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

Auditors' Report

Consolidated Financial Statements for the year ended 31 December 2014

Consolidated Management Report

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

Independent Audit Report

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

Translation of a report and consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 39)

INDEPENDENT AUDIT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the consolidated financial statements

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

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

Opinion

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

Report on other legal and regulatory requirements

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

ERNST & YOUNG, S.L.

The original signed in spanish

February 25, 2015

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Note 39). In the event of a discrepancy, the Spanish-language version prevails.

GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

AND SUBSIDIARIES COMPOSING THE GAMESA GROUP

CONSOLIDATED BALANCE SHEETS AT DECEMBER 31 2014 AND 2013 (*)

(Thousands of euros)

ASSETS	Notes	12.31.14	12.31.13 (*)	EQUITY AND LIABILITIES	Notes	12.31.14	12.31.13 (*)
NON-CURRENT ASSETS:				**EQUITY:**			
Intangible assets				**Of the Parent**	**18**		
Goodwill	**8**	386,756	386,756	Share capital		47,476	43,160
Other intangible assets	**9**	235,047	207,060	Share premium		386,415	154,619
		621,803	**593,816**	Other reserves		884,118	839,887
Property, plant and equipment	**10**			Unrealised asset and liability revaluation reserve		1,762	188
Property, plant and equipment in use		315,941	362,928	Translation differences		(1,426)	(48,248)
Property, plant and equipment in the course of construction		17,596	14,764	Treasury shares		(24,873)	(21,340)
		333,537	**377,692**	Net profit for the year		91,848	45,033
				Other equity instruments		-	(565)
Investments accounted for using the equity method	**11**	**56,203**	**60,037**			**1,385,320**	**1,012,734**
Non-current financial assets	**13**						
Derivatives	22	1,864	186	**Of non-controlling interests**	**19**	**93**	**4,924**
Investment securities		35,683	38,774	**Total equity**		**1,385,413**	**1,017,658**
Other non-current financial assets		3,158	2,777				
		40,705	**41,737**	**NON-CURRENT LIABILITIES:**			
Deferred tax assets	**25**	**405,289**	**379,361**	**Provisions for contingencies and charges**	23	235,040	252,570
Total non-current assets		**1,457,537**	**1,452,643**	**Bank borrowings**	21	527,311	523,768
				Other non-current liabilities	24	53,629	53,722
				Deferred tax liabilities	25	83,405	81,232
				Derivative financial instruments	22	738	1,164
				Total non-current liabilities		**900,123**	**912,456**
				CURRENT LIABILITIES:			
CURRENT ASSETS:				**Bank borrowings and other financial liabilities**			
Inventories	**14**	**564,492**	**495,770**	Bank borrowings	21	92,583	737,535
Trade and other receivables	**15**	**1,052,597**	**928,868**	Derivative financial instruments	22	13,448	10,187
Trade receivables from related companies	**32**	**67,592**	**273,408**			**106,031**	**747,722**
Tax receivables	**26**	**192,529**	**410,385**	**Trade and other payables**		**1,448,770**	**1,381,828**
Other receivables		**44,446**	**162,138**	**Trade payables to related companies**	**32**	**237,949**	**325,962**
Current financial assets				**Other payables**			
Derivative financial instruments	**22**	8,963	19,579	Tax payables	26	99,859	280,920
Other current financial assets		19,041	8,105	Other current liabilities		71,725	92,193
Other current financial assets from related companies	**32**	2,108	1,424			**171,584**	**373,113**
		30,112	**29,108**				
Cash and cash equivalents	**16**	**811,029**	**893,600**				
				Total current liabilities		**1,964,334**	**2,828,625**
Total current assets		**2,762,797**	**3,193,277**				
Current assets classified as held for sale	**36**	**31,516**	**113,457**	**Current liabilities associated with assets classified as held for sale**	**37**	**1,980**	**638**
TOTAL ASSETS		**4,251,850**	**4,759,377**	**TOTAL EQUITY AND LIABILITIES**		**4,251,850**	**4,759,377**

(*) Presented for comparison purposes only.

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

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Note 39). In the event of a discrepancy, the Spanish-language version prevails.

GAMESA CORPORACIÓN TECNOLÓGICA, S.A. AND SUBSIDIARIES

COMPOSING THE GAMESA GROUP

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

(Thousands of euros)

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

Earnings per share in euros (basic and diluted) from continuing and discontinued operations attributable to the parent	**35**		
From continuing operations		0.3737	0.1919
From discontinued operations		(0.0187)	(0.0123)
Earnings per share in euros (basic and diluted)		**0.3550**	**0.1796**

(*) Presented for comparison purposes only.

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

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Note 39) .
In the event of a discrepancy, the Spanish-language version prevails.

GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

AND SUBSIDIARIES COMPOSING THE GAMESA GROUP

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31 2014 AND 2013 (*)

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

(*) Presented for comparison purposes only.

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

GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

AND SUBSIDIARIES COMPOSING THE GAMESA GROUP

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

				Restricted reserves									
	Share capital	Share premium	Unrealised asset and liability revaluation reserve	Legal reserve	Reserve for redenomination of capital in euros	Reserve for treasury shares	Treasury shares	Other reserves	Translation differences	Net profit for the year	Interim Dividend	Non-controlling interests	Total equity
Balances at January 1 2013 (*)	**43,160**	**154,619**	**(5,674)**	**8,408**	**1**	**7,157**	**(7,157)**	**1,469,830**	**9,879**	**(659,440)**	**-**	**7,892**	**1,028,675**
Total comprehensive income for 2013	-	-	5,862	-	-	-	-	-	(58,127)	45,033	-	1,204	(6,028)
Distribution of 2012 profit:													
Other reserves	-	-	-	-	-	-	-	(659,440)	-	659,440	-	-	-
Dividend with in charge of 2013 profit	-	-	-	-	-	-	-	-	-	-	(565)	-	(565)
Treasury share transactions (Notes 3.p and 18.e)	-	-	-	-	-	14,183	(14,183)	150	-	-	-	-	150
Incentive plans (Note 18.e)	-	-	-	-	-	-	-	1,895	-	-	-	2	1,897
Transactions with non-controlling interests (Note 19)	-	-	-	-	-	-	-	-	-	-	-	(4,174)	(4,174)
Other transactions	-	-	-	-	-	-	-	(2,297)	-	-	-	-	(2,297)
Balances at December 31 2013 (*)	**43,160**	**154,619**	**188**	**8,408**	**1**	**21,340**	**(21,340)**	**810,138**	**(48,248)**	**45,033**	**(565)**	**4,924**	**1,017,658**
Total comprehensive income for 2014	-	-	1,574	-	-	-	-	-	46,822	91,848	-	(679)	139,565
Capital increase	4,316	231,796	-	-	-	-	-	(2,588)	-	-	-	-	233,524
Distribution of 2013 profit:													
Other reserves	-	-	-	224	-	-	-	44,809	-	(45,033)	-	-	-
Treasury share transactions (Notes 3.p and 18.e)	-	-	-	-	-	3,533	(3,533)	(1,653)	-	-	-	-	(1,653)
Incentive plans (Note 18.e)	-	-	-	-	-	-	-	2,729	-	-	-	-	2,729
Other transactions	-	-	-	-	-	-	-	(2,823)	-	-	565	(4,152)	(6,410)
Balances at December 31 2014	**47,476**	**386,415**	**1,762**	**8,632**	**1**	**24,873**	**(24,873)**	**850,612**	**(1,426)**	**91,848**	**-**	**93**	**1,385,413**

(*) Presented for comparison purposes only.

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

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Note 39) . In the event of a discrepancy, the Spanish-language version prevails.

GAMESA CORPORACIÓN TECNOLÓGICA, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FROM CONTINUING OPERATIONS FOR THE YEARS ENDED DECEMBER 31 2014 AND 2013 (*)

(Thousands of euros)

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

(*) Presented for comparison purposes only.

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

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

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

1. Formation of the Group and its activities

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

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

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

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

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

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

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

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

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

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

- Wind Turbines (*)
- Operations and maintenance

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

INFORMATION ON THE ENVIRONMENT

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

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

A. BASIS OF PRESENTATION

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

- By the directors of GAMESA, at the Board of Directors Meeting held on February 25 2015.

- Since 2005, in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, including the International Accounting Standards (IASs) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and by the Standing Interpretations Committee (SIC). The consolidated financial statements have been prepared on a historical cost basis, as modified by the revaluation of available-for-sale financial assets and financial assets and liabilities (including derivatives) at fair value. The principal accounting policies and measurement bases applied in preparing the GAMESA Group's consolidated financial statements for 2014 are summarised in Note 3.

- Taking into account all the mandatory accounting policies and rules and measurement bases with a material effect on the consolidated financial statements.

- So that they present fairly the consolidated equity and consolidated financial position of the GAMESA Group at December 31, 2014, and the consolidated results of its operations and its consolidated cash flows in the year then ended.

- On the basis of the accounting records kept by GAMESA and by the other Group companies. However, since the accounting policies and measurement bases used in preparing the Group's consolidated financial statements for 2014 (IFRSs) could differ from those used by the Group companies when preparing their individual financial statements in accordance with local standards, the required adjustments and reclassifications were made on consolidation to unify the policies and methods used and to make them compliant with International Financial Reporting Standards (IFRS).

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

B. ADOPTION OF NEW OR REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

C. FUNCTIONAL AND PRESENTATION CURRENCY

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

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

D. RESPONSIBILITY FOR THE INFORMATION

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

E. INFORMATION RELATING TO PREVIOUS YEAR

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

F. BASIS OF CONSOLIDATION

Subsidiaries

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

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

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

Joint ventures

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

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

Associated companies

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

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

Basic standards of consolidation

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

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

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

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

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

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

  (a) fair value, or

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

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

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

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

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

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

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

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

- The financial statements of foreign companies were translated to euros using the year-end exchange rate method. This method consists of translating to euros all the assets, rights and obligations at the exchange rates prevailing at the date of the consolidated financial statements, the consolidated income statement items at the average exchange rates for the year, and equity at the historical exchange rates at the date of acquisition (or in the case of retained earnings at the average exchange rates for the year in which they were generated), and the differences are recognised with a charge or a credit, as appropriate, to “Equity - Of the Parent - Translation Differences” in the consolidated balance sheet.

- The accompanying consolidated financial statements include certain adjustments to bring the accounting policies and procedures applied by the subsidiaries into line with those of GAMESA.

- All significant balances and transactions between fully and proportionally consolidated companies have been eliminated in the consolidation. Gains that arise on intra-group transactions that are recognised as assets are also eliminated (including transactions with associated companies).

- The result of accounting for ownership interests using the equity method (after eliminating results on intra-Group transactions) is reflected under "Equity - Of the Parent – Other Reserves" and “Results of Companies Accounted for Using the Equity Method” in the accompanying consolidated balance sheet and consolidated income statement, respectively. The equity method consists of initially recognising the investment at cost and subsequently adjusting it, based on the changes in the portion of the entity's net assets that corresponds to the investor, recognising in the investor's profit or loss the corresponding portion of the investee's result for the year (see Note 11).

