit and Compliance Committee regarding matters of competence of Internal Audit.

- Risk Control Department (BRC): Reporting to the Internal Audit Department, it ensures the control and management of those risks that could affect the achievement of the Company's objectives, through the existence of policies, control mechanisms and appropriate indicators.

E.3 Indicate the principal risks that could affect the achievement of the business objectives.

The Risk Management and Control System is clearly linked to the strategic planning process and the setting of objectives. In this context, the principal risks that could affect the achievement of the business objectives of the 2013-2015 Business Plan and that have been monitored in 2014, are listed in a very summarized fashion.

- Risks that can affect the "Solidity of the balance sheet" objective:
 - Hedging and efficient financing that allows the fulfillment of the Business Plan.
 - Significant matters of the activity that may imply assets deteriorations.
- Risks that can affect the "Safety and health" objective:
 - Fundamentally safety and ergonomic risks.
 - Improvement of the integral management of operational risks (Process and product).
- Risks that can affect the "Technological leadership/range of products aimed at the market" objective:
 - Optimization of the pickup curve and profitability in terms of Cost of Energy (CoE) and contribution margin (including onshore and offshore).
- Risks that can affect the "Broad geographic presence." Growth toward new markets, growth sectors, new clients" objective:
 - Commercial diversification and monitoring to the standardization of the business processes.
 - Country risk.
 - Currency equivalent risk, exchange rate risk.
 - Tax risks.

- Specific risks for the “current environment and market”:
 - Impact on sales, capacity for accessing efficient financing in some markets.
 - Dependence on incentives. Risks related to regulatory changes. Uncertainty in the policies supporting renewable energies. Pressure applied by the low prices of other sources of energy.
 - Industrial capacity. Effectiveness of the restructuring measures, tending toward the rationalization of fixed costs and toward the adjustment regarding the changes in the local necessities.
- Monitoring of the movements in the sector structure / consolidation in the market that allows new value creation pulls, and in this context new business models and strategic alliances.
- Risks related to the “information systems environment, such as cyber-attacks and systems continuity”

E.4 Identify if the entity has risk tolerance level.

The Risk Management and Control Procedure exists, which was approved in 2008 and included in the certified management system, to identify, assess, prioritize and control the risks to which GAMESA CORPORACIÓN TECNOLÓGICA, S.A. is exposed and decide to what extent those specific risks are acceptable, mitigated/strengthened, transferred/shared or prevented.

Once the risks have been identified in accordance with the above, the General, Corporate or Geographic Managers corresponding to the Risk Controllers to which they delegate, supported by the Risk Control Department (BRC) and the Management Control Department, carry out the assessment of these risks, with the purpose of finding out their priority (combination of impact and probability) and the treatment that they require (plans that contribute to the achievement of the expected earnings).

In this context, GAMESA CORPORACIÓN TECNOLÓGICA, S.A. undertakes a continuous monitoring of the most relevant risks, i.e., those that could compromise the achievement of the business objectives, and which could affect economic profitability, financial solvency, corporate reputation, the integrity of employees and of the environment, and compliance with legislation.

At the corporate level, the entity fundamentally has 3 forms of establishing risk tolerance levels, which complement each other:

- By means of specific numerical values listed in specific risk policies (for example, the investment and financing policy, the information security policy, the excellence policy, etc.).
- By means of annually fixed objectives, or in conformity with the strategic frequency for indicators that are used for monitoring some risks.
- By means of the metrics established in the Risk Management and Control procedure for the assessment of impact, in conformity with a series of criteria, in such a way that the ones that, once combined with their probability, result in risks assessed as high or moderate, are considered to exceed the tolerance and require mitigation plans.

To do so, the Organization has different metrics that are quantitative, qualitative or even zero tolerance. In accordance with the established procedure, a total of 11 criteria (economic, operational, strategic, commercial, health and safety, environment, legal/contractual, image, security of information and assets, fraud and/or corruption and labor) are applied to evaluate the impact both of risks and of opportunities.

In addition, risks of a different nature imply diverse assessment methods. The economic quantification of the impact of risks is not always possible, which is why there are other criteria which are not of an economic-financial nature and therefore use another type of additional qualitative criteria.

The metrics used to determine the capacity and tolerance to which the risk refers to, among others, the following parameters and/or combinations and percentages, among them:

- EBITDA, EBIT, net amount of the business figure, financial expenses, net financial debt, own funds, CAPEX.
- MW sold (units, type of product/platform, geographical area, etc.), MW in maintenance, contracts signed, quantity and quality of the MW in stock, MW installed in farms, MW in construction.
- Non-quality costs, target costs, margin of contribution.
- Frequency index, severity index.
- Variability of the price of shares.
- Risk-country map.
- Existence of leaks/losses of confidential information.
- Contractual breaches, existence of labor conflicts.

E.5 Indicate which risks arose during the period.

Material and extraordinary risks aside from those listed in the Management Report and in the Financial Statements Report, and in all cases without compromising the results, the strategic objectives or the assets, were not recorded during the year 2014.

The circumstances that have motivated risks to arise are those belonging to the development of the business and the economic situation.

E.6 Explain the response and supervision plans for the main risks of the entity.

The following includes the response and supervision plans for the most significant risks, whether or not they have arisen.

Plans for "risks that may affect the Solidity of the balance sheet objective":

- Optimization of investments according to the 2013-2015 BP.
- Continuous monitoring of cash flows and significant matters of the activity that may imply assets deterioration. In this regard, the potential deterioration are object of its adequate detail in the 2014 Financial Statements Report.

- Analysis and execution of new financing forms: Capital increase and signature of new syndicated loan, both carried out in 2014, which permits us, among other aspects, to prepare ourselves for potential increases of activity levels.

Plans for the "risks that may affect the safety and health objective"

- TPRM (Total Plant Risk Management).
- Improved and/or new standards for operational risks.
- Think safe (extension of the culture of safety and health to all areas).

Plans for "risks that may affect the objective of Technological leadership/range of products aimed at the market":

- Specific sale plans for geographic areas and financing.
- Cost reduction plans and continuous improvement.
- Make/buy decisions and specific projects for components.

Plans for "risks that may affect the Broad geographic presence. Growth toward new markets, growth sectors, new clients" objective:

- Demand diversification that allows adjusting individual failure in emerging markets with an expansion in new emerging stars and developed countries and in development.
- Client support for its investment out of his geographical area.
- Efficient implementation of business procedures and specific methodology for risks management:
 - NBA. Approval method of proposals to clients.
 - PM. Wind turbine management programs.
- Cost optimization projects.
- Health control and evaluation over countries were operating: emergency plans, continuity, auto protection and evacuation for medical reasons, antisocial, etc.: Manuals and recommendations; Training and information: Insurance policies and travel assistance.

Plans for the "Currency equivalent risk, exchange rate risk":

- Mechanisms of protective financial hedging by means of derivatives.
- Policy and procedure development for the improvement of the exchange rate management.

Plans for "tax risks":

- Development of a transfer pricing policy.
- Improvement and optimization of tax management project, with different action areas, among them: project monitoring; tax working capital monitoring and reduction; assistance in the NBA project for the determination of the financial-tax profitability of the projects.

Financial (interest rate, exchange rate, taxes, credit, liquidity and commodities) and tax-related risks are controlled through specific policies, rules and procedures integrated within the functions of the corresponding departments. Information on hedging and control of these risks is included throughout the report that forms part of the annual financial statements. Special consideration is given to the monitoring and control of financial needs and the resulting compliance with covenants.

Plans for the "current environment and market risk":

- The mitigation and control in the different areas have properly worked, pointing out as relevant the application of readjustment/restructuring actions established in the BP 2013-2015, and that are in its final phase for our alignment to the new market environment.

Plans for the "Monitoring of the movements in the sector structure / consolidation in the market risk":

- Early monitoring and surveillance of the sector movements.
- Search of alliances for Gamesa that allow counteracting the threats, in the end search of our role in the consolidation process, such as the JV with Areva for Offshore.

Plans for the "Risks related to the information systems environment, such as cyber-attacks and systems continuity":

- Display of Information Security Policies that were reviewed and approved on 2013.
- Display of the diverse tools, procedures, incidents attention and management center in 24x7 timetable and security auditors.
- Contingency plans of critical systems to guarantee its continuity.

The following stand out as general supervision and control actions that apply to the most significant risks:

- Control exercised by the managers of the Business Units, of the Geographical Areas and the supervision of the Management Committee of the evolution of the risk maps and mitigation plans.
- Reports to the Audit and Compliance Committee with a minimum six-monthly frequency regarding the evolution of the complete corporate risk map, individually for the most significant risks, as well as the maps with the most significant risks of the geographical areas.
- Internal audits of the most significant risks and communication of the corresponding reports to the Management Committee and the Audit and Compliance Committee.
- 2014 appearances by managers in the Audit and Compliance Committee, focused on the supervision of specific risk control systems, as well as the most significant risks: financial and of the balance sheet, sale guidelines coverage, integrated risk management in NBA and PM business procedures, services business unity, continuous improvement, security of the information, tax and legal, and reliability of the economic financial information.

F INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS RELATED TO THE PROCESS FOR ISSUING FINANCIAL INFORMATION (FIICS)

Describes the mechanisms that make up the internal control and Risk Management Systems related to the process for issuing the financial information (FIICS) of the entity.

F.1 Entity control setting

A report indicating the main features of at least the following:

- F.1.1. Which bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective FIICS; (ii) its implementation; and (iii) its supervision.

In accordance with the Bylaws of the Company, the Board of Directors shall be responsible specifically for drawing up the financial statements and the management report which correspond to both the Company and its consolidated Group, and the proposal for the application of results, as well as the periodic financial information that should be made public since it is a publicly traded company.