G. CHANGES IN THE SCOPE OF CONSOLIDATION

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

Incorporation of new companies

Year 2014

Incorporated company	Incorporating company	Interest held by the Group
Gesan México 1, S.A.P.I. de C.V.	Gamesa Energía, S.A. (Unipersonal)	100%
Energía Eólica de México, S.A. de C.V.	Gamesa Energía, S.A. (Unipersonal)	50%
Energía Renovable del Istmo, S.A.P.I. de C.V.	Gamesa Energía, S.A. (Unipersonal)	50%
Societe Dexploitation Du Parc Eolien Du Tonnerois	Gamesa Inversiones Energéticas Renovables S.C.R. de Régimen Simplificado, S.A.	100%
Lichnowy Windfarm Sp. z o.o.	Gamesa Energía, S.A. (Unipersonal)	100%
Ujazd Sp. z o.o.	Gamesa Energía, S.A. (Unipersonal)	100%
Gamesa Mauritania SARL	Gamesa Eólica, S.L. (Unipersonal)	100%
Gamesa Ukraine LLC	Gamesa Europa, S.L. (Unipersonal) (*)	100%
Windar Offshore, S.L.	Windar Renovables, S.L.	32%

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

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

Year 2013

Incorporated company	Incorporating company	Interest held by the Group
Gamesa Taiwan Limited	Gamesa Eólica, S.L. (Unipersonal)	100%
Elliniki Eoliki Energiaki Kseropousi SA	Gamesa Energía, S.A. (Unipersonal)	86%
Elliniki Eoliki Energiaki Pirgos SA	Gamesa Energía, S.A. (Unipersonal)	86%
Elliniki Eoliki Energiaki Kopriseza SA	Gamesa Energía, S.A. (Unipersonal)	86%
Elliniki Eoliki Energiaki Likourdi SA	Gamesa Energía, S.A. (Unipersonal)	86%
Zefiro Energy S.R.L.	Gamesa Energía, S.A. (Unipersonal)	51%
Gamesa Finland OY	Gamesa Eólica, S.L. (Unipersonal)	100%
Gamesa Financiación S.A.-Unipersonal	Gamesa Energía, S.A. (Unipersonal)	100%
Servicios Eólicos Globales, SRL de CV (*)	Gamesa Europa, S.L. (Unipersonal) (*)	100%
Medicine Bowl Wind LLC	Gamesa Wind US	100%

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

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

<u>Acquisition of new companies</u>

Year 2014

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

Year 2013

In 2013 no companies were acquired.

Exits from the scope of consolidation - Sales

Year 2014

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

Year 2013

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

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

Exits from the scope of consolidation - Winding up of companies

Year 2014

Company	Activity	Registered Address	%
Sistemas Energéticos Ferrol Nerón, S.A.U.	Operation of wind farms	Spain	100.00%
Xeneración Eólica de Galizia, S.A.	Development of wind farms	Spain	65.00%
Gamesa Estonia OÜ	Manufacturing and holding company	Estonia	100.00%

Year 2013

Company	Activity	Registered address	%
Shaffer Mountain Wind LLC	Operation of wind farms	EEUU	100%
Sistemas Energéticos Carellana, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos Ritobas, S.A. Unipersonal	Operation of wind farms	Spain	100%
Urgeban Grupo Energético, S.A. Unipersonal	Development of wind farms	Spain	100%
Sistemas Energéticos Las Canteras, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos Los Claveros, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos Egea, S.A.Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos Sierra de Lucar, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos Sierra de Oria, S.A.Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos Almirez, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos Caniles, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos El Periate, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos Mojonera, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos Zújar, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos Capellán, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos las Pedrizas, S.A. Unipersonal	Operation of wind farms	Spain	100%
Main Wind 1	Development of wind farms	EEUU	97%
Eagle Rock Wind, LLC	Operation of wind farms	EEUU	100%
Elk Falls Wind, LLC	Operation of wind farms	EEUU	100%
Gulf Ranch Wind, LLC	Operation of wind farms	EEUU	100%
Jackson Mountain Wind, LLC	Operation of wind farms	EEUU	100%
Nescopeck Wind, LLC	Operation of wind farms	EEUU	100%
Pine Grove Wind, LLC	Operation of wind farms	EEUU	100%
Sistemas Energéticos Odra, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos Castillejo, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos La Jauca, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos Del Toro, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos Cañarete, S.A.Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos El Pertiguero, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos Herrera, S.A. Unipersonal	Operation of wind farms	Spain	100%
Sistemas Energéticos Del Zenete, S.A. Unipersonal	Operation of wind farms	Spain	100%
Gamesa Energía Zaragoza, S.L. Unipersonal	Operation of wind farms	Spain	100%
Gamesa Energía Teruel, S.L. Unipersonal	Operation of wind farms	Spain	100%
Sistema Energético El Olivar, S.L. Unipersonal	Operation of wind farms	Spain	100%
Skybuilt Power, Inc.	Operation of wind farms	EEUU	29%
Eólica San Bartolomé, S.L.Unipersonal	Operation of wind farms	Spain	100%
Jiloca Promociones Eólicas, S.L.	Operation of wind farms	Spain	100%
Qgrid Technologies, S.L.	Operation of wind farms	Spain	60%
Rock River Wind, LLC	Operation of wind farms	EEUU	100%
Sandstone Wind, LLC	Operation of wind farms	EEUU	100%

Company	Activity	Registered address	%
Vaquillas Wind, LLC	Operation of wind farms	EEUU	100%
Whispering Prairie Wind, LLC	Operation of wind farms	EEUU	100%
Trinity Wind, LLC	Operation of wind farms	EEUU	100%
Lancaster Wind Farm, LLC	Operation of wind farms	EEUU	100%
Parque Eólico Monte Selva, S.R.L.	Operation of wind farms	Italy	87%
Energies Renouvelables Development, S.A.R.L.	Operation of wind farms	France	100%
SAS SEPE des Potences	Operation of wind farms	France	100%
SAS SEPE Serre du Bichou	Operation of wind farms	France	100%
SAS SEPE du Parc Éolien du Haut Chemin, S.R.L.	Operation of wind farms	France	100%
SAS SEPE de L'Epinette	Operation of wind farms	France	100%
SAS SEPE Janaillat at Saint Dizier Leyrenne	Operation of wind farms	France	100%
SAS SEPE Poullan	Operation of wind farms	France	100%
SAS SEPE Kaymard	Operation of wind farms	France	100%
SAS SEPE Monplaisir	Operation of wind farms	France	100%
SAS SEPE du Mont de Chatillon	Operation of wind farms	France	100%
SAS SEPE de la Pomarede	Operation of wind farms	France	100%
SAS SEPE D´ Atlancia	Operation of wind farms	France	100%
SAS SEPE de Meuse et Mouzon	Operation of wind farms	France	100%
Parco Eólico Marsica Vento, S.R.L.	Operation of wind farms	Italy	90%
Parque Eólico Ortona Vento, S.R.L.	Operation of wind farms	Italy	88%
Parco Eolico Nevena, Srl	Operation of wind farms	Italy	100%
Parco Eólico Piano di Lopa SRL	Operation of wind farms	Italy	100%
Parco Eólico Punta Ferru, S.R.L.	Operation of wind farms	Italy	90%
White Wind Farm, LLC	Operation of wind farms	EEUU	100%

Changes in the shareholdings of subsidiaries

Year 2014

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

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

Year 2013

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

Other corporate transactions

Year 2014

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

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

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

Year 2013

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

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

3. Accounting principles and policies and measurement methods applied

A. REVENUE RECOGNITION

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

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

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

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

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

B. STAGE OF COMPLETION

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

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

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

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

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

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

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

C. GOODWILL

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

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

D. OTHER INTANGIBLE ASSETS

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

Internally generated intangible assets - Development expenditure

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

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

- The expenditure is specifically identified and controlled by project and its distribution over time is clearly defined.

- They are feasible projects from a technical standpoint; it is intended to complete the projects and it is possible to use the results thereof.

- There are technical and financial resources to be able to complete the project.

- The project development expenditure can be measured reliably.

- Future economic benefits will foreseeably be generated through the sale or use of the project by the GAMESA Group.

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

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

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

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

Concessions, patents, licences, trademarks and similar

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

Software

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

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

E. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

F. ASSET IMPAIRMENT

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

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

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

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

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

G. INVENTORIES

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

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

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

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

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

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

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

H. FINANCIAL ASSETS AND LIABILITIES

Financial investments

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

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

- Financial assets at fair value through changes in profit or loss. These assets have certain of the following characteristics:

    - The GAMESA Group intends to generate a profit from short-term fluctuations in their prices.

    - They have been included in this asset category since initial recognition, since they form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

    - Derivative financial instruments that do not qualify for hedge accounting.

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

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

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

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

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

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

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

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

Category of financial assets at fair value

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

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

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

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

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

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

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

- The market value of derivatives listed on an organised market is their market price at year-end.

- Hedging and trading derivatives consist of forward exchange rate contracts and interest rate swaps. These forward exchange rate contracts have been stated at fair value using the forward exchange rates listed on an active market Interest-rate swaps are measured at fair value using forward interest rates extracted from observable yield curves. The effects of discounting are generally not significant for Tier 2 derivatives.

- To measure derivatives not traded on an organised market, the GAMESA Group uses assumptions based on year-end market conditions. Specifically, the fair value of interest rate swaps is calculated by discounting at a market interest rate the difference between the swap rates, and the market value of foreign currency forward contracts is determined by discounting the estimated future cash flows using the forward rates existing at year-end.

- The Group's policy is to recognize transfers to or from the fair value hierarchy levels on the date of the event concerned or the date on which the circumstances that gave rise to the transfer change.

- There have been no transfers at any level during 2014.

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

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

    - A longer-term means higher credit risk.

    - Counterparty credit ratings are the primary risk factor.

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

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

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

Impairment of financial assets

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

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

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

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

Cash and cash equivalents

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

Bank borrowings:

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

Trade payables

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

Derivative financial instruments and hedge accounting (see Note 22)

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

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

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

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

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

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

Financial liabilities and equity instruments

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

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

Disposal of financial instruments

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

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

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

I. NON-CURRENT ASSETS (OR DISPOSAL GROUPS OF ASSETS) CLASSIFIED AS HELD-FOR-SALE AND DISCONTINUED OPERATIONS

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

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

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

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

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

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

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

J. LEASES

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

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

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

K. SEGMENT REPORTING

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

L. TRANSACTIONS IN FOREIGN CURRENCY

<u>L.1. Group companies</u>

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

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

L.2. Transactions and balances

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

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

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

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

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

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

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

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

M. GOVERNMENT GRANTS

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

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

N. CLASSIFICATION OF CURRENT AND NON-CURRENT LIABILITIES

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

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

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

O. INCOME TAX

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

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

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

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

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

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

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

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

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

P. PARENT COMPANY TREASURY SHARES

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

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

Q. PROVISIONS

A distinction is drawn between:

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

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

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

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

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

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

Court proceedings and/or claims in progress

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

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

R. TERMINATION BENEFITS

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

S. SHARE-BASED PAYMENT

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

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

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

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

T. CONSOLIDATED CASH FLOW STATEMENT

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

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

- Cash flows. Inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.

- Operating activities. The principal revenue-producing activities of the GAMESA Group companies and other activities that are not investing or financing activities.

- Investing activities. The acquisition, sale or disposal through other means of non-current assets and other investments not included in cash and cash equivalents.

- Financing activities. Activities that cause changes in the size and composition of equity and liabilities and do not form part of operating activities.

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

U. EARNINGS PER SHARE

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

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

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

V. DIVIDENDS

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

W. INTEREST COST

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

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

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

4. Financial risk management policy

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

A. MARKET RISK (FOREIGN CURRENCY RISK)

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

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

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

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

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

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

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

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

Thousands of euros		Debit / (Credit) (*)			
		Devaluation 5% del euro		Appreciation 5% del euro	
Currency	Exchange rate at 12.31.2014	Impact on profits before taxes	Impact on equity before taxes	Impact on profits before taxes	Impact on equity before taxes
Dólar USA	1.2141	(4,938)	(3,783)	4,507	3,427
Yuan chino	7.5358	(1,354)	(5,857)	1,219	5,299
Rupia india	76.7165	(593)	(8,403)	532	7,602
Real brasileño	3.2207	(1,912)	(5,018)	1,730	4,552
Peso mexicano	17.9183	(1,181)	(1,629)	1,068	1,473

Thousands of euros		Debit / (Credit) (*)			
		Devaluation 5% del euro		Appreciation 5% del euro	
Currency	Exchange rate at 12.31.2013	Impact on profits before taxes	Impact on equity before taxes	Impact on profits before taxes	Impact on equity before taxes
Dólar USA	1.3791	(5,146)	(2,747)	5,691	2,664
Yuan chino	8.3491	(43)	(5,185)	179	5,309
Rupia india	85.336	(3,304)	(4,488)	3,533	4,370
Real brasileño	3.2600	(5,644)	(507)	6,130	507
Peso mexicano	18.0700	(9,645)	(1,113)	10,710	1,113

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

B. MARKET RISK (PRICE)

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

C. MARKET RISK (INTEREST RATE)

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

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

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

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

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

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

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

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

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

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

D. LIQUIDITY RISK

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

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

E. CREDIT RISK

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

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

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

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

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

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

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

5. Estimates and sources of uncertainty

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

- GAMESA launched a new business plan 2013-2015 published on October 25 2012, which includes measures that requires Management's estimation of the recoverable value of certain fixed assets (Note 10), intangible assets, (Notes 9) and stocks (Note 14).

- The GAMESA Group recognises by reference to the stage of completion revenue from wind farm and WTGS sale contracts that meet the requirements established in this connection (see Note 3.b). This requires that a reliable estimate must be made of the revenue from each contract and the total contract costs, as well as of the percentage of completion at year-end from technical and economic standpoints.

- As is indicated in Note 3.d) and 3.e), GAMESA Group determines the estimated useful lives and the relevant depreciation/amortization charges for its intangible assets and property, plant and equipment. The Group will increase the depreciation/amortisation charge where useful lives are shorter than previously estimated, and write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

- The GAMESA Group estimates the current provisions required for warranties for possible repairs and start-up costs that the Group will have to incur in connection with sales of WTGSs (see Notes 3.q and 23).

- The GAMESA Group has made certain assumptions in order to calculate the liability arising from obligations to employees (see Notes 3.r and 18.e) The fair value of those financial instruments granted as share-based payments that are not traded in an active market is determined by using measurement techniques. The Group uses judgments to select a variety of methods and to develop assumptions that are primarily based on the market conditions existing at each balance sheet date. Changes in these assumptions would not have a significant impact on these consolidated financial statements.

- The impairment tests require the estimation of the future evolution of the businesses and the most appropriate discount rate in each case. GAMESA Group believes that its estimates in this area are adequate and coherent with the current economic environment and they reflect its investment plans and the best estimates available regarding its future revenues and income, and it considers that its discount rates adequately reflect the risks relating to each cash generating unit.

- GAMESA analyses its accounts receivable and, on the basis of its best estimates, quantifies the amount thereof that could be uncollectible (Note 15).

- GAMESA Group estimates its contingent liabilities (Notes 3.q and 23).

- The Group is subject to income taxes in numerous jurisdictions. A significant level of judgment is required to determine the worldwide provision for income tax. There are many transactions and calculations with respect to which the ultimate calculation of the tax is uncertain in the ordinary course of business. The Group recognizes liabilities for potential tax claims based on an estimation of whether or not additional taxes will be necessary. When the final tax result differs from the amounts which were initially recognised, such differences will have an effect on income tax and the provisions for deferred taxes in the year in which they are deemed to arise (Note 27).

- The GAMESA Group recognises deferred tax assets, tax loss carryforwards and unused tax credits and tax relief only to the extent that their future realisation or utilisation is sufficiently assured (Note 25).

- As is indicated in Notes 1 and 36, in accordance with the Business Plan 2013-2015 and the new strategic orientation of wind energy plant development and sale, the assets and liabilities relating to the development activity in the United States are presented as disposal groups held for sale after the decision by Management to suspend the development and sale of wind energy plants in the United States.

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

6. Application of results

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

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

7. Segment reporting

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

- Wind Turbines (*)
- Operations and maintenance

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

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

- The segments were taken to be business units, since the GAMESA Group is organisationally structured in this manner, and the internal information generated for the Board of Directors and is also presented in this way.

- Companies consolidated using the equity method (Note 11) are all included in the Manufacturing segment.

A. INFORMATION BY BUSINESS UNITS

Revenue

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

	Thousands of euros	
Segment	**2014**	**2013**
Wind Turbines	2,411,087	1,970,770
Operations and maintenance	435,070	364,848
Net revenues from continued operations	**2,846,157**	**2,335,618**

Result for the year

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

Segment	Thousands of euros 2014	2013
Wind Turbines	125,817	80,531
Operations and maintenance	55,362	42,539
Total Results Segment Operations	**181,179**	**123,070**
Unassigned results	(51,212)	(66,905)
Corporate income tax	(38,119)	(11,132)
Results for the year attributable to the Parent company	**91,848**	**45,033**

B. GEOGRAPHICAL INFORMATION

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

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

The most significant disclosures in this connection are as follows:

Revenue

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

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

Total assets

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

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

Investment in assets

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

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

8. Goodwill

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

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

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

A. Goodwill allocated to the “Wind Turbine” cash-generating unit

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

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

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

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

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

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

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

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

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

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

B. Goodwill allocated to the “Operations and Maintenance” cash-generating unit

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

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

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

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

- Growth in the MW maintained (20.277) over the coming years in accordance with the Business Plant 13-15
- Increase in the EBIT margin above the wind turbine segment, in line with the Business Plan 13-15 and in line with the improvement in 2014 (approximately 12.5% EBIT margin in 2014).

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

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

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

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

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

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

9. Other intangible assets

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

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

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

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

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

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

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

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

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

10. Property, plant and equipment

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

Thousands of euros	**Land and buildings**	**Technical facilities and machinery**	**Other property, plant and equipment**	**Property, plant and equipment under constructi on**	**Total**
Cost					
Balance at 01.01.2013	**275,975**	**280,916**	**416,984**	**61,862**	**1,035,737**
Change in the consolidation scope (Note 2.g)	-	-	-	-	-
Additions	3,927	19,858	34,181	15,914	73,880
Disposals	(2,287)	(8,124)	(14,601)	(1,518)	(26,530)
Exchange differences in foreign currency	(5,586)	(5,176)	(7,356)	(2,174)	(20,292)
Transfers	5,618	60,189	(8,640)	(59,320)	(2,153)
Balance at 12.31.2013	**277,647**	**347,663**	**420,568**	**14.764**	**1,060,642**
Change in the consolidation scope (Note 2.g)	(67,148)	(988)	-	-	(68,136)
Additions	4,410	8,158	30,226	12,600	55,394
Disposals	(4,396)	(34,079)	(18,013)	(170)	(56,658)
Exchange differences in foreign currency	11,375	7,013	11,011	735	30,134
Transfers	(946)	6,353	(1,150)	(10,333)	(6,076)
Balance at 12.31.2014	**220,942**	**334,120**	**442,642**	**17,596**	**1,015,300**

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

A. INVESTMENTS FOR THE FINANCIAL YEAR

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

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

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

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

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

B. LEASING CONTRACTS

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

C. TOTALLY DEPRECIATED ASSETS

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

D. COMMITMENTS FOR THE ACQUISITION OF ASSETS

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

E. INSURANCE COVERAGE

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

11. <u>Investments carried under the equity method</u>

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

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

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

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

The heading "Changes in the consolidation scope" includes:

- In 2014, the disposal of WorldWater&Solar Technologies, Inc. (Note 2.g). As it was practically 100% impaired, it had no impact on the Consolidated Annual Accounts at December 31, 2014.

- The liquidation of the company Skybuilt Power, Inc. in 2013 (Note 2.g). Given that it was impaired practically 100%, it did not have a significant impact on the consolidated annual accounts at December 31, 2013.

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

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

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

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

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

A. SHAREHOLDING IN WINDAR RENOVABLES, S.L. AND SUBSIDIARIES

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

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

If the intention is negative:

1. Daniel Alonso Group will attempt to facilitate the entry of a third-party buyer for Gamesa's interest or,

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

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

B. SHAREHOLDING IN 9REN ESPAÑA, S.L.

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

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

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

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

C. OTHER SHAREHOLDINGS

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

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

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

12. <u>Financial instruments by category</u>

A. COMPOSITION AND BREAKDOWN OF FINANCIAL ASSETS

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

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

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

B. *COMPOSITION AND BREAKDOWN OF FINANCIAL LIABILITIES*

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

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

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

13. Non-current financial assets

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

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

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

A. INVESTMENT SECURITIES

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

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

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

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

B. OTHER NON-CURRENT FINANCIAL ASSETS

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

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

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

14. Inventories

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

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

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

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

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

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

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

15. Trade and other receivables

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

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

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

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

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

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

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

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

16. Cash and other cash equivalents

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

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

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

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

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

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

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

18. Equity of the Parent Company

A. SHARE CAPITAL

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

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

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

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

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

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

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

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

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

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

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

	Thousands of euros	
	12.31.2014	**12.31.2013**
Non-current liabilities		
Bank borrowings and other non-current liabilities (Note 21 and Note 24)	570,927	568,956
Current liabilities		
Bank borrowings and other current liabilities (Note 21 and Note 24)	99,561	745,000
Total bank borrowings	**670,488**	**1,313,956**
Cash and other cash equivalents (Note 16)	**811,029**	**893,600**
Bank borrowings net of cash	**(140,541)**	**420,356**
Total Equity of the Parent	**1,385,320**	**1,012,734**
Proportion of debt (net of cash) and equity attributable to the Parent company	**(10.15%)**	**41.51%**

B. SHARE PREMIUM

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

C. UNREALISED ASSET AND LIABILITY REVALUATION RESERVE

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

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

D. OTHER RESERVES

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

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

<u>Legal reserve</u>

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

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

E. TREASURY SHARES

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

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

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

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

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

2011-2013 Incentive Plan

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

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

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

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

- Maintain the employment relationship from the date of entry into force of the plan to the date of delivery of the shares.

- Achieved their personal targets.

- Sign the necessary contractual documents agreeing to keep 50% of the shares received for at least one year from the date the shares are delivered.

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

- The risk-free rate is 0.79%

- To determine the volatility of the shares and the dividends distributed per share, the average value was calculated for the last three months of 2010.

- The dividends accrued during the period of the plan are not paid.

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

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

<u>2013-2015 Incentive Plan</u>

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

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

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

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

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

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

19. Minority shareholdings

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

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

The minority shareholdings over the assets, liabilities, income and cash flows of the consolidated financial statements of the Gamesa Group are not relevant at December 31, 2014 and 2013.

20. Differences on exchange

During the second quarter of 2013, GAMESA Group decided to capitalise over the course of 2013 and 2014 monetary balances with foreign subsidiaries over 2013 in order to maintain the financing necessary to grow those business within the framework of the Business Plan 2013-2015, or re-establish their financial position, if necessary. As a result of this decision and on April 1, 2013, the Group classified these balances, up to their capitalization, as permanent net foreign investments and therefore the differences on exchange generated by these balances between April 1 and the formal debt capitalisation date, or December 31, 2014 if formal capitalisation had not been completed, have been recognised by charging or crediting, as appropriate, the heading Exchange differences under consolidated equity (Note 3.l).

The balances at December 31, 2014 and December 31, 2013 classified as permanent net foreign investments were as follows:

Location of the subsidiaries	Thousands of euros 12.31.2014	12.31.2013
India	15	56
Brazil	-	113
United Kingdom	-	16
Others	-	42
Total	**15**	**227**

21. Borrowings

Bank borrowings in the accompanying consolidated balance sheet at December 31, 2014 and 2013 as well as the maturity dates, are as follows:

	Carrying value	Short term	Debts at December 31, 2014 maturing at					
			Non-current					
	Balance at 12.31.2014	2015	2016	2017	2018	2019	2020 and Subsequent	Total Non-current
Accrued interest not paid	1,681	1,681	-	-	-	-	-	-
Loans	587,351	60,040	7,538	47,870	162,300	269,603	40,000	527,311
Payables for loan draw downs	36	36	-	-	-	-	-	-
Payables for discounted bills	953	953	-	-	-	-	-	-
Euro loans	**590,021**	**62,710**	**7,538**	**47,870**	**162,300**	**269,603**	**40,000**	**527,311**
US dollar	1,889	1,889	-	-	-	-	-	-
Indian rupees	22,576	22,576	-	-	-	-	-	-
Other	5,408	5,408	-	-	-	-	-	-
Loans and credit facilities denominated in foreign currency (Note 3.l)	**29,873**	**29,873**	**-**	-	-	-	-	-
Total	**619,894**	**92,583**	**7,538**	**47,870**	**162,300**	**269,603**	**40,000**	**527,311**

	Carrying value	Short term	Debts at December 31, 2013 maturing at					
			Non-current					
	Balance at 12.31.2013	2015	2016	2017	2018	2019	2020 and Subsequent	Total Non-current
Accrued interest not paid	4,654	4,654	-	-	-	-	-	-
Loans	1,131,799	608,896	43,507	3,235	3,345	155,064	317,752	522,903
Payables for loan draw downs	5,562	5,562	-	-	-	-	-	-
Payables for discounted bills	9,214	9,214	-	-	-	-	-	-
Euro loans	**1,151,229**	**628,326**	**43,507**	**3,235**	**3,345**	**155,064**	**317,752**	**522,903**
US dollar	85,942	85,077	732	133	-	-	-	865
Indian rupees	17,859	17,859	-	-	-	-	-	-
Other	6,273	6,273	-	-	-	-	-	-
Loans and credit facilities denominated in foreign currency (Note 3.l)	**110,074**	**109,209**	**732**	**133**	**-**	**-**	**-**	**865**
Total	**1,261,303**	**737,535**	**44,239**	**3,368**	**3,345**	**155,064**	**317,752**	**523,768**

The book value of the financial liabilities coincides with the fair value because the long-term debt, is issued almost entirely at a variable rate and corresponds to the loans obtained in recent years, with very similar conditions to the ones obtained in the market currently.