Within this framework, the ultimate responsibility therefore corresponds to the Gamesa Board of Directors for guaranteeing the existence and maintenance of an adequate FIICS, the supervision of which, in accordance with the competences established in the Regulations of the Board of Directors and in the Regulations of the Audit and Compliance Committee, are delegated to it; and which also makes the design, implementation and maintenance of which the responsibility of the Group's Management, through its Management Control Department and Financial Department.

At the same time, the function of Internal Audit and Business Risk Control, in support of the Audit and Compliance Committee, is to promote the control of reliability of financial information through its direct access to said Committee as well as the fulfillment of its annual work plans.

Article 5 of the Regulations of the Audit and Compliance Committee sets forth the supervision of the Internal Control System and Risk Management System as a competence within its scope, as well as the analysis in collaboration with external account auditors of significant weaknesses detected in internal control, if any, during the execution of the audit and the supervision of the procedure for preparing and submitting regulated financial information.

- F.1.2. If they exist, especially regarding the process for drawing up financial information, the following elements:
- Departments and/or mechanisms responsible: (i) for the design and review of the organizational structure; (ii) for clearly defining the lines of responsibility and authority, adequately delegating tasks and functions; and (iii) for ensuring that sufficient procedures are in place for correct dissemination within the entity.

The Management Committee of the Group is responsible for defining, designing and revising the organizational structure. It also assigns functions and tasks, guarantees adequate separation of functions and ensures that the areas of the different departments are coordinated in order to meet the Company objectives.

Furthermore, the Human Resources Department is responsible for supervising the Company organizational design and ensuring its homogeneity between the different geographical areas. The Communications Department is responsible for communicating changes related to organization through the corporate intranet.

The Human Resources Department also maintains and publishes the detailed organizational chart of the Company on the corporate intranet through the Who's Who? service. This tool is the interactive directory of the Company that is used to encourage and facilitate communication between employees and make the organizational structure more accessible. The tool also ensures access to updated information used to locate and physically and functionally identify workers.

The following structure of roles in the Group has been specifically determined for and regarding critical processes which affect drawing up financial information:

- Global and regional FIICS owners: they are responsible for making sure the model works properly.
 - Regional and corporate owners of processes and their risks: they are responsible for making sure the processes are properly described, updated and shared with the organization.
 - Executors: they are responsible for undertaking, providing evidence and evaluating the defined controls for each process.
 - Control activity supervisors: they are responsible for overseeing and confirming the execution, provision of evidence and evaluation of the controls carried out by the executors.
- Code of Conduct, approving body, level of dissemination and instruction, principles and values included (indicating if there is specific mention of the record of operations and drawing up of financial information), body responsible for analyzing breaches and proposing corrective actions and penalties.

The purpose of Gamesa's Code of Conduct, approved by its Board of Directors, is to consolidate a universally accepted form of business ethics and to formally and expressly set forth the values, principles, attitudes and standards governing the conduct of the companies which make up the Group and the people subject to this Code during the fulfillment of their functions and in their work, commercial and professional relationships.

Gamesa disseminates and provides all of its employees with the Code of Conduct which is available in several languages by providing a copy of it or through the Shareholders and Investors section of its external website, through the Company's internal website (intranet) or through any other means of communication as defined by the Board of Directors when applicable.

Specifically and among the principles and values included in the Code, general conduct standard 3.10 expressly states that the information provided to the shareholders will be truthful, complete and adequately reflect the situation of the Gamesa Group.

Also, general conduct standard 3.23 of the aforementioned Code expressly indicates that "the economic-financial information of GAMESA and the companies which make up the GAMESA Group - in particular, the financial statements - is a faithful reflection of its economic, financial and equity-related reality, in accordance with generally accepted accounting principles and applicable international standards on financial reporting. For these purposes, no affected individual shall hide or distort the information in the records and accounting reports of GAMESA which shall be complete, accurate and truthful."

The Regulatory Compliance Unit is a professional body led by the General Secretary and that is functionally dependent on the Audit and Compliance Committee. It is responsible for, among other aspects and regarding the Code of Conduct, its revision, regular update, resolution of doubts that may arise and reception of any questions or complaints regarding unethical actions, actions lacking in integrity or against the included principles. It will also evaluate the level of compliance with the Code of Conduct and draw up an annual report on it.

In addition, Article 3.24 of the Code of Conduct also expressly refers to the principles and values concerning risk management in connection with the general policy for risk management and control, and establishes that all affected people, within the scope of their functions, must act proactively in a culture of risk prevention. It also specifies and details the corresponding principles for action.

- Complaints channel, which allows for notifying the Audit Committee of financial or accounting-related irregularities, in addition to possible noncompliance with the Code of Conduct and illegal activities in the organization, informing whether these are of a confidential nature, when applicable.

In accordance with the provisions of the aforementioned Code of Conduct and Article 10.d of the Audit and Compliance Committee Regulations related to the functions of this Committee with regards to Corporate Governance, Gamesa has created a mechanism named the Complaints Channel which allows its employees to confidentially report significant irregularities, and in particular, as expressly indicated thereby, those related to finance and accounting detected within the company.

The Audit and Compliance Committee is responsible for establishing and supervising the Complaints Channel through the Regulatory Compliance Unit which Gamesa manages according to the conditions and powers set forth in the written procedure regulating the "Complaints Channel Operating Rules" as part of the internal regulations and which set out its operation and conditions for use, access, scope and other aspects.

In accordance with the internal regulations of Gamesa, a function of the Regulatory Compliance Unit as regards the Code of Conduct/Complaints Channel is to evaluate the level of compliance with the Code of Conduct and draw up a report on it to be submitted to the Audit and Compliance Committee and to report suggestions, questions, proposals and non-compliance.

The Complaints Channel available to all Group personnel can be accessed through the external and internal (intranet) websites or by mail.

Upon the receipt of a written complaint in compliance with a series of requirements and minimum content, the Regulatory Compliance Unit decides whether to process or file the complaint.

When signs of non-compliance with the Code of Conduct are detected, confidential disciplinary proceedings will ensue, for which specific collaboration may be required from all the people referred to in it and who are bound by the Code of Conduct and are therefore required to collaborate in accordance with the terms of applicable regulations.

In relation to the opening of a disciplinary proceeding, the Regulatory Compliance Unit will carry out all actions it deems pertinent, especially interviews with the people involved and witnesses or third parties considered capable of providing useful information. It may ask for assistance from other functions within the Company, as appropriate.

Upon processing the complaint, the Regulatory Compliance Unit will draft a report, establishing predefined time limits for its conclusion, contents and method of communication.

If upon processing the disciplinary proceeding and drafting the report, the Regulatory Compliance Unit concludes that signs of illegal conduct exist, the competent legal or administrative authorities will be notified of this.

- Periodical training programs and updates for personnel involved in the preparation and review of financial information, as well as in the evaluation of the FIICS, which include, at least, accounting standards, auditing, internal control and risk management.

Gamesa has global procedures and processes for contracting personnel to identify and define all milestones of the selection and contracting process used to guarantee that new employees are qualified to undertake the responsibilities associated with the position.

The management of its employees' knowledge through the required detection, retention and development of talent and knowledge, along with ensuring its correct transmission, is a main line of action for Gamesa.

In this context, the main tool for determining and detecting training needs are the performance evaluations given to Company employees each year. This process is led by the Human Resources Department and, once concluded, is used as the base for designing the annual training catalogs. The Human Resources Department, in collaboration with the Company Training Center, is responsible for monitoring the training provided.

Personnel directly and indirectly responsible for actions related to the financial and accounting scope have been the object of previously outlined selection and contracting processes. Their training needs are also based on their annual performance evaluations. In this context, there is the necessary and opportune professional qualification both in the applicable accounting standards and in the principles concerning internal control.

In 2014, Gamesa started an ambitious project aimed at strengthening and automating its FIICS which includes, among other aspects, an internal control training plan for all employees with responsibilities in the previously mentioned system, the latter belonging to the different departments of the organization such as financial, legal and purchases.

The different levels of responsibility in the FIICS have been defined within this framework, identifying involved personnel who know, share and have defined tasks and responsibilities:

- Chief Financial Officers (CFOs) of geographical areas, as project sponsors.
- Project leaders at corporate and regional levels.
- "Focal points" or people with specific knowledge of the processes.

The training on FIICS has been deployed to all the personnel who have been involved in the project, both at Corporate and in different geographical areas.

F.2 Financial information risk assessment

A report including at least the following:

F.2.1. What are the main characteristics of the risk identification process, including error or fraud, regarding:

- Whether the process exists and is documented.

The Risk Management and Control Model, based on the COSO methodology, part of classification of risks according to the universal Business Risk Model (BRM).

- Whether the process covers the whole of financial information-related objectives (existence and occurrence; integrity; assessment; presentation; itemization and comparability; and rights and obligations), whether it is updated and how frequently.

Associated with risk assessment and, in particular, regarding financial information, an internal control model is applied with a top-down approach of risk identification based on the most significant accounts in the financial statements and considering parameters related to impact, probability, characteristics of the accounts and the business process.

The risk assessment process considers quantitative aspects such as the percentage represented at an aggregate level by the individual company/account regarding assets, sales, income and other qualitative parameters.

The qualitative risk factors consider aspects related to:

- ✓ Characteristics of the account: Volume of transactions, required judgment, complexity of the accounting principle, external conditions.
- ✓ Characteristics of the process: Complexity of the process, centralization vs. decentralization, automation, third-party interaction, experience/maturity of the process.
- ✓ Risk of fraud: Degree of estimation and judgment, common schemes and frauds in the sector/market in which it operates, geographic regions, unusual and complex transactions, type of automation, urgent transactions, relationship to compensation systems.