On December 16, 2004, Gamesa Corporación Tecnológica, S.A. obtained a loan from the European Investment Bank for the project called Gamesa Wind Power RDI.This loans will be drawn down in two tranches: €150,000 thousands and €80,000 thousands, respectively. On 20 December 2005, Gamesa Eólica, S.L. Unipersonal (indirectly wholly owned by Gamesa Corporación Tecnológica, S.A.) subrogated to the contractual position of Gamesa Corporación Tecnológica, S.A. This loan has been cancelled in advance at December 15, 2014 (€49,285 thousands disposed at December 31, 2013).

On December 19, 2008, Gamesa Eólica, S.L. (Sole-Shareholder Company) entered into a financing agreement with the European Investment Bank for a maximum of EUR 200 million, divided into two parts, EUR 140 million and EUR 60 million, respectively. The terms of this credit set maturity in 2018, 2019 and 2020 and an interest rate indexed to Euribor plus a market spread. These credits are fully disposed at December 31, 2013 and 2014.

On November 29, 2012, Gamesa Eólica, S.L., UnipersonaL obtained a €260,000 thousands loan from the European Investment Bank to finance innovation, research and development projects relating to the processes of improving existing wind turbines, and the development of new products. The conditions of this loan establish its maturity date in 2019 and it accrues an interest rate referenced to the euribor rate plus a market spread. These credits are fully disposed at December 31, 2013 and 2014.

At June 22, 2011, the Gamesa Group signed a syndicated loan of 1,200 million euros. Its conditions set progressive maturities during the period 2014-2016 and an interest rate indexed to Euribor plus a market spread. The disposed amount at December 31, 2013 amounted to 588 million euros, being fully amortized at December 31, 2014.

At June 3, 2014, GAMESA signed a novation of a syndicated credit line contract ("revolving") amounting to EUR 350 million maturing in June 2018. The terms of the credit line establish an interest rate indexed to Euribor plus a market spread. At December 11, 2014, GAMESA has signed a novation of this syndicated credit line, increasing the limit to €750 million maturing in December 2019, from which no amount was disposed at December 31, 2014. This new loan and its novation have transferred to income statement the accrued formalization costs of the previous syndicated loan which amounted to 3.6 million euros.

At December 31, 2014, GAMESA Group had been granted loans and undrawn credit facilities that accounted for 60.77% (34.06% in December 31, 2013) of the total financing granted to it, which mature between 2015 and 2020 and which bear weighted average interest at Euribor plus a market spread. The loans outstanding at December 31, 2014 and 2013 bore annual weighted average interest at approximately 2.68% and 3.49%, respectively, at that date.

At December 31, 2014 the Consolidated Group companies had disposed loan agreements amounting €460 million (€1,048 million in 2013), with certain obligations, as the compliance with financial ratios throughout the life of the agreement relating the capacity to generate resources in the operations with the debt level and financial duties. Also, there are established certain limits on the arrangement of additional borrowings and the distribution of dividends, as well as other additional conditions. Not meeteing these contractual conditions would enable the banks to demand early repayment of the related amounts. The management of GAMESA considers that the financial ratios established in the loan and credit agreements are met at December 31, 2014 and that they will be met in the future.

At December 31, 2014 and 2013, the GAMESA Group did not have any bank borrowings tied to fixed interest rates, except for the hedges described in Note 22.

The fair value, taking into consideration the counterparty credit risk, of bank borrowings at December 31, 2014 and 2013 is similar to the carrying value since the debt is subject to variable interest rates and accrues market spreads (Note 3.h).

The sensitivity of the market value of bank borrowings based on the position to interest rate changes at December 31, 2014 and 2013 is as follows:

	Thousands of euros			
	Interest rate change			
	2014		2013	
	+0.25%	-0.25%	+0.25%	-0.25%
Change in the value of the debt	2,129	(2,129)	1,595	(1,595)

The sensitivity of the market value of foreign currency bank borrowings based on the position to exchange rate and interest rate changes at December 31, 2014 and 2013 is as follows:

	Thousands of euros							
	2014				2013			
	Change in interest rates		Change in Exchange rate (EUR/foreign currency)		Change in interest rates		Change in Exchange rate (EUR/foreign currency)	
Change in the value of debt	**+0,25%**	**-0,25%**	**+ 5%**	**- 5%**	**+0,25%**	**-0,25%**	**+ 5%**	**- 5%**
US dollar	4	(4)	90	(99)	409	(409)	53	(58)
Chinese yuan	-	-	-	-	20	(20)	-	-
Brazilian real	-	-	-	-	41	(41)	-	-
Swedish krona	4	(4)	258	(285)	16	(16)	299	(330)
Indian rupees	156	(156)	1.075	(1.188)	205	(205)	850	(940)

The GAMESA Group hedges part of the risk associated with the volatility of cash flows relating to the interest payments on borrowings tied to floating interest rates through derivative financial instruments (see Notes 4 and 22).

22. Derivative financial instruments

The GAMESA Group uses derivative financial instruments to hedge the risks to which its activities, transactions and future cash flows are exposed, mainly foreign currency and interest rate risk. The detail of the balances that represent the revaluation of derivatives in the consolidated balance sheets at December 31, 2014 and 2013 is as follows:

	Thousands of euros 12.31.2014			
	Current		Non-current	
	Assets (Note 12)	Liabilities (Note 12)	Assets (Notes 12 and 13)	Liabilities (Note 12)
INTEREST RATE HEDGES				
Cash-flow hedges				
Interest rate swaps:	-	112	-	547
FOREIGN CURRENCY HEDGES:				
Cash-flow hedges				
Exchange insurance	7,171	4,766	1,087	191
Fair value hedge:				
Exchange insurance	1,792	8,570	777	-
Total	**8,963**	**13,448**	**1,864**	**738**

	Thousands of euros 12.31.2013			
	Current		Non-current	
	Assets (Note 12)	Liabilities (Note 12)	Assets (Notes 12 and 13)	Liabilities (Note 12)
INTEREST RATE HEDGES				
Cash-flow hedges				
Interest rate swaps:	41	1,643	186	1,164
FOREIGN CURRENCY HEDGES:				
Cash-flow hedges				
Exchange insurance	11,394	8,395	-	-
Fair value hedge:				
Exchange insurance	8,144	149	-	-
Total	**19,579**	**10,187**	**186**	**1,164**

In 2014, to offset the effect on the consolidated income statement of hedging transactions, the GAMESA Group recognised an expense of €1,857 thousands (€4,422 thousands in 2013) under "Finance costs" in the consolidated income statement for 2014 (Note 29.g), and in the heading "Exchange differences" of the consolidated income statement for the 2014 an expense of €1.083 thousands, accounted under the heading "Equity - of the Parent - unrealised asset and liability revaluation reserve" (see Note 18.c), under which they had previously been classified.

GAMESA Group uses derivatives as foreign currency hedges to mitigate the possible volatility effect of exchange rate fluctuations on future cash flows from transactions and loans in currencies other than the functional currency of the company concerned. In addition, GAMESA Group designates hedges for the exchange rate risk deriving from certain intragroup monetary transactions carried out by companies with different functional currencies. These hedging transactions mature mainly in 2015. At December 31, 2014 and 2013 the total nominal value covered by exchange rate hedges is as follows:

Currency	Thousands of euros	
	12.31.2014	12.31.2013
US dollar	51,997	149,277
Chinese yuan	8,246	135,098
Brazilian real	54,774	22,402
Polish zloty	-	3,483
Indian rupees	9,000	36,447
Mexican peso	2,086	13,006

Also, the GAMESA Group arranges interest rate hedges in order to mitigate the effect of interest rate fluctuations on future cash flows from loans tied to variable interest rates. At December 31, 2014 and 2013, the nominal value of the liabilities hedged by interest rate hedges amounted to €14,407 thousands and €389,582 thousands, respectively.

The main features of the interest rate hedges are as follows:

	Estimated period of cash-flows	
Year 2014	**2015**	**2016 and subsequent**
Interest rates	2,216	10,695

No significant ineffectiveness has been detected in the hedges designated by GAMESA Group in 2014 and 2013.

A. CREDIT RISK

The breakdown of the risk, by geographical area and counterparty, indicating the value in book thereof at the relevant dates, is as follows:

	2014		2013	
	Thousands of euros	**%**	**Thousands of euros**	**%**
By Geographical área:				
Spain	3,851	35,57%	15,506	78.50%
Other European Union countries	255	2,35%	1,352	6.80%
Rest of the world	6,721	62,08%	2,907	14.70%
Total	**10,827**	**100,00%**	**19,765**	**100.00%**
By Counterparty:				
Credit institutions	10,827	100,00%	19,765	100.00%
Total	**10,827**	**100,00%**	**19,765**	**100.00%**

The detail of the derivatives based on the credit ratings assigned by external credit rating agencies is as follows:

	2014		2013	
	Thousands of euros	**%**	**Thousands of euros**	**%**
Risks rated A+ or A-	2,308	21.32%	5,124	25.93%
Risks rated BBB+	1,315	12.14%	161	0.82%
Risks rated BBB	3,979	36.75%	1,427	7.22%
Risks rated BBB-	3,225	29.79%	12,862	65.08%
Risks rated BB	-	-	8	0.04%
Risks rated BB-	-	-	183	0.91%
Total	**10,827**	**100.00%**	**19,765**	**100.00%**

B. MARKET RISK

The sensitivity of the market value of the hedging derivatives arranged by the GAMESA Group to interest rate and exchange rate changes is as follows:

Thousands of euros	Percentage change in interest rates			
	2014		2013	
	+ 0.25%	- 0.25%	+ 0.25%	- 0.25%
Change in the value of the hedge	(2)	2	(6)	6

Thousands of euros	Percentage change in exchange rates			
	2014		2013	
	+ 5%	- 5%	+ 5%	- 5%
Change in the value of the hedge	(135)	135	(550)	550

23. Provisions for liabilities and charges

The detail of "Provisions for Contingencies and Charges" on the liability side of the accompanying consolidated balance sheet and of the changes therein in 2014 and 2013 is as follows:

Thousands of euros	Provisions for litigation, termination benefits, taxes and similar	Provisions for warranties	Provisions for contracts reflecting losses	Provision for restructuring	Total provisions
Balance at January 1, 2013	**60,377**	**274,702**	**15,183**	**8,994**	**359,256**
Period provisions charged to income statement (notes 29.e and 29.c)	5,161	95,363	-	6,918	107,442
Transfers to current items	(30,261)	27,558	-	-	(2,703)
Reversal due to excess provisions (Note 29.e)	-	(33,669)	-	-	(33,669)
Provisions used for their intended purpose	(8,563)	(132,133)	(11,373)	(15,912)	(167,981)
Differences on exchange in foreign currency	-	(9,775)	-	-	(9,775)
Balance at December 31, 2013	**26,714**	**222,046**	**3,810**	**-**	**252,570**
Period provisions charged to income statement (Note 29.e y 29.c)	-	76,800	-	-	76,800
Transfers to current items	(2,561)	5,185	-	-	2,624
Provisions used for their intended purpose	(5,019)	(99,877)	(3,810)	-	(108,706)
Differences on exchange in foreign currency	288	11,464	-	-	11,752
Balance at December 31, 2014	**19,422**	**215,618**	**-**	**-**	**235,040**

The information regarding the information for the Group's provisions is divided into 4 large groups:

A. LITIGATION, TERMINATION BENEFITS, TAXES AND SIMILAR

The GAMESA Group recognises provisions for third-party liability arising from litigation in progress and from termination benefits, obligations, collateral and other similar guarantees for which the Company is legally liable. At the end of each reporting period the GAMESA Group estimates the liabilities arising from litigation and similar events which require the recognition of provisions of a tax and legal nature. Although the Group considers that the cash outflows will take place in the coming years, it cannot predict the settlement date of these liabilities and, therefore, it does not make an estimate of the specific dates of the cash outflows, considering the effect of a potential discount to present value to be immaterial.