In the previous context, and in the case of the processes associated with the economic-financial information, the process has focused on analyzing the events that could affect the objectives of financial information related to:

- Integrity.
- Validity.
- Evaluation.
- Deduction.
- Record.
- Presentation and breakdown.

The risks are evaluated in terms of impact and occurrence while also estimating the theoretical (inherent) risk and residual risk, enabling the creation of the corresponding matrix of risks and prioritizing them.

- The existence of a process for identifying the consolidation perimeter, taking into account, among other aspects, the possible existence of complex corporate structures or special purpose entities.

As per the recommendations of the Unified Code of Good Governance of the Board Directors in Article 5 of the Regulation the authority is established to approve the creation or acquisition of shares in special purpose companies or companies that are domiciled in countries or territories that are, under current legislation, considered tax havens.

The Group, through the Companies List drawn up by Legal Counsel, also maintains a continuously updated record that collects all Group holdings, whatever their nature, whether direct or indirect, including, as applicable, both instrumental and special purpose companies. This list of companies which constitute the Gamesa Group is accessible to personnel of the Group in the internal network (intranet).

On a biannual basis and for the purposes of identifying the scope of consolidation, in accordance with the criteria in the International Standard of Accounting, the aforementioned list is subject to conciliation with the master file of companies subject to responsibility of consolidation of the consolidation unit of the Group.

- Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they have an impact on the financial statements.

The methodology applied results in a risk map which is updated periodically (biannually), monitoring, among others, financial, tax and legal risks and those of different types (operational, strategic, technological, reputational, environmental, etc.) insofar as they affect the financial statements.

- What governing body of the entity monitors the process.

As indicated above, Article 5 of the Audit and Compliance Committee Regulation establishes, as its scope of competence, the supervision of the internal control system and risk management systems, and the analysis along with the external account auditors of significant internal control weaknesses identified and, where appropriate, in the performance of the auditing and monitoring of the creation and submission process of regulated financial information.

F.3 Control activities

A report indicating its main characteristics, if it has at least the following:

- F.3.1. Procedures for review and authorization of financial information and a description of the FIICS to be published in the stock market, indicating the responsible parties, and including descriptive documentation on flows of activities and controls (including those related to the risk of fraud) of different types of transactions which may have a material effect on the financial statements, including the accounting close process and a specific review of relevant judgments, estimates, assessments and projections.

The Board of Directors is the highest body in charge of overseeing and approving the financial statements of the Group.

The Group sends quarterly information to the stock market. This information is prepared by the Management Control Department and the Finance Department, performing a series of control activities during the accounting closure to ensure reliability of the financial information.

The Control Department of Corporate Management and the consolidation and accounting department, integrated into the Finance Department, consolidate all the financial information of Gamesa Corporación Tecnológica, S.A. and the companies which comprise the Group.

The financial statements of the Group have the following review levels:

- Review of the Management Control Director.
- Review of the Financial Director.
- Review of the Auditing Committee.
- Approval of the Board of Directors (biannually and annually).

Moreover, the financial statements and interim financial statements summarized biannually are subject to auditing and limited review, respectively, by the external account auditor.

Likewise, and in the case of the financial statements submitted previously to the Board for formulation are certified by the consolidation managers and Financial Management.

The financial statements are prepared based on a reporting calendar and deadlines, known to all participants in the process, taking into account the deadlines for legal deliveries.

The control activities designed to meet the previously identified risks, as mentioned in the previous chapter, are performed both at the level of Senior Management in a Corporate environment and at the level of each of the business units from a more operational and specific point of view by identifying the relevant processes and sub-processes.

As a result of organizational changes involving strong leadership from different geographical areas and their own administration, during 2014, it is in the process of homogenizing, strengthening and automating the matrices and control activities according to the flow cycles of significant transactions identified in each of the aforementioned geographical areas.

A total of 17 processes and 39 sub-processes have been developed. To achieve the objectives related to the reliability and integrity of the financial information, a total of 176 control activities have been defined to prevent, detect, mitigate, compensate and correct their potential impact. The following processes are especially relevant:

- Earnings recognition, degree of progress and collection.
- Capitalization of promotion expenses.
- Provision for guarantees.
- Activation of research and development expenses.
- Material assets.
- Management of hedge exchange rates.
- Procurement.
- Personnel management.

The structure of the risks and control matrices includes the following relevant information:

1. Control objective
2. Description of the risk
3. Description of the control
4. Evidence supporting the execution of the controls.

For each control it is indicated if it somehow mitigates or offsets the risk of fraud, also specifying the type of fraud risk potentially affected. Therefore, the controls are defined as preventive or detective according to their purpose, and as manual or automatic.

Each control has an executor in each company/region whose role is to provide supporting evidence to assess the effectiveness of that control according to a predefined frequency.

Similarly, each control has a supervisor whose role is to review the execution and evidence provided by the executor, issuing his/her final conclusions regarding the effectiveness of the control.

At the same time, during 2014, the implementation of a software tool was initiated for automating the Gamesa FIICS model, that:

- Facilitates the management of the model in a unique, centralized and accessible environment from all geographical areas.
- Supports the process of regular evaluations of control activities.
- Provides the knowledge of both the degree of progress of the evaluations and the results thereof.
- Streamlines the users' work with reminders of pending tasks.
- Provides online monitoring of the action plans and sample planning.

In the process of formalizing and documenting the risk and control matrices already implemented in certain locations, there was support from independent experts consulted specifically during the implementation process and with the participation of all departments involved.

- F.3.2. Policies and internal control procedures related to the information systems (access security, change control, operation of same, operational continuity and segregation of functions, among others) which support the entity's relevant processes relating to the preparation and publication of financial information.

Specifically, within the scope of the Gamesa FIICS model, the process of general controls of the Information Systems has been developed. This process has been broken down into different sub-processes, for which various controls have been designed and established.

The designed controls are supported mainly in the applications SAP R3, SAP BPC and BPM.

These sub-processes are as follows:

- Backups: Business continuity as regards the timely recovery of essential business data in the event of a disaster via the duplication of critical infrastructures and periodic backup copies of the information in separate physical locations, and a policy review and control of the integrity of the copies made.
- Security of physical access to the Data Processing Center (CPD): Among other physical control activities, the information technology department restricts access to authorized personnel in different areas where key information elements of the Company are located, and these locations are monitored with the appropriate control and security systems.
- Security of software access, both internal and external: At the software security level, there are the techniques and tools that are defined, configured and implemented that restrict, to only authorized personnel based on their role-duty, access to computer applications and information databases, through procedures and control activities. These include, among others, review of users and assigned roles, encryption of sensitive information, managing and regularly changing access passwords, control of unauthorized downloads of applications, and analysis of identified security incidents.
- Controls relating to the maintenance and implementation of computer applications: Among others, the following are defined and implemented: request and approval processes at the appropriate level of new computer applications, definition of versioning policies and maintenance of existing applications and their associated action plans, definition of the various plans for implementation and application migration, validation and monitoring of changes in the evolution of applications and risk management through separate environments for operation, testing and simulation.
- Controls regarding the segregation of duties: Approved segregation of duties matrix, pursuant to which different roles are assigned to users according to identified needs, without allowing exceptions. Periodic review and approval of the different roles assigned, as well as reassignments, updates, deleting users, checking infrequent or unused users, etc.

- F.3.3. Internal control policies and procedures for monitoring the management of activities subcontracted to third parties, as well as aspects related to evaluation, calculation or appraisal entrusted to independent experts which may have a material effect on the financial statements.

In general, Gamesa does not outsource any activity considered relevant that could materially affect the financial information.

In any case, the aforementioned outsourced activities are mainly different administrative processes in offices and small subsidiaries supported by a service contract that clearly indicates the service provided and the means that the supplier, a high-level external professional from one of the "big four" auditing firms, will use to provide the services; reasonably ensuring technical training, independence and competence of the subcontracted party.

Likewise, there is an internal procedure for contracting services that establishes the requirement for certain levels of approval depending on the amount in question.

The Gamesa FIICS model identifies control activities in which the valuation of a third party is required. In this regard, outsourced activities have been identified mainly relating to the valuation of financial derivatives, legal aspects, assets and payments based on shares.

The contracting of these services is undertaken by the managers of the corresponding departments, reasonably ensuring the competence and technical and legal training of the subcontracted parties, reviewing as applicable the evaluations, calculation or valuations performed by external agents.

F.4 Information and communication

A report indicating its main characteristics, if it has at least the following:

- F.4.1. A specific function responsible for defining and updating accounting policies (area or department of accounting policies) and resolving questions or disputes regarding their interpretation, maintaining fluid communication with those responsible for operations in the organization, as well as an accounting policy manual updated and communicated to the units through which the entity operates.

The Finance Department and the Management Control Department, among other function, is responsible for identifying, defining, updating and communicating the accounting policies that affect Gamesa, and responding to accounting inquiries raised either by subsidiaries or different geographical areas and business units. In this context, it maintains a close and smooth relationship with the management control departments of the various geographical areas and business units.

Additionally, the above departments are responsible for reporting to the Management Committee and/or any other appropriate body regarding specific aspects of accounting standards, the results of their application and their impact on the financial statements.

On those occasions on which the application of accounting standards is particularly complex, the conclusion of the accounting analysis undertaken is communicated to the External Auditors, requesting their position on the conclusion that was reached.

The accounting policies applied by the Group are broken down into the financial statements and are consistent with those applicable under current regulations.

It is the responsibility of the Consolidation Department, incorporated in the General Finance Department, to oversee the adoption of new or reviewed standards of the International Financial Reporting Standards (IFRS) and those regulations, amendments and interpretations that have not yet entered into force.

- F.4.2. Mechanisms for capturing and preparing the financial information using standardized formats, applicable to and to be used by all the units of the entity or Group, which support the main financial statements and their notes, as well as the information detailed on the FIICS.

The process of consolidation and preparation of financial information is carried out centrally. In this process the inputs are the financial statements reported by the Group's subsidiaries in the established formats, as well as the rest of the financial information required for both harmonizing the accounting process and to covering the established information needs.

The Gamesa Group has implemented a software tool that collects individual financial statements and facilitates the process of consolidation and preparation of financial information. This tool allows centralizing all information resulting from the accounting of individual companies of the Group into a single system.

In this context, the Accounting and Consolidation Department establishes, in a centralized manner, a quarterly, biannual and annual closure plan which distributes to all of the groups and subgroups the appropriate instructions regarding the scope of the work required, key reporting dates of standard documentation to send, and deadlines for reception and communication. The instructions include, among other aspects, a reporting/consolidation package sent to Corporate, preliminary closure, inter-company billing, physical inventories, confirmation and inter-group balance reconciliations, final closure and pending matters.

The content of the aforementioned reporting is reviewed regularly in order to respond to the appropriate requirements for breakdown in the financial statements.

F.5 Monitoring the function of the system.

A report indicating its main characteristics, of at least the following:

- F.5.1. The monitoring activities of the FIICS carried out by the Audit Committee, and whether the entity has an internal audit function which includes among its competences supporting the committee in its task of monitoring the internal control system, including the FIICS. It will also report the scope of the FIICS evaluation carried out during the fiscal year and the procedure whereby the person responsible for the evaluation communicates the results, whether the entity has an action plan detailing possible corrective measures, and whether its impact on financial information has been considered.

There is fluid communication between the Audit and Compliance Committee, Senior Management, the Internal Audit Director and the External Auditors, for the purpose of having the available information needed to perform their functions relating to the responsibility of monitoring the FIICS.

Specifically, regarding FIICS monitoring activities undertaken by the Audit and Compliance Committee during the year, it has performed, among others, the following activities:

- It has reviewed the Group's financial statements and the periodical, quarterly and biannual financial information, which the Board of Directors must provide to the markets and their supervisory bodies, monitoring compliance with legal requirements and the correct application in their elaboration of the generally accepted accounting principles.
- The terms for contracting account auditors has been proposed to the Board of Directors, along with the scope of their professional mandate and, as the case may be, their revocation or renewal, overseeing the compliance of the contract and evaluating their results periodically.
- In the supervisory work of the Internal Audit Department, the yearly audit plan has been approved.
- It has analyzed the audit plan of the External Auditors, which includes the auditing objectives based on the risk assessment of financial information, as well as the main areas of interest or significant transactions reviewed in the year.
- The detected weaknesses of internal control have been reviewed with the External Auditors and Internal Audit, where appropriate, in the performance of the different auditing and review tasks.

Gamesa has an Internal Audit Department, one of the competencies of which is to support the Committee in its supervisory work of the internal control system. In order to ensure its independence, the role of Internal Audit is hierarchically dependent on the Board of Directors and, on its behalf, on its Chairman, and functionally on the Committee, reporting the proposals on the election, appointment, re-election and dismissal of the manager of the Internal Audit service.

With the aim of enabling this supervision of the internal control system, the Internal Audit services tend to the requirements of the Committee in the exercise of its functions, participating on a regular basis and as required in the Audit and Compliance Committee sessions.

The function of Internal Audit during the year has drawn up and presented, to the Audit and Compliance Committee, the corporate risk map of the Company, which contains the most critical areas of risk. This map is elaborated for the different business units and geographic locations, and at the global level, including those risks of a financial and fraud-related nature.

Additionally, the function of Internal Audit performs analytical review procedures in each of the monthly closures of the consolidated financial statements, which involves, among other aspects, analysis of variations, unusual transactions, overall calculations, etc.

By establishing foundations during 2014 of the new model and the automation of FIICS, the function of Internal Audit has drawn up a review plan included in its Annual Audit Plan 2015, to be presented and approved by the Audit and Compliance Committee. This plan involves carrying out sampling of the self-assessments carried out by the supervisors directly in the software tool in the most significant processes and companies.

In addition, there are meetings between the Audit and Compliance Committee and the External Auditors for queries related to important issues or when an area of generally accepted accounting principles is not clearly defined.

- F.5.2. Whether there is a discussion procedure whereby the account auditor (in accordance with the provisions of the NTA), the internal audit function and other experts inform Senior Management and the Audit Committee or Company officers of significant internal control weaknesses identified during the annual financial statements review processes, or others which may have been entrusted to them. Likewise, information will be provided as to the availability of an action plan for correction or mitigation of the observed weaknesses.

Since 2007 the Audit and Compliance Committee has had a written procedure that regulates its relationships with the External Auditors of the Company and of its consolidated Group. This aforementioned Regulatory framework has been subject to various modifications for its update through the incorporation of new actions and its adaptation to the written policies and procedures incorporated into the internal regulations as a result of legislative changes that have occurred. The last version approved by the Chairman of Gamesa and the Chairman of the Committee, on its behalf, is dated July 23, 2013.

The International Standard on Auditing (ICC-ES 265) establishes the obligation of the auditor to communicate, to Management and to the Audit Committee, the significant internal weaknesses of the control system identified in the audit. However, and regardless of this requirement, the written procedure created in the aforementioned Regulatory Framework establishes that, in all cases, External Auditors will present to the Committee, as a result of their work, an annual memorandum of recommendations.

In compliance with the aforementioned internal regulations and at least once a year, the External Auditors will appear in the Audit and Compliance Committee session to present their recommendations on internal control.

In any case and as stated previously, the Audit Committee always meets prior to the publication of regulated information in order to obtain and analyze the necessary information for complying with the competences granted by the Board of Directors. In these meetings, the annual and biannual financial statements are reviewed in depth, as well as the interim quarterly statements of the Company and the remaining information made available to the market. To carry out this process, the Audit and Compliance Committee previously receives all documentation and holds meetings with the Department of Management Control, the Financial Department, the Internal Audit Department and the account auditor in the case of the annual and biannual financial statements and in order to ensure the correct application of accounting standards and the reliability of the financial information, as well as knowing and commenting on any relevant aspect of the elaboration process and of the resulting financial information.

The account auditors have not stated that during their audit work corresponding to the financial statements for 2014, no internal control weakness has arisen that could be material.

F.6 Other relevant information

There is no other information relevant to FIICS that has not been included in this report.

F.7 Report of the external auditor

Report of:

- F.7.1. Whether the FIICS information supplied to the markets has been reviewed by the external auditor, in which case the entity should include the report as an attachment. Otherwise, it should report the reasons.

Gamesa has required the external auditor to prepare a review report about the information included by the Company in this report regarding the FIICS for the fiscal year 2014.

G DEGREE OF COMPLIANCE WITH THE RECOMMENDATIONS OF CORPORATE GOVERNANCE

Indicates the degree of compliance by the Company with respect to the recommendations of the Unified Good Governance Code.

In the event that any recommendation is not followed or is partially followed, a detailed explanation of the reasons should be included so that shareholders, investors and the market in general have sufficient information to evaluate the behavior of the Company. General explanations will not be acceptable.

1. The Bylaws of listed companies do not limit the maximum number of votes that can be cast by a single shareholder, nor impose other restrictions to obstruct the takeover of the Company through the purchase of shares on the market.

See sections: A.10, B.1, B.2, C.1.23 and C.1.24.

Comply ☒ Explain ☐

2. When the parent company and a subsidiary are listed both clearly and publicly define:

a) Their respective areas of activity and possible business relations between them, as well as relations between the listed subsidiary and other Group companies;

b) The mechanisms in place to resolve possible conflicts of interest that may arise.

See sections: D.4 and D.7

Comply ☐ Comply partially ☐ Explain ☐ Not applicable ☒

3. Although not expressly required under commercial law, transactions involving a structural change in the Company are subject to the approval of the shareholders' general meeting, and in particular the following transactions:

a) The transformation of listed companies into holding companies through subsidization or the incorporation into subsidiaries of essential activities performed up to that time by the Company itself, even though the latter retains full control over them;

b) The acquisition or disposal of key operating assets, when that would effectively alter the corporate purpose;

c) Transactions whose effect would be equivalent to the liquidation of the Company.

See section: B.6

Comply ☒ Comply partially ☐ Explain ☐

4. The detailed proposals to be adopted at the general meeting, including the information referred to in recommendation 27, are made public at the time of publication of the notice convening the meeting.

Comply ☒ Explain ☐

5. In the general meeting voting is separate on those items that are essentially independent so that the shareholders can exercise their voting preferences separately. This rule applies specifically to:

- a) The nomination or ratification of directors, with separate voting on each candidate;
- b) In the case of amendments to the Bylaws, the rule applies to each article or group of articles that are materially different.

Comply ☒ Comply partially ☐ Explain ☐

6. The companies allow votes to be divided so that financial agents who are authenticated as shareholders but are acting on behalf of different clients can divide their votes in accordance with the client's instructions.

Comply ☒ Explain ☐

7. The Board performs its duties with unity of purpose and independent judgment, affording equal treatment to all shareholders, and is guided by the interests of the Company, understood as maximizing the economic value of the Company in a sustainable manner.

The Board ensures that in the Company's relationship with stakeholders the Company respects the laws and regulations, complies with its obligations and contracts in good faith, respects customs and good practices in the sectors and regions where it operates, and observes any additional principles of corporate responsibility that it has voluntarily accepted.