B. PROVISIONS FOR GUARANTEES

The provision for warranties relates basically to the possible repair and start-up expenses which should be covered by the Group during the warranty period established in each WTGS sale agreement (generally two years)) and those specific provisions derived from operative errors.

The provision for guarantees additionally includes the balances of non-recurring provisions recorded in 2012 derived from various factors, including customer complaints in the exclusive area of operational activity of the Group, evidenced mainly from the second half of the year 2012 on, corresponding to the present obligation arising from contracts and subsequent agreements with customers to implement in the next 2 years, mainly to cover the cost of replacement or repair costs in the terms for completion agreed with the client.

C. CONTRACTS REFLECTING LOSSES

On October 10, 2012, GAMESA concluded a framework agreement for the supply of 4.5 MW wind turbines in Finland in 2013 and 2014. At December 31, 2012 the estimation was that the total cost would exceed the revenues obtained from the contract and therefore, in accordance with the accounting policy described in Note 3.b), a provision has been recorded for liabilities and charges totalling €15 million under the heading "Change in provisions for contracts reflecting losses" in the consolidated income statement for 2012.

During 2013 €11.3 million was applied for this purpose, and a provision pending application totalling €3.8 million remains at December 31, 2013, which has been fully applied for this purpose in 2014.

D. RESTRUCTURING

In 2012 GAMESA launched a Business Plan 2013-2015 which contemplates the rationalization of fixed expenses by reducing the payroll to allow the size of its structure to be in line with the market situation and without inefficiencies, as well as the closing of offices, branches and service centres. In this context, in 2012 GAMESA has recognised personnel restructuring costs when they have been formally informed of this decision in 2012, totalling €32.6 million. This provision was applied in full in 2013 and there were no significant differences between the estimate made at the end of 2012 and the actual application in 2013.

24. Other non-current liabilities

The detail of “Other non-current liabilities” in the accompanying consolidated balance sheets at December 31, 2014 and 2013 is as follows:

	Thousands of euros	
	12.31.2014	**12.31.2013**
Refundable advances	43,616	45,188
Non-current advances from customers	-	3,290
Other non-current liabilities	10,013	5,244
Total	**53,629**	**53,722**

“Refundable advances” includes basically interest-free advances provided to the Group companies Gamesa Innovation and Technology, S.L. (Sole-Shareholder Company) and Cantarey Reinosa, S.A. (Sole-Shareholder Company) by the Ministry of Science and Technology and other public agencies to finance R&D projects, which are repayable over seven or ten years, following a three-year grace period. The portion of these advances maturing at short term is recognised under "Other current liabilities" in the consolidated balance sheet. These amounts mature as follows:

		Prepayments refundable at December 31, 2014 maturing at						
		Short-term	Non-current					
	Balance at 12.31.2014	2015	2016	2017	2018	2019	2020 and subsequent	Total long-term
Prepayments refundable	**50,594**	6,978	4,248	6,231	6,413	5,981	20,743	43,616

		Prepayments refundable at December 31, 2013 maturing at						
		Short-term	Non-current					
	Balance at 12.31.2013	2014	2015	2016	2017	2018	2019 and subsequent	Total long-term
Prepayments refundable	**52,653**	7,465	3,194	5,802	6,336	6,328	23,528	45,188

The financial liability corresponding to these refundable advances is recognised at its present value, which basically coincides with its fair value, and the difference up to its repayment value calculated at a rate between 3.5% and 5%, is recognised as an implicit aid to be recognised as income on a systematic basis, over the periods required to offset it with the related costs (see Note 3.h).

25. Deferred taxes

The detail of "Deferred Tax Assets" and "Deferred Tax Liabilities" in the accompanying consolidated balance sheet and of the changes therein in 2014 and 2013 is as follows:

Thousands of euros	12.31.2013	Allocation and/or credit (charge) to income (Note 27)	Credit (charge) to asset and liability revaluation reserve	Differences on exchange	Disposals/ Excluded from consolidation	12.31.2014
Deferred tax assets						
Revaluation of derivative financial instruments (Note 22)	3,491	-	(3,236)	(35)	-	220
Tax loss carryforwards	152,297	(2,906)	-	326	-	149,717
Unused tax credits recognised	137,023	3,999	-	-	-	141,022
Temporary differences	86,550	27,743	-	2,908	(2,871)	114,330
Total	**379,361**	**28,836**	**(3,236)**	**3,199**	**(2,871)**	**405,289**
Deferred tax liabilities:						
Deductible goodwill	(37,521)	(1,680)	-	-	-	(39,201)
Revaluation of derivative financial instruments (Note 22)	(3,722)	-	2,622	(559)	-	(1,100)
Temporary differences	(39,989)	(2,556)	-	-	-	(43,104)
Total	**(81,232)**	**(4,236)**	**2,622**	**(559)**	**-**	**(83,405)**

Thousands of euros	12.31.2012	Allocation and/or credit (charge) to income (Note 27)	Credit (charge) to asset and liability revaluation reserve	Differences on exchange	Disposals/ Excluded from consolidation	12.31.2013
Deferred tax assets						
Revaluation of derivative financial instruments (Note 22)	2,726	-	807	(42)	-	3,491
Tax loss carryforwards	59,230	94,501	-	(1,434)	-	152,297
Unused tax credits recognised	126,010	11,013	-	-	-	137,023
Temporary differences	159,552	(69,291)	-	(3,711)	-	86,550
Total	**347,518**	**36,223**	**807**	**(5,187)**	**-**	**379,361**
Deferred tax liabilities:						
Deductible goodwill	(36,621)	(900)	-	-	-	(37,521)
Revaluation of derivative financial instruments (Note 22)	(228)	-	(3,494)	-	-	(3,722)
Temporary differences	(20,365)	(25,367)	-	593	5,150	(39,989)
Total	**(57,214)**	**(26,267)**	**(3,494)**	**593**	**5,150**	**(81,232)**

The GAMESA Group recognises deferred tax assets, tax loss carryforwards and unused tax credits and tax relief only to the extent that their future realisation or utilisation is sufficiently assured.

The breakdown of temporary asset differences for items such as the following:

	Thousands of euros	
	12.31.2014	12.31.2013
Provisions for liabilities and charges and other provisions	46,447	34,633
Impairment of property, plant and equipment	-	1,477
Finance cost	777	11,394
Other temporary differences	67,106	39,046
Total	**114,330**	**86,550**

26. <u>Public administrations</u>

The Parent Company has its domicile for tax purposes in Vizcaya, and the tax legislation applicable to 2014 and 2013 is that in force in the Historic Territory of Vizcaya.

The detail of “Current assets – Tax receivables” and “Other payables – Tax payables” on the asset and liability sides, respectively, of the consolidated balance sheets at December 31, 2014 and 2013 is as follows:

	Thousands of euros	
	12.31.2014	12.31.2013
Tax receivables		
VAT refundable	140,369	230,035
Tax withholdings and interim payments made	32,507	22,612
VAT refunds receivable and other	10,437	144,994
Grants receivable	9,216	12,744
Total	**192,529**	**410,385**

	Thousands of euros	
	12.31.2014	12.31.2013
Tax payables		
VAT payable	72,742	251,797
Withholdings payable	10,233	4,193
Corporate income tax payable	8,566	18,192
Other taxes payable	2,714	3,436
Social security	5,604	3,302
Total	**99,859**	**280,920**

In 2014, when the Parent was subject to Vizcaya tax legislation, GAMESA and its subsidiaries that met the requirements established in the applicable legislation, resolved to be taxed under the special consolidated VAT regime provided for in Chapter IX of Vizcaya Regulatory VAT Decree 7/1994 (November 19) which regulates this tax, at its basic level. GAMESA is the Parent of this tax group and its subsidiaries are as follows.

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

27. Income tax expense/(income)

Since 2002 GAMESA and the following subsidiaries subject to Basque Country income tax legislation have filed their income tax returns under the special consolidated tax regime.

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

In 2010 the subsidiaries Gamesa Eólica, S.L.U, Gamesa Innovation and Technology, S.L.U and Estructuras Metálicas Singulares, S.A.U resolved to be taxed under the Navarre consolidated tax regime. Gamesa Eólica, S.L.U is the Parent of this tax group.

Since 2005 Gamesa Technology Corporation, Inc and its subsidiaries have filed consolidated federal income tax returns in the US. Gamesa Technology Corporation, Inc is the Parent of this tax group.

The other consolidated companies file individual tax returns.

The difference between the tax charge allocated to each year and the tax payable for that year, recognised in "Deferred Tax Assets" and "Deferred Tax Liabilities" on the asset and liability sides, respectively, of the consolidated balance sheets at December 31, 2014 and 2013, arose as a result of the following noteworthy circumstances:

- The different accounting and tax methods for recognising certain provisions.
- Temporary differences deriving from the limit of deducting financial expenses for tax purposes.

The breakdown of income tax between current tax and deferred taxes is as follows:

	Thousands of euros	
	2014	**2013**
Current taxes	62,719	21,088
Deferred taxes (Note 25)	(24,600)	(9,956)
Income tax expenses/(income)	**38,119**	**11,132**

The income tax expense (income) for 2014 and 2013 was determined as follows:

	Thousands of euros	
	2014	**2013**
Consolidated result before income tax	**134,127**	**60,461**
Permanent differences:		
- Exemption of gains from the sale of wind farms	(11,103)	(6,844)
- Assignment of intangible assets	(46,862)	(39,276)
- Profits obtained by companies consolidated using the equity method (Note 11)	667	8,523
- Dividends and other permanent differences	36,845	208,263
Adjusted book result	**113,674**	**231,127**
Gross tax at current rate in each country (*)	35,735	16,262
Deductions due to tax incentives and others generated during the year	(7,024)	(11,821)
Temporary differences relating to unrecoverable assets and other adjustments	9,408	6,691
Expense/(revenue) accrued on corporate income tax	**38,119**	**11,132**

(*) The fully consolidated foreign subsidiaries calculate the corporate income tax expense and the tax charges for the various taxes applicable to them in conformity with the legislation of, and at the tax rates in force in, their respective countries. When calculating the gross tax the effect of tax-loss carryforwards for the year from those subsidiaries that have not been taken into account since there are doubts that they may be realised.

The tax credits recognised in the year were earned by the Group as a result of the expenditure incurred and investments made in research and development and technological innovation, investments in non-current assets and job creation.

Under current legislation, tax losses can be carried forward for tax purposes for offset against the taxable profits that will foreseeably arise in the future periods provided for in each applicable legislation. In this connection, the various GAMESA Group companies have €149,717 thousands in tax-loss carryforwards available for offset in future years (€152,297 thousands in December 31, 2013). It also still records unused tax credits amounting to €141,022 thousands (€137,023 thousands in December 31, 2013) (Note 25).

Specifically, the recovery of the tax-loss carryforwards and deductions has been analysed, with respect to the main tax groups, as follows:

- Basque tax group for €32,363 thousands (€32,096 thousands in 2013). The recovery of the tax-loss carryforwards and deductions by the Basque Tax Group are reasonably ensured over a period of between 10 and 13 years. Tax-loss carryforwards and deductions generated by the Basque Tax Group expire for tax purposes in 15 years starting in 2013.
- Navarre tax group for €236,695 thousands (€220,127 thousands in 2013). The recovery of the tax-loss carryforwards and deductions by the Navarre Tax Group are reasonably ensured over a period of between 10 and 11 years. Tax-loss carryforwards and deductions generated by the Navarre Tax Group expire for tax purposes in 10 and 15 years, respectively.
- In addition, at the end of 2014 there were tax-loss carry forwards and deductions to other companies of the group generated totalling €21,990 thousands (€37,097 thousands in 2013) that have yet to be applied and his recovery is assured over a maximum of 5 years.