Comply ☒ Comply partially ☐ Explain ☐

8. The Board assumes the responsibility, as the core of its mission, to approve the Company's strategy and the organization needed for its implementation, as well as to monitor and ensure that management meets the established objectives and respects the purpose and corporate interest of the Company. To that end, the Board in full reserves the right to approve:

- a) The policies and general strategies of the Company, specifically:
 - i) The strategic or business plan, as well as the annual management objectives and budgets;
 - ii) The investment and financial policy;
 - iii) The definition of the structure of the group of companies;
 - iv) The corporate governance policy;

- v) **The corporate responsibility policy;**
- vi) **The remuneration policy and performance evaluation of Senior Management;**
- vii) **The risk control and management policy, and the periodic monitoring of internal information and control systems.**
- viii) **The dividend policy as well as the treasury, in particular, its limits.**

See sections: C.1.14, C.1.16 and E.2

b) The following decisions:

- i) **At the proposal of the Chief Executive of the Company, the nomination and possible removal of Senior Management and their compensation clauses.**
 - ii) **The remuneration of directors and, in the case of Executive Directors, the additional remuneration for their executive duties and other terms set forth in their contracts.**
 - iii) **The financial information that the Company must make public due to being listed on the stock exchange.**
 - iv) **The investments or transactions of any type that, due to their volume or special characteristics, are strategic in nature, unless their approval corresponds to the general meeting;**
 - v) **The creation or acquisition of interests in special purpose entities or entities resident in countries or territories which are considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.**
- c) The transactions which the Company conducts with directors, significant shareholders or shareholders represented on the Board, or with persons related thereto (related party transactions).**

The authorization of the Board shall not, however, be required for related party transactions that simultaneously meet the following three conditions:

1st. They are conducted under contracts whose terms are standardized and that are applied to many customers;

2nd. They are conducted at prices or rates generally set by the person supplying the goods or services concerned;

3rd. The amount does not exceed 1% of the annual revenue of the Company.

It is recommended that the Board approve related party transactions following a favorable report of the audit committee or, where applicable, of any other body that may have been assigned this duty, and the directors involved neither exercise nor delegate their votes, and withdraw from the meeting room while the Board deliberates and votes.

It is recommended that the powers hereby conferred on the Board not be delegated, with the exception of those mentioned in b) and c), which may be adopted for reasons of urgency by the executive committee and later ratified by the full Board.

See sections: D.1 and D.6

Comply X Comply partially ☐ Explain ☐

9. The Board has an appropriate size to achieve effectiveness and participation, ideally no fewer than five nor more than fifteen members.

See section: C.1.2

Comply X Explain ☐

10. The proprietary and independent directors constitute a large majority of the Board and the number of Executive Directors is the minimum necessary, taking into consideration the complexity of the corporate group and the ownership interests of the executive directors in the capital of the Company.

See sections: A.3 and C.1.3.

Comply X Comply partially ☐ Explain ☐

11. Within the external directors, the relation between proprietary members and independents reflects the proportion between the capital of the Company represented by the proprietary directors and the rest of the capital.

This strict proportional criteria can be relaxed so that the weight of proprietary directors is greater than the total percentage of capital they represent:

1st. In companies with high capitalization where there are few or no equity stakes that attain the legal threshold for significant shareholdings, but there are shareholders with shares of high absolute value.

2nd. In the case of companies in which a plurality of shareholders are represented on the Board, but are not otherwise related.

See sections: A.2, A.3 and C.1.3

Comply X Explain ☐

12. The number of independent directors represents at least one third of all Board members.

See section: C.1.3

Comply X Explain ☐

13. The nature of each director is explained by the Board to the shareholders' general meeting, which should effect or ratify the nomination, and confirm it, or where appropriate, review it annually in the Annual Corporate Governance Report, after verification by the nominating committee. And the said report also explains the reasons why he or she has been nominated as a proprietary director at the request of shareholders whose shareholding is less than 5% of the capital, and, if necessary, the reasons for not having accommodated formal requests for presence on the Board from shareholders whose equity stake is equal to or greater than that of others at whose request proprietary directors were appointed.

See sections: C.1.3 and C.1.8

Comply X Comply partially ☐ Explain ☐

14. When there are few or no female directors, the nominating committee ensures that when new vacancies are filled:

- a) The selection procedures are not implicitly biased against the selection of female directors;**
- b) The Company makes a conscious effort to include women who meet the professional profile among potential candidates.**

See sections: C.1.2, C.1.4, C.1.5, C.1.6, C.2.2 and C.2.4.

Comply X Comply partially ☐ Explain ☐ Not applicable ☐

15. The Chairman, as the one responsible for the effective functioning of the Board, ensures that directors receive adequate information in advance; stimulates debate and active participation of the directors during Board meetings, safeguarding their right to freely adopt positions and express opinions; and organizes and coordinates the Board's regular evaluation with the Chairmen of the relevant committees and, if necessary, with the CEO or Chief Executive.

See sections: C.1.19 and C.1.41

Comply X Comply partially ☐ Explain ☐

16. When the Chairman of the Board is also the Chief Executive of the Company, one of the independent directors shall be empowered to call a meeting of the Board, to request the inclusion of new business on the agenda, to coordinate and express the concerns of the external directors and to direct the evaluation of the Chairman of the Board.

See section: C.1.22

Comply X Comply partially ☐ Explain ☐ Not applicable ☐

17. The Secretary of the Board especially ensures that the actions of the Board:

- a) Adhere to the letter and spirit of the laws and regulations, including those issued by regulatory agencies;**
- b) They comply with the Company's Bylaws and with the regulations of the Board, and other Company regulations;**
- c) They consider the recommendations on good governance contained in the Unified Code accepted by the Company.**

And, to safeguard the independence, impartiality and professionalism of the Secretary, his or her nomination and removal is proposed by the nominating committee and approved by the full Board; and the procedure for nomination and dismissal is stated in the Board regulations.

See section: C.1.34

Comply X Comply partially ☐ Explain ☐

18. The Board meets as often as necessary to perform its duties efficiently, following the schedule of dates and agendas set at the beginning of the year. Each director may propose items for the agenda not initially included.

See section: C.1.29

Comply X Comply partially ☐ Explain ☐

19. Director absences are kept to a bare minimum and listed in the Annual Corporate Governance Report. And if representation is essential, instructions are given.

See sections: C.1.28, C.1.29 and C.1.30

Comply X Comply partially ☐ Explain ☐

20. When the directors or the Secretary express concerns about some proposal or, in the case of directors, about the Company's performance, and such concerns are not resolved at the Board meeting, at the request of the person who expressed the concern it will be recorded in the minutes.

Comply X Comply partially ☐ Explain ☐ Not applicable ☐

21. The full Board shall evaluate annually:

- a) The quality and efficiency of the Board;**
- b) Based on the report submitted by the nominating committee, the performance of their duties by the Chairman of the Board and by the Chief Executive of the Company;**
- c) The performance of its committees on the basis of the report submitted thereto.**

See sections: C.1.19 and C.1.20

Comply X Comply partially ☐ Explain ☐

22. All directors are able to exercise the right to request any additional information they require on matters within the competence of the Board. And unless the Bylaws or Board regulations indicate otherwise, such requests are addressed to the Chairman or Secretary of the Board.

See section: C.1.41

Comply X Explain ☐

23. All directors are entitled to receive accurate assistance from the Company in order to fulfill their duties. And the Company provides suitable channels for the exercise of this right, in special circumstances, including external assistance at Company expense.

See section: C.1.40

Comply X Explain ☐

24. The Companies establish an orientation program that provides new directors with rapid and sufficient knowledge of the Company and its corporate governance rules. And they also offer directors refresher programs when circumstances warrant.

Comply X Comply partially ☐ Explain ☐

25. Companies require their directors to devote sufficient time and effort necessary to perform effectively, and consequently:

- a) Directors apprise the nominating committee of any other professional obligations, in case they might detract from the necessary dedication;**
- b) The companies establish rules on the number of Boards on which its directors may sit.**

See sections: C.1.12, C.1.13 and C.1.17

Comply X Comply partially ☐ Explain ☐

26. The proposal for the nomination or reelection of directors that is submitted by the Board to the shareholders' general meeting, as well as provisional nominations by co-option, are approved by the Board:

- a) At the proposal of the nominating committee, in the case of independent directors.**
- b) Following the report of the nominating committee, in the case of other directors.**

See section: C.1.3

Comply X Comply partially ☐ Explain ☐

27. Companies make public through their web sites and regularly update the following information on their directors:

- a) Professional and biographical profile;**
- b) Other Boards to which they belong, whether or not they are listed companies**
- c) An indication of the category to which the director belongs, proprietary or independent, and in the case of proprietary directors, the shareholder they represent or with whom they have ties.**
- d) Date of first nomination as a director of the Company, as well as subsequent nomination, and;**
- e) Company shares and share options which they hold.**

Comply X Comply partially ☐ Explain ☐

28. The proprietary directors resign when the shareholder they represent sells its entire shareholding. And they also do so, in the appropriate number, when such shareholder reduces its stake to a level that requires a reduction in the number of proprietary directors.

See sections: A.2, A.3 and C.1.2

Comply X Comply partially ☐ Explain ☐

29. The Board of Directors does not propose the removal of independent directors before the expiry of the period for which they were nominated, except where just cause is found by the Board, based on the report of the nominating committee. In particular, it is understood that there is just cause when the director has breached the duties inherent in his or her position, or under any circumstances causing the loss of his or her independent status in accordance with the provisions of Order ECC/461/2013.

They may also propose the removal of independent directors of takeover bids, mergers or other similar corporate transactions involving a change in the capital structure of the Company when such changes in the Board structure are caused by the proportionality criteria in recommendation 11.

See sections: C.1.2, C.1.9, C.1.19 and C.1.27

Comply X Explain ☐

30. The companies establish rules obliging directors to report and, if necessary, resign in those cases that could damage the credibility and reputation of the Company and, in particular, they are obliged to inform the Board of criminal cases in which are involved as defendants, as well as any subsequent trials.

If a director is indicted or a decision is handed down against him or her during a trial for any of the crimes listed in Article 213 of the Capital Companies Act, the Board reviews the case as soon as possible and, in view of the specific circumstances, decides whether or not the director remains in office. And the Board gives a reasoned account of the events in the Annual Corporate Governance Report..

See sections: C.1.42, C.1.43

Comply X Comply partially ☐ Explain ☐

- 31. All directors express clear opposition when they feel a proposal submitted to the Board may be contrary to the corporate interest. And they also do so, especially independents and other directors unaffected by the conflict of interest, when dealing with decisions that could harm shareholders not represented on the Board.**

And when the Board makes significant or repeated decisions about which a director has serious reservations, the latter draws the appropriate conclusions and, if he or she chooses to resign, explains the reasons in the letter to which the following recommendation applies.

This recommendation also applies to the Secretary of the Board, even though he or she is not a director.

Comply X Comply partially ☐ Explain ☐ Not applicable ☐

- 32. When, either by resignation or otherwise, a director leaves office before the end of his or her term, he or she explains the reasons in a letter sent to all Board members. And, notwithstanding that such resignation is communicated as a significant event, the reason is explained in the Annual Corporate Governance Report.**

See section: C.1.9

Comply X Comply partially ☐ Explain ☐ Not applicable ☐

- 33. Remuneration consisting of shares of the Company or Group companies, options or instruments indexed to the value of the share, variable remuneration linked to Company performance or pension plans are confined to Executive Directors.**

This recommendation does not apply to the delivery of shares when directors are obliged to retain them until the end of their tenure.

Comply X Comply partially ☐ Explain ☐ Not applicable ☐

- 34. The remuneration of external directors is at a level necessary to compensate them for the dedication, abilities and responsibilities that the post requires, but not so high as to compromise their independence.**

Comply X Explain ☐ Not applicable ☐

35. Remuneration related to the profits of the Company take into account any reservations that are stated in the report of the external auditor's findings and that reduce profit.

Comply X Explain ☐ Not applicable ☐

36. In case of variable remuneration, compensation policies include limits and technical safeguards to ensure that such compensation is in relation to the professional performance of the beneficiaries and not simply derived from the general progress of the markets or the industry in which the Company participates, or other similar circumstances.

Comply X Explain ☐ Not applicable ☐

37. When there is a managing or executive committee (hereinafter, Executive Committee), the membership structure of the various director categories are similar to that of the Board itself, and its secretary is the Secretary of the Board.

See sections: C.2.1 and C.2.6

Comply X Comply partially ☐ Explain ☐ Not applicable ☐

38. The Board is always aware of the matters discussed and the decisions made by the Executive Committee and all Board members receive copies of the minutes of the meetings of the Executive Committee.

Comply X Explain ☐ Not applicable ☐

39. The Board of Directors sets up a committee, or two separate committees, within the Board, for nominations and remuneration, in addition to the audit committee mandatory under the Securities Exchange Act.

The rules for the composition and functioning of the audit committee and the committee or committees for nomination and remuneration are listed in the Board regulations, and include the following:

- a) **The Board appoints the members of these committees, based on the knowledge, skills and experience of the directors and the duties of each committee; discusses its proposals and reports; and, at the first meeting of the full Board following the committee meetings, receives a report on their activities and the work performed;**
- b) **These committees are formed exclusively of external directors, with a minimum of three members. The foregoing is without prejudice to the attendance of Executive Directors or Senior Management, when expressly agreed to by the members of the committee.**
- c) **Their Chairmen are independent directors.**
- d) **They may engage external advisers, when they deem it necessary for the performance of their duties.**
- e) **Minutes of their meetings are taken, and a copy is sent to all Board members.**

See sections: C.2.1 and C.2.4

Comply X Comply partially ☐ Explain ☐

- 40. The monitoring of compliance with internal codes of conduct and corporate governance rules is entrusted to the audit committee, the nomination committee, or, if they exist separately, the compliance or corporate governance committees.**

See sections: C.2.3 and C.2.4

Comply X Explain ☐

- 41. The members of the audit committee, and particularly its Chairman, are appointed with regard to their knowledge and experience in accounting, auditing and risk management.**

Comply X Explain ☐

- 42. Listed companies have an internal audit function which, under the supervision of the audit committee, ensures the proper functioning of information systems and internal control.**

See section: C.2.3

Comply X Explain ☐

- 43. The head of the internal audit function presents its annual work plan to the audit committee; reports to it directly on any incidents arising during its work; and submits a report of activities at the end of each year.**

Comply X Comply partially ☐ Explain ☐

- 44. The control and risk management policy identify at least:**

- a) The different types of risk (operational, technological, financial, legal, reputational, etc.) that the Company faces, including financial or economic risks, contingent liabilities and other off-balance sheet risks;**
- b) The level of risk that the Company considers acceptable;**
- c) The planned measures to mitigate the impact of identified risks, should they materialize;**
- d) Information systems and internal control are used to control and manage the above risks, including contingent liabilities and off-balance sheet risks.**

See section: E

Comply X Comply partially ☐ Explain ☐

- 45. The duties of the audit committee:**

- 1st. With regard to information systems and internal control:**

- a) The main risks identified as a result of monitoring the effectiveness of internal control of the Company and the internal audit function, if any, are managed and properly disclosed.**

- b) **Ensure the independence and effectiveness of the internal audit function; propose the selection, nomination, reelection and removal of the head of the internal audit service; propose a budget for this service; receive periodic information on its activities; and verify that Senior Management takes into account the conclusions and recommendations of its reports.**
- c) **Establish and monitor a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities of potential importance, especially financial and accounting irregularities within the Company.**

2nd. With regard to the external auditor:

- a) **Receive information regularly from the external auditor on the audit plan and the results of its execution, and verify that Senior Management is taking into account its recommendations.**
- b) **Ensure the independence of the external auditor, to which end:**
 - i) **The Company reports the change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and, if any, their content.**
 - ii) **In case of resignation of the external auditor, the circumstances that caused it are examined.**

See sections: C.1.36, C.2.3, C.2.4 and E.2

Comply X Comply partially ☐ Explain ☐

46. The audit committee may call any employee or director of the Company, even ordering their appearance without the presence of any other manager.

Comply X Explain ☐

47. The audit committee reports to the Board, prior to the adoption of the corresponding decisions, on the following points from recommendation 8:

- a) **The financial information that the Company must make public due to being listed on the stock exchange. The Committee should ensure that interim statements are prepared using the same accounting principles as the annual statements and, to this end, may conduct a limited review of the external auditor.**
- b) **The creation or acquisition of interests in special purpose entities or entities resident in countries or territories which are considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.**
- c) **Related party transactions, except where their preliminary reporting has been entrusted to another committee of monitoring and control.**

See sections: C.2.3 and C.2.4

Comply X Comply partially ☐ Explain ☐

48. The Board of Directors presents the accounts to the general meeting without reservations or qualifications in the audit report and, if exceptional circumstances exist, both the Chairman of the audit committee and the auditors clearly explain the content and scope of such reservations or qualifications to shareholders.

See section: C.1.38

Comply X Comply partially ☐ Explain ☐

49. The majority of the members of the nominating committee, or nominating and remuneration committee, if they are one, are independent members.

See section: C.2.1

Comply X Explain ☐ Not applicable ☐

50. The following duties correspond to the nominating committee, in addition to the functions stated in earlier recommendations:

- a) Evaluate the skills, knowledge, and experience necessary for Directors, and define, as a result, the required functions and abilities, and evaluate the amount of time and dedication required to properly carry out their tasks.**
- b) Review and organize, as appropriate, the succession of the Chairman and Chief Executive, and, where appropriate, submit proposals to the Board so that this succession can take place in an organized and planned manner.**
- c) Report the nomination and removal of Senior Managers that the Chief Executive proposes to the Board.**
- d) Report to the Board on the gender diversity issues discussed in recommendation 14 of this Code.**

See section: C.2.4

Comply X Comply partially ☐ Explain ☐ Not applicable ☐

51. The nominating committee consults the Chairman and Chief Executive of the Company, especially on matters relating to Executive Directors.

Any Director may request that the nominations committee consider potential candidates to fill vacancies on the Board, if it finds them suitable.

Comply X Comply partially ☐ Explain ☐ Not applicable ☐

52. The following duties correspond to the remuneration committee, in addition to the functions stated in earlier recommendations:

- a) Propose to the Board of Directors:**
 - i) The remuneration policy for the Directors and Senior Management;**
 - ii) The individual remuneration for Executive Directors and other conditions of their contracts.**
 - iii) The basic conditions of the contracts of the Senior Management.**

b) Ensure that the remuneration policy established by the Company is observed.

See sections: C.2.4

Comply X Comply partially ☐ Explain ☐ Not applicable ☐

53. The remuneration committee consults the Chairman and Chief Executive of the Company, especially on matters relating to Executive Directors and Senior Management.

Comply X Explain ☐ Not applicable ☐



OTHER INFORMATION OF INTEREST

1. If there is a materially relevant aspect of corporate governance in the Company or Group entities that has not been discussed in other sections of this report, but which it is necessary to include to present more complete and reasoned information on the structure and governance practices in the Company or its Group, explain briefly.