At December 31, 2014 and 2013, the GAMESA Group companies had unrecognised deferred tax assets. Also, the Group has unrecognised accredited tax loss carryforwards amounting to approximately €245,241 thousands (€161,663 thousands in December 31, 2013) and tax deductions amounting to approximately €145,529 thousands (€195,843 thousands in December 31, 2013). These deferred tax assets were not recognised because the GAMESA Group considers that the conditions for considering them to be recoverable in future years were not met.

In accordance with current legislation, taxes may not be regarded as definitively settled until the relevant returns have been examined by the tax authorities or the relevant lapsing period has ended. At 2014 year-end, in Spain the Group had all years since 2009 open for review for income tax and all years since 2010 for the other taxes applicable to it. The Company's directors consider that the aforementioned taxes have been appropriately settled and, consequently, even if there are discrepancies with respect to the interpretation of current legislation for the tax treatment given to the transactions, any potential resulting liabilities would not have a material effect on the accompanying consolidated financial statements.

28. Commitments, guarantees to third parties and contingent liabilities

At December 31, 2014, the GAMESA Group had received guarantees from banks and insurance companies that were provided to third parties amounting to €1,435,218 thousands (€ 1,396,449 thousands in 2013). The detail, by type, of the guarantees received by the GAMESA Group is as follows:

	Thousands of euros	
	12.31.2014	**12.31.2013**
Financing guarantees	189,828	28,629
Business contract guarantees	1,178,771	1,249,177
Guarantees provided to the government	66,619	118,643
Total	**1,435,218**	**1,396,449**

The GAMESA Group considers that the liabilities, if any, which might arise from the obligations and guarantees shown in the table above additional to those for which provisions had been recognised at December 31, 2014 and 2013 would not be material.

29. Revenue and expense

A. REVENUE AND OTHER OPERATING INCOME

The detail of these line items in the 2014 and 2013 consolidated income statements is as follows:

	Thousands of euros	
	2014	2013
Sale of goods (Notes 3.a and b)	2,278,539	1,802,133
Rendering of services	567,618	533,485
Net revenues	**2,846,157**	**2,335,618**
Operating grants (Note 3.g)	214	626
Own work capitalised (Notes 3.d and 3.e)	52,816	73,793
Other revenues	6,169	4,954
Other operating income	**59,199**	**79,373**

B. PROCUREMENTS

The detail of "Procurements" in the consolidated income statements for 2014 and 2013 is as follows:

	Thousands of euros	
	2014	2013
Acquisitions of raw materials and other supplies	1,973,835	1,457,869
Changes in inventories of goods held for resale and raw materials (Note 14)	22,235	(67,533)
Total	**1,996,070**	**1,390,336**

C. STAFF COSTS

The breakdown of this balance in the 2014 and 2013 consolidated income statements is as follows:

	Thousands of euros	
	2014	2013
Wages and salaries:	222,101	226,299
Incentive Plans (Note 18.e)	8,024	7,690
Changes in trade provisions for restructuring (Note 23)	-	6,918
Compensations	1,976	-
Company Social Security contributions	57,720	53,609
Other benefit expenses	13,103	15,109
Total	**302,924**	**309,625**

The average number of employees and directors in 2014 and 2013, by professional category, was as follows:

Categories	2014	2013
Board Members	10	10
Senior management	5	5
Directors	95	86
Management personnel	3,500	3,615
Employees	2,631	2,562
Total	**6,241**	**6,278**

The distribution of employees by gender in the year-end 2014 and 2013 is as follows:

	12.31.2014		
	Male	**Female**	**Total**
Board Members	9	1	10
Senior management	5	-	5
Directors	90	10	100
Management personnel	2,961	904	3,865
Employees	1,916	545	2,461
Total	**4,981**	**1,460**	**6,441**

	12.31.2013		
	Male	**Female**	**Total**
Board Members	9	1	10
Senior management	5	-	5
Directors	78	6	84
Management personnel	2,739	872	3,611
Employees	1,832	547	2,379
Total	**4,663**	**1,426**	**6,089**

The average number of employees at the Group in 2014 and 2013, with a disability equal to or greater than 33%, by category, was as follows:

Categories	2014	2013
Management personnel	6	5
Employees	12	12
Total	**18**	**17**

D. OTHER OPERATING EXPENSES

The breakdown of this balance in the 2014 and 2013 consolidated income statements is as follows:

	Thousands of euros	
	2014	**2013**
Rent and royalties	43,183	40,992
Repair, upkeep and maintenance expenses	12,287	6,004
Independent professional services	48,831	32,804
Vehicles	15,761	12,631
Insurance	17,853	15,703
Bank and similar services	14,469	27,711
Advertising, publicity and public relations	2,979	3,238
Utilities	12,959	16,882
Travel expenses	33,085	27,729
Telecommunications	4,755	5,500
Security	4,145	3,514
Cleaning	1,956	1,984
Subcontracting	31,206	35,712
Taxes and others	53,394	27,860
Total	**296,863**	**258,264**

At December 31, 2014, the future minimum lease payments under non-cancellable operating leases arranged by the GAMESA Group totalled approximately €33,166 thousands (€26,268 thousands in December 31, 2013). The due dates for the operating lease instalments that cannot be cancelled are as follows:

Year 2014	**Thousands of euros**		
	2015	**2016-2020**	**2020 and subsequent**
Operating lease instalments that cannot be cancelled	8,122	20,467	4,577

Year 2013	**Thousands of euros**		
	2014	**2015-2019**	**2019 and subsequent**
Operating lease instalments that cannot be cancelled	5,943	15,847	4,478

At December 31, 2014, the Company had recognised €3,140 thousands under “Non-current deposits and guarantees” (see Note 13.b) in respect of existing leases (€2,759 thousands in December 31, 2013).

E. DEPRECIATION AND AMORTISATION CHARGE AND PROVISIONS

The breakdown of this balance in the 2014 and 2013 consolidated income statements is as follows:

	Thousands of euros	
	2014	**2013**
Property, plant and equipment depreciation charge (Note 10)	60,817	66,391
Intangible asset amortisation charge (Note 9)	31,138	20,183
Depreciation	**91,955**	**86,574**
Change in operating provisions for warranties and others (Note 23)	76,800	66,855
Change in write-downs of inventories (Note 14)	(7,978)	3,254
Change in other trade provisions	14,571	(2,161)
Provisions	**83,393**	**67,948**
Depreciation/amortization and provisions	**175,348**	**154,522**

F. FINANCE INCOME

The breakdown of this balance in the 2014 and 2013 consolidated income statements is as follows:

	Thousands of euros	
	2014	**2013**
Profits from available-for-sale assets	3,315	201
Other finance and similar income	8,367	10,289
Total	**11,682**	**10,490**

G. FINANCE COSTS

The breakdown of this balance in the 2014 and 2013 consolidated income statements is as follows:

	Thousands of euros	
	2014	**2013**
Financial expenses and others treated as such (Note 21)	52,498	50,618
Transfer of gains/losses on hedges of Cash flows (Note 18.c)	1,857	4,422
Total	**54,355**	**55,040**

Capitalised interest on the construction of wind energy plants in 2014 and 2013 amounted €1,137 thousands and €3,085 thousands, respectively. The average capitalisation rates used in 2014 and 2013 were 2.57% and 2.48% respectively.

30. Directors' remuneration

In 2014 the Directors of GAMESA earned fixed and variable salaries, per diems, and other items amounting to approximately €3,700 thousands (€2,621 thousands in 2013). The detail of the aforementioned amount is as follows:

	Thousands of euros	
	2014	**2013**
Directors		
Type of remuneration		
Fixed compensation	1,776	1,727
Variable compensation	871	221
Per diets	481	508
	3,128	**2,456**
Other benefits	572	165
Total	**3,700**	**2,621**

The heading "Other benefits" relates to (i) the amount of the premium paid to cover death and disability benefits amounting €47 thousands (€45 thousands in 2013) and life and savings benefits covering active directors by €450 thousands (no amount in 2013); and (ii) allocation of a group liability insurance by €75 thousands (€120 thousands in 2013) for executives, directors and other employees.

Compensation for the Board of Directors does not include the accrual of long term Incentive Plans (Note 18.e) amounting €540 thousands in the year 2014 (€484 thousands in the year 2013), which payment will be effective once the Plan 2013-2015 ends and the payment will take place, according to the effective compliance of the objectives to which it is subjected, in the years 2016 and 2017.

No advances or loans were granted to current or former Board members and there are no pension obligations to them.

The detail of the total remuneration, by type of director, is as follows:

	Thousands of euros	
	2014	**2013**
Type of director		
Executives	1,836	1,136
Non-executive proprietary directors	423	342
Non-executive independent directors	1,441	1,127
Other external	-	16
Total	**3,700**	**2,621**

At 2014 year-end the members of the Board of Directors of Gamesa Corporación Tecnológica, S.A. and certain persons related to them as defined in the Spanish Limited Liability Companies Law held ownership interests in the following companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the Company’s object. Also, following is a detail of the positions held and functions discharged at those companies:

Owner	Investee company	Line of business	Number of shares	Function
Arregui Ciarsolo, Juan Luis	Iberdrola, S.A.	Electric industry	30,284,584	None
Rubio Reinoso, Sonsoles	Iberdrola, S.A.	Electric industry	28,005	Director of the Compliance Unit at Iberdrola Group
Castresana Sánchez, Ramón	Iberdrola, S.A.	Electric industry	9,899	Director of Human Resources at Iberdrola Group
Moreu Munaiz, Manuel	Iberdrola, S.A.	Electric industry	41,840	None

The members of the Board of Directors were affected by the following conflicts of interest in 2014:

- Castresana Sánchez, Ramón. In accordance with the procedure established in Article 35 of the GAMESA CORPORACIÓN TECNOLÓGICA, S.A. Board of Directors Regulations, when the Board has deliberated and adopted any resolutions relating to operations with IBERDROLA, S.A. and/or group companies, he has not participated in the deliberation, voting, decision and execution of the resulting resolution. This occurred at the Board meetings held on September 8.

- Rubio Reinoso, Sonsoles. In accordance with the procedure established in Article 35 of the GAMESA CORPORACIÓN TECNOLÓGICA, S.A. Board of Directors Regulations, when the Board has deliberated and adopted any resolutions relating to operations with IBERDROLA, S.A. and/or group companies, she has not participated in the deliberation, voting, decision and execution of the resulting resolution. This occurred at the Board meetings held on September 8.

Finally, the Chairman and CEO and some of the members of the executive team at GAMESA have contractual agreements to receive financial compensation in the event of termination for reasons attributable to the Company and, in some cases, due to the occurrence of objective circumstances, such as a change in control. The financial compensation agreed for such termination consists, in general, of the payment of compensation up to a maximum of two years' salary, depending on personal and professional circumstances and the time at which the agreement was concluded.

31. Remuneration of senior executives

The remuneration (salary, compensation in kind, social security contributions, etc.) relating to senior management, excluding those who are simultaneously members of the Board of Directors (whose remuneration is detailed above) amounted to €3,252 thousands in 2014 (€2,177 thousands in 2013). The compensation paid or payable to members of senior management for past employment services is set out in the following table:

	Thousands of euros	
	2014	2013
Salaries and other short-term compensation	3,252	2,094
Share-based payments	-	83
Total	**3,252**	**2,177**

The heading "Share-based payments" includes senior management compensation consisting of the settlement of the long-term incentive plan 2011-2013 that was made in the year 2013. Compensation for senior management does not include the accrual of long-term Incentive Plans (Note 18.e) amounting €1,586 thousands in 2014 (€1,063 thousands in 2013), whose payment will be effective once the Plan 2013-2015 ends and the payment will take place, according to the effective compliance of the objectives to which it is subjected, in the years 2016 and 2017.

In 2014 and 2013 there were no transactions with executives other than those carried out in the ordinary course of business.