The references included in this report to the Corporate Governance Rules of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. are referred to the versions in force on the date of its approval by the Board of Directors. In this regard, it is necessary to take into account that, in the frame of the adaptation of the aforementioned rules to the reforms incorporated by the Law 31/2014, of December 3, in the Capital Companies Law, a revision process of the Corporate Governance Rules of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. is being carried out, so that the references here established to it may change once the process is completed.

(A.2)

To complement the information provided in paragraph A.2 note that the detail of the direct and indirect holders of significant shareholdings in GAMESA CORPORACIÓN TECNOLÓGICA, S.A., and particularly in relation to the shareholding position of DIMENSIONAL FUND ADVISORS LP it is stated that the number of direct and indirect voting rights included the latest communications of this entity to the National Securities Market Commission, based on which and according to the current share capital of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. its percentage share of the total voting rights is calculated. The percentage resulting from this calculation differs from that recorded in the archives of the National Securities Market Commission since, in the absence of further communications to that body by the companies owning significant stakes after the capital increase of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. closed on July 24, 2012 and September 8, 2014, the percentage resulting from this calculation is less because the total of the voting rights is greater than at the date of communication.

It is hereby expressly stated that according to the records of the National Securities Market Commission DIMENSIONAL FUND ADVISORS LP holds an equity position in excess of 3% of the share capital of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. and therefore is a significant shareholder.

To complement the information provided in paragraph A.2 also note that with regard to the significant holdings of BLACKROCK INC. and DIMENSIONAL FUND ADVISORS LP they are not the direct holders of the voting rights in GAMESA CORPORACIÓN TECNOLÓGICA, S.A. since, on one hand, none of the direct holders included by BLACKROCK INC. in its submission to the National Securities Market Commission exceeds the threshold of a 3 % direct stake in the share capital of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., and on the other hand, DIMENSIONAL FUND ADVISORS LP has not provided its identity under Article 34 of Royal Decree 1362/2007 of October 19, through which the Securities Market Act was developed in connection with the transparency requirements in relation to information about issuers whose securities are admitted to trading on an official secondary market or other regulated market in the European Union (hereinafter the Royal Decree 1362 /2007), stating that none of its clients owns a share greater than or equal to 3% of the voting rights of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

(A.8)

To complement the information provided in paragraph A.8 note that GAMESA CORPORACIÓN TECNOLÓGICA, S.A. signed an ongoing liquidity contract with Santander Investment Bolsa, as of October 30, 2012, which was submitted to the National Securities Market Commission by Significant Event (number 176071) on October 31, 2012.

Also, the operations during fiscal year 2014 were submitted to the National Securities Market Commission under the same through Significant Events numbers 199,597, 204,654, 209,594, 213,569 and 218,122.

(B.4)

To complement the information provided in paragraph B.4 note that the electronic voting system was used in the Shareholders' General Meeting for fiscal year 2014 by nine shareholders who were holders of a total of twelve thousand two hundred and seventy four (12,274) shares.

(C.1.2)

To complement the information provided in paragraph C.1.2 note that according to the Significant Event 218697 sent to the CNMV on February 17, 2015, the independent Director Mr. Manuel Moreu Munaiz communicated to GAMESA CORPORACIÓN TECNOLÓGICA, S.A. on the same date, his resignation as Member of the Board of Directors and of the Audit and Compliance Committee.

(C.1.3)

To complement the information provided in paragraph C.1.3 note that according to the Significant Event 218697 sent to the CNMV on February 17, 2015, the independent Director Mr. Manuel Moreu Munaiz communicated to GAMESA CORPORACIÓN TECNOLÓGICA, S.A. on the same date, his resignation as Member of the Board of Directors and of the Audit and Compliance Committee.

To complement the information provided in paragraph C.1.3 a brief profile of Executive, Proprietary and other External Directors is given below:

EXECUTIVE DIRECTORS

Ignacio Martín San Vicente

Born in San Sebastián (Guipúzcoa). He is currently Chairman of the Board of Directors and Chief Executive Officer, and Chairman of the Executive Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

He holds an Electronic Superior Engineering Degree from the University of Navarra.

Along his professional career he has held different posts in companies like GKN Automotive International (1987-1998) where he held the post of CEO in the United States and General Director of the Group for America, among others. Likewise he was Deputy General Director to the Chairman of Alcatel España (1998-1999); General Director of Operations in Europe in GKN Automotive Internacional (1999-2001) and Deputy Chairman in CIE Automotive having previously held the posts of Chief Executive Officer (2002-2010) and Executive Deputy Chairman (2010-2011) in the aforementioned company.

Currently he is Independent Director in Bankoia-Credit Agricole and Higiestime 21, S.L.. Likewise he is Director in the Board of Directors of APD (Asociación para el Progreso de la Dirección).

Carlos Rodríguez-Quiroga Menéndez

Born in Madrid. He currently holds the position of Member of and Secretary to the Board of Directors and Secretary (non Member) of the Executive Committee, Secretary (non Member) of the Audit and Compliance Committee and Secretary (non Member) of the Appointment and Remuneration Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

He holds a Law Degree from the Complutense University of Madrid.

Diploma-holder of Employment Law from the Legal Practice School of Madrid.

Diploma-holder in Comparative Industrial Relations and in European Community Relations from the Secretariat of State for Relations with the European Community.

Practicing lawyer.

Over the last few years, he has performed the tasks of Director of or Secretary to the Board of Directors, among other positions, in the following companies: Audiovisual Española 2000, S.A., Construcciones Sarrión, S.L., Rodríguez-Quiroga Abogados, S.L. and member of the Fundación Pro Real Academia de Jurisprudencia y Legislación.

PROPRIETARY DIRECTORS

Sonsoles Rubio Reinoso

Born in Segovia, she holds the position of Member of the Board of Directors and of the Audit and Compliance Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

She holds a degree in Economics and Business from the Universidad Autónoma of Madrid.

She completed her training as post graduated at ICEA, IESE and Centro de Estudios Financieros. She is also Técnico en Aseguramiento de la Calidad, Certified Internal Audit and Certified Fraud Examiner.

Her professional career has been performed in the internal audit department of enterprises like Repsol YPF, S.A. (1995-1999), Holcim (Spain), S.A. (1999-2008) and Iberdrola (2008-2011). Until the beginning of 2013 she has held the post of Internal Audit Manager of Renewable Business in Iberdrola, S.A. and currently she holds the post of Compliance Chief Officer of Iberdrola, S.A.

She is Member of the Steering Committee of the Instituto de Auditores Internos since May 2007.

Throughout her career she has published articles and given many talks. She also teaches at the Seminar "Creación y gestión de un Departamento de Auditoría Interna" since 2009.

Ramón Castresana Sánchez

Born in de Madrid, he holds the position of member of the Board of Directors and of the Appointments and Remuneration Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

He holds a Degree in Economics and Business Administration by the Universidad Complutense.

Along his professional career he has hold different posts in the private sector. He hold the post of Senior Consultant in KPMG Peat Marwick (1990-1992), and Manager in Coopers & Lybrand (1993-1995) and in Ernst & Young Consultores (1995-1998), in both last cases in the division of commercial development, management and execution of business restructuring projects and re-engineering of procedures.

In 1998 he joined the Iberdrola Group where he currently holds the post of Human Resources Director. In the Iberdrola Group he has held the post of Projects Director in the Iberdrola Transformation Project (1998-2000), Manager of Staff Administration (2001), Manager of development of Human Resources of the Corporate Functions (2002-2003), Director of Organization and Human Resources of Iberdrola Renovables and of Iberdrola Ingeniería y Construcción (2003-2004), Director of Organization and Human Resources of Iberdrola Generación (2004-2007), and Director of Human Resources of the Corporate Functions and Compensation (2007-2008). It shall also be pointed out that he was Chairman of the Iberdrola Ethical Code Committee (2009-May2012) and his post as member of the Board of Directors of Iberdrola USA (2008-May 2012).

In 2012 he received the Award Iberoamerican Forum given by AEDIPE (Asociación Española de Dirección y Desarrollo de Personas) to the professional career in human resources.

(C.1.9)

To complement the information provided in paragraph C.1.9 note that according to the Significant Event 218697 sent to the CNMV on February 17, 2015, the independent Director Mr. Manuel Moreu Munaiz communicated to GAMESA CORPORACIÓN TECNOLÓGICA, S.A. on the same date, his resignation as Member of the Board of Directors and of the Audit and Compliance Committee.

(C.1.14)

To complement the information provided in paragraph C.1.14 note that Article 40 of the Corporate Bylaws and Article 5 of the regulations of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. contain the functions of the Board of Directors. The full texts of both are available at www.gamesacorp.com.

(C.1.15)

To complement the information provided in paragraph C.1.15 note that:

a) pursuant to the provisions of Articles 46.2 and 46.5 of the Corporate Bylaws of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. and of those provisions approved under the ninth accord of the agenda of the General Shareholders' Meeting of 2013 held on April 19, 2013, the remuneration of the Company to all directors of fixed annual remuneration and allowances for their dedication and assistance does not exceed the maximum amount of two million (2,000,000) euros fixed by said General Shareholders' Meeting, as such compensation is compatible with and independent of the remuneration received by executive directors.

b) included within the remuneration of the Board of Directors is the annual variable remuneration paid by the Chairman for meeting objectives and individual performance during the year in accordance with the Company remuneration policy. Conversely the allocation of the long-term incentive approved by the General Meeting of 2013, whose measurement period ends December 31, 2015, is not included.

c) the information shown in the same coincides with the figure in Note 19 of the Individual Report and Note 30 of the Consolidated Report, which form part of the financial statements for fiscal year 2014.