32. Related party balances and transactions

All the significant balances at year-end between the consolidated companies and the effect of the transactions between them during the year were eliminated on consolidation. The detail of the transactions with related companies and associates and companies that are related parties which were not eliminated on consolidation in 2014 and 2013 is as follows:

	Thousands of euros			
Year 2014	**Receivables**	**Balances Payables**	**Sales and services rendered**	**Services received**
Iberdrola, S.A. and subsidiaries (Note 18)	50,351	209,508	313,312	5,519
Windar Renovables, S,L, and subsidiaries (Note 11)	4,538	26,296	9,387	71,384
Others	14,811	2,145	155	1,913
Total	**69,700**	**237,949**	**322,854**	**78,816**

	Thousands of euros			
Year 2013	**Receivables**	**Balances Payable**	**Sales and services rendered**	**Services received**
Iberdrola, S.A. and subsidiaries (Note 18)	264,400	294,967	291,824	3,742
Windar Renovables, S.L. and subsidiaries (Note 11)	662	30,603	1,257	84,975
Others	9,770	392	74	430
Total	**274,832**	**325,962**	**293,155**	**89,147**

All transactions with associated parties were carried out under market conditions.

A. AGREEMENTS 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 megawatts.

- Gamesa and Iberdrola, S.A will closely collaborate with new opportunities relating to the offshore wind business.

Gamesa and Iberdrola, S.A will collaborate within the area of maintenance services so that Gamesa Eólica will become a company of reference with respect to wind farm maintenance throughout Iberdrola's business. In particular, the following agreements have been reached:

- 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.

B. AGREEMENTS BETWEEN GAMESA GROUP AND WINDAR RENOVABLES, S.L.

On June 25, 2007 GAMESA Group (through its subsidiary Gamesa Eólica, S.L. Unipersonal) concluded a power supply agreement with Windar Renovables, S.L. The conditions for transactions with associates are equivalent to those carried out with independent parties.

33. <u>Other information</u>

A) INFORMATION REGARDING THE DEFERRAL OF PAYMENTS MADE TO SUPPLIERS.

The average payment period to suppliers during the year has been 84 days (98 days in the year 2013)

This average payment period is referred to the Spanish companies' suppliers of the consolidated group that because of its nature are trade creditors for the supply of goods and services, so that it includes the data relating the headings "Trade and other payables", "Trade payables to related parties" and "Other payables – Other current liabilities" of the current liabilities of the consolidated balance sheet.

34. Fees paid to auditors

In 2014 and 2013 the fees for financial audit and other services provided by the auditor of the Group's consolidated financial statements and the fees billed by the auditors of the separate financial statements of the consolidated companies, and by companies related to these auditors as a result of a relationship of control, common ownership or common management, were as follows:

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

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

35. Earnings per share

At December 31, 2014 the average number of ordinary shares used in the calculation of earnings per share is 259,121,794 shares considering the capital increase performed on September 8, 2014 (250,795,930 shares at December 31, 2013) (Note 18.a), given that in 2013 GAMESA has held an average of 3,085,066 treasury shares (3,084,787 in 2013) (Note 18.e).

The basic earnings per share from continuing and discontinued operations attributable to the Parent in 2014 and 2013 were as follows:

	2014	2013
Net profit from continuing operations attributable to the Parent (thousands of euros)	96,687	48,125
Net profit from discontinued operations attributable to the Parent (thousands of euros)	(4,839)	(3,092)
Average number of outstanding shares	259,121,794	250,795,930
Basic earnings per share from continuing operations (euros)	0.3737	0.1919
Basic earnings per share from discontinued operations (euros)	(0.0187)	(0.0123)
Total basic earnings per share	**0.3550**	**0.1796**

At December 31, 2014 and 2013, Gamesa Corporación Tecnológica, S.A., the Parent of the GAMESA Group, had not issued financial instruments or other contracts that entitle the holder thereof to receive ordinary shares of the Company. Consequently, diluted earnings per share coincide with basic earnings per share.

36. Disposal groups of assets classified as held-for-sale and discontinued activities

In accordance with the Business Plan 2013-2015 and the new strategic orientation of wind energy plant development and sale, the assets and liabilities relating to the development activity in the United States are presented as disposal groups held for sale after the decision by Management to suspend the development and sale of wind energy plants in the United States.

Although it has passed more than one year since the categorization of those assets as non-current assets held-for-sale, GAMESA keeps the prior classification because of the delay in facts or circumstances out of the Group's control and the commitment and plan to sell the assets is maintained.

On November 27, 2013, it was signed the sale contract of the participation that GAMESA had in the company Wind Portfolio Sponsorco, LLC., company that at the same time maintained the participation in various wind farms built by GAMESA (Sandy Ridge Wind, LLC., Senate Wind, LLC. and Minonk Wind, LLC.). That sale, which was done to the main shareholder, was definitively materialized during the first semester of 2014 once the technical and administrative conditions that were pending in 2013 have been considered as complied, finally receiving $117 million (€85 million).

As it is mentioned in the prior paragraph, in 2014 it was sold a significant part of the assets held-for-sale and actions for selling the remaining assets of this heading are being carried out according to its compromise and sales plan.

Details of the assets and liabilities that make up opponent classified as "Disposable group of items classified as held-for-sale" at December 31, 2014 and 2013, as in both years the conditions for such a classification were met in accordance with the matters indicated in Notes 3.i, are as follows:

	Thousands of euros	
	12.31.2014	12.31.2013
Property, plant and equipment	302	266
Investments carried under the Equity method	-	82.995
Non-current financial assets	10	9
Total non-current assets	**312**	**83,270**
Inventories	29,361	27,220
Receivables	1,844	2,560
Other current assets	-	392
Cash and other cash equivalents	(1)	15
Total current assets	**31,204**	**30,187**
Total disposal groups of items classified as held-for-sale	**31,516**	**113,457**
Other non-current liabilities	521	459
Total non-current liabilities	**521**	**459**
Other current liabilities	1,459	179
Total current liabilities	**1,459**	**179**
Total liabilities associated with disposal groups of items classified as held-for-sale	**1,980**	**638**
Net asset in disposal group	**29,536**	**112,819**

The main headings of the income statement relating to the component classified as a discontinued operation in 2014 and 2013 are as follows:

	Thousands of euros	
	2014	2013
Net revenues	4,279	2,847
Depreciation and provisions	-	(678)
Other expenses	(6,572)	(5,261)
Profit/(loss) before taxes	**(2,293)**	**(3,092)**
Corporate income tax attributable	(2,546)	-
Profit /(loss) for the year from discontinued activities	**(4,839)**	**(3,092)**

The development and sale of plants in the United States at December 31, 2014 and 2013 relates mainly to an operating wind farm in use owned by GAMESA and recognised under the heading "Inventories" in the above table. This heading was subjected to €31.9 million impairment recognised because the book value was higher than the recoverable value estimated by cash flow forecasts and references to transactions and other market parameters at December 31, 2012 that was not modified at December 31, 2013 and 2014.

This impairment has been applied taking into account projected cash flows over the coming years, bearing in mind a time horizon of 20 years, annual growth of 2% and the discount rate based on the weighted average cost of capital (WACC) of 9%. The key assumptions used were as follows:

- Units sold in coming years (MHh)
- Average revenues per unit.

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

- 5% decrease in the MWh sold in coming years.
- 5% increase in the MWh sold in coming years.
- 5% decrease in average revenues per MWh.
- 5% increase in average revenues per MWh.

These sensitivity analyses performed individually for each key assumption would have revealed the existence of additional impairment totalling approximately €2,078 thousands at December 31, 2014 and a decrease in impairment of approximately €2,088 thousand.

Furthermore, GAMESA performed a sensitivity analysis, consisting of increasing the discount rate by 50 basis points, which would have led to the need to record additional impairment of approximately €1 million.

At the date the Group's 2014 consolidated annual accounts were prepared GAMESA maintains sales negotiations for a value that does not significantly different from the value recognize that December 31, 2014. Management is carrying out the action that is necessary within the negotiation process and expects a favourable decision regarding the transfer of the non-current asset in the short-term.

At December 31, 2014 the amount recognised as "result for the year from discontinued operations" fundamentally includes the losses generated by this wind farm.

The breakdown of cash flows deriving from the component classified as discontinued operations in 2014 and 2013 is as follows:

	Thousands of euros	
	2014	**2013**
Cash flows from operating activities	(1,762)	(13,322)
Cash flows from investing activities	85,416	(392)
Cash flows from financing activities	-	12,629
Total cash flows from discontinued activities	**83,564**	**(1,085)**

The cash-flow originated in the charge of the sale of the stake in Wind Portfolio Sponsorco, LLC is included in the continuing activities cash-flow of the Group.

37. Joint venture Offshore

On July 7 2014, GAMESA announced that it had reached a binding agreement with Areva, S.A. (“Areva”) and other companies of its group for the setting-up of a company owned 50% by both groups to which each other would contribute its offshore business and through which they would exclusively focus the development of that business (the “JV” and the “Operation”).

The registered address of the JV would be located in Zamudio (Vizcaya). Apart from Spain, the JV would have operational headquarters in France, Germany and United Kingdom.

GAMESA Group would provide to the JV with its offshore business with assets worth €195 million and would consolidate its participation in the JV by the Equity Method.

The JV would begin with a 2.8 GW project portfolio and with the objective of reaching a market share close to 20% in Europe by 2020. This would involve that the JV had the current platforms of 5MW of its owners and would develop another 8MW platform. The JV would continue with the development of industrial commitments, bounded to the adjustment of projects acquired by Areva in France and United Kingdom, such as the creation of an assembly and blade plant in Le Havre and the development of a supplier network in France. Likewise, GAMESA would sign with the JV a preferential supplier contract.

In the shareholders contract that would be signed in the moment of the execution of the operation, GAMESA and Areva would have identical presence in the JV’s Board of Directors, whose presidentship will be assumed by one of the partner’s representative, in successive periods of two years.

The operation was initially under the compliance of certain suspensive conditions such as obtaining permissions from the competition authorities, as well as other pertinent authorizations and consents.

During the last moths both parties have been working on the compliance of the mentioned suspensive conditions, being at the date of the preparation of these Consolidated Financial Statements awaiting the completion of all of them, taking into account that it is considered a relevant operation, as it is announced.

38. Post-balance sheet events

There were no significant subsequent events to the year end.

39. Explanation added for translation to english

These Consolidated financial statements are presented on the basis of IFRS, as adopted by the European Union. Certain accounting practices applied by the Group that conform to IFRS may not conform to other generally accepted accounting principles in other countries.