(C.1.16)

To complement the information provided in paragraph C.1.16 note that on February 1, 2014 GAMESA CORPORACIÓN TECNOLÓGICA, S.A. named a new Chief Financial Manager, Mr. Ignacio Artázcoz Barrena, replacing Mr. Juan Ramón Iñarritu Ibarreche.

(C.1.20)

To complement the information provided in paragraph C.1.20 note that as a consequence of the auto evaluation work of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. has initiated a new process identifying, with independent experts, different areas to improve, among thirty, driving the advance in three areas: a) increase the Board of Directors for the incorporation of the necessary profiles; b) raise the efficiency in its functioning; and c) strengthen the business model. The implementation of these improvements will be developed in the fiscal years 2015 and 2016.

(C.1.21)

To complement the information provided in paragraph C.1.21 note that according to the Significant Event 218697 sent to the CNMV on February 17, 2015, the independent Director Mr. Manuel Moreu Munaiz communicated to GAMESA CORPORACIÓN TECNOLÓGICA, S.A. on the same date, his resignation as Member of the Board of Directors and of the Audit and Compliance Committee.

(C.1.33)

To complement the information provided in paragraph C.1.33 note that the Secretary Director of the Board of Directors, in accordance with his status as a lawyer and in accordance with the provisions of Article 13.4 of the regulations of the Board of Directors, holds the position of Legal Adviser to the Board of Directors. Article 13.3 of the regulations of the Board of Directors states that the Secretary will look after, in all cases, the formal and material legality of the actions of the Board of Directors and indicate how it shall perform its actions.

The Secretary Director of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., Mr. Carlos Rodríguez-Quiroga Menéndez, who is the Executive Director, was re-elected to his post by the General Shareholders' Meeting held on April 19, 2013.

(C.1.35)

To complement the information provided in paragraph C.1.35 note that Article 5 of the regulations of the Board of Directors and Article 29 of the regulations of the Audit and Compliance Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. regulate the relations of said Committee with the External Auditor. The full text is available at www.gamesacorp.com

(C.1.45)

To complement the information provided in paragraph C.1.45 note that at the time of the convocation of the 2014 General Shareholders' Meeting of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. information about the terms of guarantee or protection for members of Senior Management was made available to shareholders. More specifically said information is collected in the "2013 Annual Corporate Governance Report" of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., which was included in the Supplementary Report of Annual Account Management for the fiscal year ended December 31, 2013.

(C.2.1)

To complement the information provided in paragraph C.2.1 note that Mr. Carlos Rodríguez-Quiroga Menéndez holds the position of non-member Secretary of the Executive Committee, of the Audit and Compliance Committee and of the Nomination and Remuneration Committee.

To complement the information provided in paragraph C.2.1, note variations during and since the close of the fiscal year in the committees of the Board of Directors and other information as follows:

Audit and Compliance Committee

The Board of Directors, at its meeting of January 29, 2014, agreed to appoint, on the proposal of the Nominating and Remuneration Committee, Mr. Manuel Moreu Munaiz, Independent Director of the Board of Directors of the Company, as a new member of the Audit and Compliance Committee.

Como complemento a la información suministrada en el apartado C.2.1 indicar que de acuerdo con el Hecho Relevante 218697 remitido a la CNMV en fecha 17 de febrero de 2015, el Consejero independiente don Manuel Moreu Munaiz comunicó a GAMESA CORPORACIÓN TECNOLÓGICA, S.A. en la misma fecha, su dimisión como Vocal del Consejo de Administración y de la Comisión de Auditoría y Cumplimiento.

(C.2.4)

To complement the information provided in paragraph C.2.4 note that the basic responsibilities of the Audit and Compliance Committee referred to in Article 18.4 of the Regulations of the Board of Directors and reproduced in paragraph C.2.4 must be in line with those established in Article 5 of the regulations of the Audit and Compliance Committee.

(D.2)

To complement the information provided in paragraph D.2 note that this information is related to Note 32 of the Consolidated Report integrated into the Annual Financial Statements for 2014.

Also note that the amount attributed to Services Received from IBERDROLA, SA, included in said Note 32 of the Consolidated Report, corresponds to the electrical supply for facilities of the Gamesa Group by IBERDROLA, S.A., although this amount was not included in Section D.2 since it does not warrant consideration.

(D.4)

To complement the information provided in paragraph D.4 note that:

a) the Gamesa Group companies established in countries or territories which are considered tax havens, according to Law 1080/1991, of July 5, 1991, are classified as operating companies and are exclusively considered to carry out an ordinary course of business.

b) there are no operations of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. with such companies of the Gamesa Group in countries or territories considered tax havens according to Decree 1080/1991, of July 5, rather they affect other companies in the Group that are parent companies of the different businesses, with operations such as the following:

Company name of the entity in its group	Brief description of the transaction	Report (thousands of euros)
Gamesa Singapore Private Limited	Interest on intragroup financing	296
Gamesa Cyprus Limited	Intragroup sales and rendering of services	111
Gamesa Cyprus Limited	Interest on intragroup financing	4
Gamesa Dominicana, S.A.S.	Intragroup sales and rendering of services	276
Gamesa Dominicana, S.A.S.	Interest on intragroup financing	356
Gamesa Dominicana, S.A.S.	Intragroup reception of assets and services	237
Parques Eólicos del Caribe, S.A.	Intragroup sales and rendering of services	5

(D.5)

To complement the information provided in paragraph D.5 note that this information is related to Note 32 of the Consolidated Report integrated into the Annual Financial Statements for 2014.

2. Within this paragraph can also be included any other information, clarification or array related to previous paragraphs of the report to the extent that they are relevant and not repetitive.

Specifically, indicate whether the company is subject to legislation different from the Spanish legislation on corporate governance and, where applicable, include the information that is required that is different from that specified in this report.

3. The company may also indicate whether it has acceded voluntarily to other ethical principles or codes of good practice, international, regional or other. In that case, the code in question and the date of accession shall be identified.

GAMESA CORPORACIÓN TECNOLÓGICA, S.A. has adhered voluntarily to various codes of ethics or codes of practice, these being the following:

- a) "United Nations Global Compact", which is promoted by the United Nations and its goal is the commitment and support to promote the ten principles of human and labor rights, environmental protection and the fight against corruption. GAMESA CORPORACIÓN TECNOLÓGICA, S.A. voluntarily acceded, as of February 2, 2005, and annually publishes a Progress Report (COP) of review of compliance with these principles.

b) "Global Reporting Initiative (GRI)" which is promoted by the NGO Global Reporting Initiative. Its goal is to create an environment for the exchange of transparent and reliable information on sustainability through the development of an application framework common to all kinds of organizations. GAMESA CORPORACIÓN TECNOLÓGICA, S.A. acceded voluntarily as of December 14, 2005.

c) "Caring for Climate: The business leadership platform", promoted as an initiative of the UN Global Compact. Its goal is the involvement of businesses and governments in taking action on climate change, energy efficiency, reduction of emissions of greenhouse gases (GHGs) and positive collaboration with other public and private institutions. GAMESA CORPORACIÓN TECNOLÓGICA, S.A. acceded voluntarily as of June 18, 2007.

d) "Principles of Empowerment of Women", promoted by UN Women / UN Global Compact of the United Nations and aiming to build stronger economies, establish a more stable and just society, achieve compliance development, sustainability and human rights and improve the quality of life of women, men, families and communities. GAMESA CORPORACIÓN TECNOLÓGICA, S.A. acceded voluntarily as of December 22, 2010.

e) "Code of Conduct for the Development of Wind Farms in the State of New York," sponsored by the Office of the Attorney General of the State of New York (United States) and aiming to promote economic development and renewable energy, and promote public integrity in developing wind farms. GAMESA CORPORACIÓN TECNOLÓGICA, S.A. acceded voluntarily as of March 1, 2012.

f) "Prince of Wales Business Leaders Group on Climate Change" sponsored by The Prince of Wales Corporate Leaders Group on Climate Change. GAMESA CORPORACIÓN TECNOLÓGICA, S.A. has added its signature successively to the releases of Carbon Price (2012), Cancun (2010), Copenhagen (2009) and Poznan (2008) about climate change in the United Nations Framework Convention of the United Nations on Climate Change (UNFCCC). These accessions represent a call from the international business community to foster policies and take actions to combat climate change. GAMESA CORPORACIÓN TECNOLÓGICA, S.A. acceded voluntarily to the "Prince of Wales Business Leaders Group on Climate Change" as of January 21, 2013.

g) "Diversity Charter in Spain", promoted by the Fundación Diversidad, is an initiative supported by the European Commission and the Equality Ministry of Spain, so that the companies that voluntarily sign the Diversity Charter respect the current legislation in opportunity equality and against discrimination, and assume the basic guideline principles established in the declaration. GAMESA CORPORACIÓN TECNOLÓGICA, S.A. acceded voluntarily to the "Diversity Charter in Spain" as of November 3, 2014.

This annual corporate governance report was approved by the Board of Directors of the Company at its meeting held on February 25, 2015.

Indicate whether any Directors voted against or abstained from the approval of this report.

Yes ☐

No ☒

Name or company name of director who did not vote in favor of the adoption of this report	Reasons (against, abstention, absence)	Explanation of the reasons

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 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 Eguisquiza
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) for 2014**

GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

(Translated from the original in Spanish)

(Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Auditor's report on information relating to the internal control over financial reporting (ICFR) of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. for 2014

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.

(Signed on the original)

Alberto Peña Martínez

February 25, 2015