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 Plateu	Operation of wind farms	-	France	100%
Sistemas Energéticos La Plana, S.A.	Operation of wind farms	Attest	Zaragoza	90%
Sistemas Energéticos La Jimena, S.A.	Operation of wind farms	-	Soria	60%
Sistemas Energéticos Barandón, S.A.	Operation of wind farms	-	Valladolid	100%
Eoliki Peloponisou Lakka Energiaki A.E.	Operation of wind farms	EY	Greece	86%
Eoliki Attikis Kounus Energiaki A.E.	Operation of wind farms	EY	Greece	86%
Sistemas Energéticos Ventorrillo, S.A. Unipersonal	Operation of wind farms	-	Sevilla	100%
Eólica Dos Arbolitos, S.A.P.I. de C.V.	Operation of wind farms	-	Mexico	100%
Sistemas Energéticos de Tarifa, S.L. Unipersonal.	Development of wind farms	-	Vizcaya	100%
Sistemas Energéticos Argañoso, S.L. Unipersonal.	Development of wind farms	-	Vizcaya	100%
Sistemas Energéticos Ortegal, S.A.	Operation of wind farms	-	A Coruña	80%
Sistemas Energéticos del Sur, S.A.	Operation of wind farms	-	Sevilla	70%
Sistemas Energéticos los Nietos, S.A. Unipersonal.	Operation of wind farms	-	Sevilla	100%
Sistemas Energéticos Sierra de Lourenza, S.A. Unipersonal	Operation of wind farms	-	Vizcaya	100%
Sistemas Energéticos Loma del Reposo, S.L. Unipersonal	Development of wind farms	-	Vizcaya	100%
Sistemas Energéticos Edreira, S.A. Unipersonal	Operation of wind farms	-	A Coruña	100%
Sistemas Energéticos Campoliva, S.A. Unipersonal	Operation of wind farms	-	Zaragoza	100%
Sistemas Energéticos Carril, S.L.Unipersonal	Development of wind farms	-	Vizcaya	100%
Gesacisa Desarrolladora SA de CV	Operation of wind farms	EY	Mexico	100%
Sistemas Energéticos Alcohujate, S.A. Unipersonal	Operation of wind farms	-	Toledo	100%
Energiaki Megas Lakkos, S.A.	Operation of wind farms	EY	Greece	100%
SAS SEPE Lingevres	Operation of wind farms	-	France	100%
SAS SEPE St. Loup de Saintonge	Operation of wind farms	-	France	100%
SAS SEPE Villiers Vouille et Yversay	Operation of wind farms	-	France	100%
SAS SEPE Dampierre Prudemanche	Operation of wind farms	PWC	France	100%
SAS SEPE Germainville	Operation of wind farms	PWC	France	100%
SAS SEPE Ecueille	Operation of wind farms	PWC	France	100%
Sistemas Energéticos el Valle, S.L.	Operation of wind farms	-	Navarra	100%
Sistemas Energéticos Fonseca, S.A. Unipersonal	Operation of wind farms	-	A Coruña	100%
Sistemas Energéticos del Umia, S.A. Unipersonal	Operation of wind farms	-	A Coruña	100%
Sistemas Energéticos Cuntis, S.A.	Operation of wind farms	-	A Coruña	100%
Sistemas Energéticos La Cámara, S.L.	Operation of wind farms	-	Sevilla	100%
Sistemas Energéticos Fuerteventura, S.A. Unipersonal	Operation of wind farms	-	Canarias	100%
Sistemas Energéticos Arico, S.A. Unipersonal	Operation of wind farms	-	Canarias	100%
Sistemas Energéticos Alto de Croa, S.A. Unipersonal	Operation of wind farms	-	A Coruña	100%
Sistemas Energéticos Cabanelas, S.A. Unipersonal	Operation of wind farms	-	A Coruña	100%
Abruzzo Vento, Srl	Development and Operation of wind farms	-	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 Organizacji	Operation of wind farms	EY	Poland	100%
Parco Eolico Tuturano S.R.L.	Operation of wind farms	-	Italy	100%
Parco Eolico Prechicca S.R.L.	Operation of wind farms	-	Italy	100%
Paro Eolico Monte Maggio Scalette S.R.L.	Operation of wind farms	-	Italy	100%
Osiek Sp. Z o.o	Operation of wind farms	-	Poland	100%
Sistemas Energéticos Monte Genaro, S.L. Unipersonal	Operation of wind farms	-	Vizcaya	100%
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 Reinosa, S.A. Unipersonal	Manufacture of electricity generators	EY	Cantabria	100%
Enertron, S.L. Unipersonal	Manufacture of electronic elements	EY	Madrid	100%
Gamesa Wind South Africa PTY LTD	Manufacturing and holding company	-	South Africa	100%
Gamesa Australia PTY, LTD	Manufacturing and holding company	-	Australia	100%
Gamesa Chile SpA	Manufacturing and holding company	-	Chile	100%
Gamesa Dominicana, S.A.S.	Manufacturing and holding company	EY	Dominican Republic	100%
Gamesa Energy Transmission, S.A. Unipersonal	Manufacture of wind-power components	EY	Vizcaya	100%
Gesa Eólica Mexico, SA de CV	Wind-powered facilities	EY	Mexico	100%
Gamesa Wind Poland Sp zoo	Wind-powered facilities	-	Poland	100%
Parque Eólico Dos Picos, S.L. Unipersonal	Operation of wind farms	-	Vizcaya	100%
Gamesa Morocco, SARL	Wind-powered facilities	-	Morocco	100%
Gamesa Wind Energy Services, Ltd	Manufacturing and holding company	-	Turkey	100%

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 Entwicklungsgesellschaft, GmbH	Development of wind farms	-	Germany	50%
Sistems Electrics Espluga S.A.	Operation of wind farms	-	Barcelona	50%
Windar Logistic, S.L.	Manufacturing and holding company	-	Jaén	32%
Tadarsa Eólica	Manufacturing and holding company	-	Avilés	32%
Windar Wind Services S.L. Unipersonal	Manufacturing and holding company	-	Spain	32%
Windar Renewable Energy Private Ltd.	Manufacturing and holding company	PWC	India	32%
Windar Offshore, S.L	Manufacturing and holding company	PWC	Avilés	32%

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 consolidated financial statements for 2014 of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. authorised for issue by the Board of Directors at its meeting held on 25 February 2015 is the content of the preceding 95 sheets of unstamped paper, on the obverse only, and the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements, for authentication purposes, bear my signature and that of the Chairman of the Board of Directors.

The directors listed below hereby so ratify by signing below, in conformity with Article 253 of the Spanish Limited Liability Companies Law.

Ignacio Martín San Vicente
Chairman and CEO

Juan Luis Arregui Ciarsolo
Deputy Chairman

Luis Lada Díaz
Member of the Board of Directors

José María Aracama Yoldi
Member of the Board of Directors

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

Madrid, February 25 2015 In witness whereof

Approval of the Chairman

Ignacio Martín San Vicente
Chairman and CEO

Carlos Rodríguez-Quiroga Menéndez
Secretary of the Board of Directors

Gamesa

ACTIVITY REPORT

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 Tecnológica[1] regained sales growth in 2014 while steadily increasing profitability, enhancing cash flow and strengthening its balance sheet. Commercial activity firmed up, with 3,315 MW order intake, i.e. 58% more than in 2013, while the order book totalled 2,494 MW at year-end, 38% more than at the end of 2013. Revenues in 2014 amounted to €2,846 million, 22% more than in 2013, and EBIT totalled €191 million[2], a 48% increase year-on-year, while the EBIT margin was 6.7%[2], over one percentage point higher than in 2013. At constant exchange rates, revenues in 2014 expanded by 25%[3] y/y, and the EBIT margin was 7.2%[3], i.e. almost 2 percentage points higher than in 2013. In addition to improved profitability and growth in sales, GAMESA continues to optimise working capital, which, combined with focused capex, enabled it to reduce debt organically by 79% y/y[4] and end the year with a net cash position of €143 million, after increasing capital by approximately 10%.

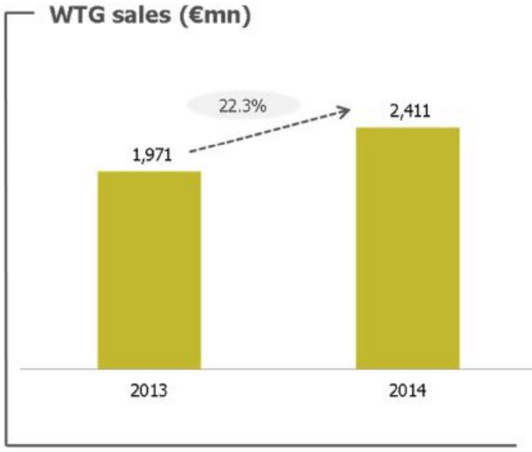
Main consolidated figures for 2014

- **Revenues:** €2,846 million (+21.9% y/y)
- **EBIT[2]**: €191 million (+48.1% y/y)
- **Net Income[2]:** €101 million (2x y/y)
- **Net cash on the balance sheet:** €143 million (-0.4x EBITDA)
- **MWe sold:** 2,623 (+34.3% y/y)
- **Firm order intake:** 3,315 MW (+58% vs. 2013)

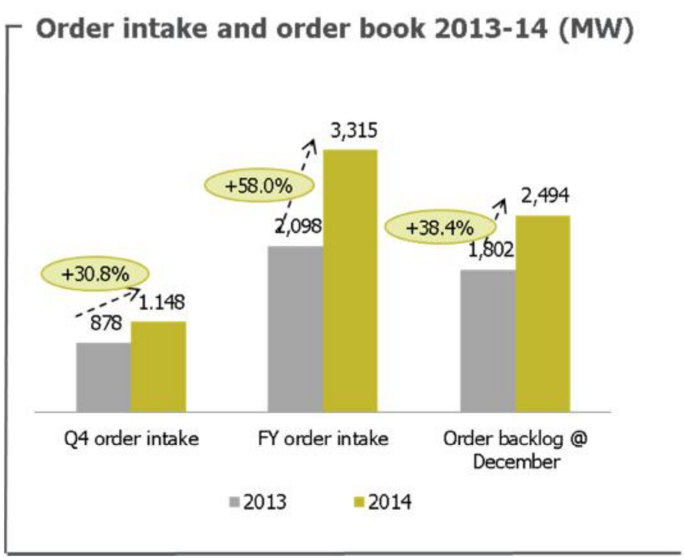
GAMESA Corporación Tecnológica ended 2014 with revenues of €2,846 million, a 22% increase over 2013, due to growth in the company's two areas of activity: wind turbine manufacturing and O&M services. The Wind Turbine division obtained €2,411 million in revenues in 2014, i.e. 22.3% more than in 2013, supported by strong growth in activity partially offset by the depreciation of the Indian rupee and the Brazilian real, the change in the geographic and project mix and, in particular, the recovery of sales in China, where the product scope is different[5]. **Activity volume amounted to 2,623 MWe, 34.3% more than in 2013 (1,953 MWe)**, due to the strong contribution by the Indian and Brazilian markets to group sales, the recovery in the US and China, and the contribution of emerging markets, such as the Philippines, Turkey and Sri Lanka. Growth in those markets was offset by the lower contribution to sales by Europe and RoW, although they improved in the second half of the year.

[1] Gamesa Corporación Tecnológica includes wind turbine manufacturing and O&M services. The wind farm development, construction and sale business is classified as part of the wind turbine generator manufacturing business.
[2] EBIT, EBIT margin and net profit excluding non-recurring items amounting to €9.4 million in 2014. Variations with respect to the 2013 numbers are calculated by excluding non-recurring items amounting to €5.6 million in 2013.
[3] At the 2013 average exchange rate.
[4] Year-on-year reduction in net financial debt excluding the cash inflow from the capital increase.
[5] Wind turbine sales contracts in China exclude the tower.

Revenues from O&M services totalled €435 million, i.e. 19.2% higher than in 2013, supported by 14% growth in the post-warranty fleet under maintenance compared with 2013.

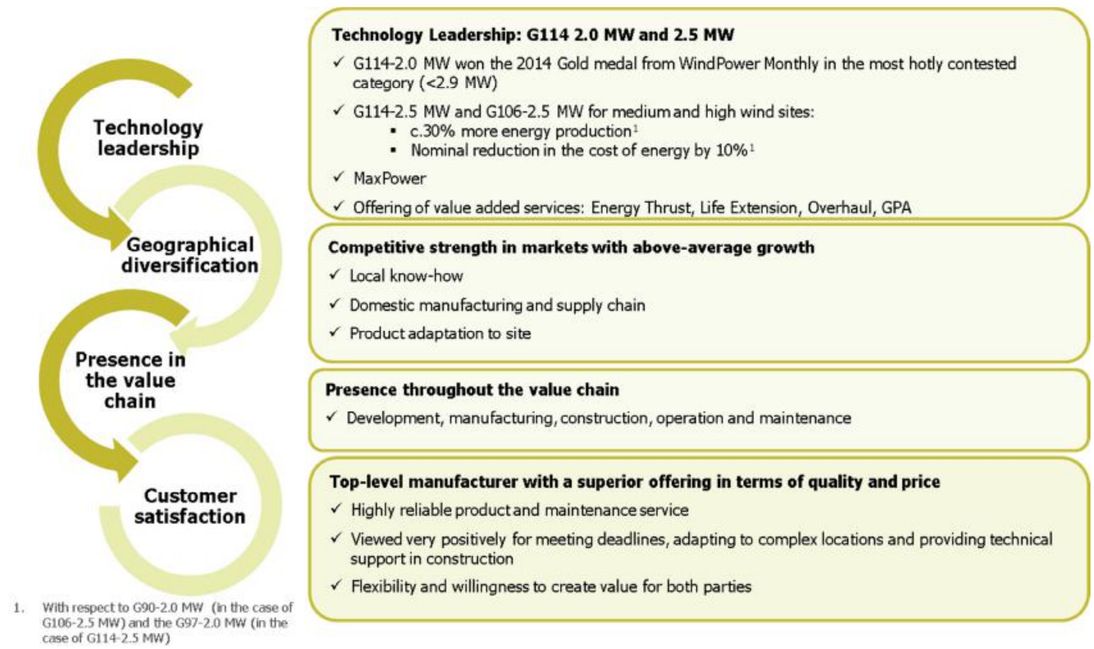


This increase in activity volume and revenues is in line with growth in global demand following the decline in 2013. The recovery in demand, driven in large part by the US market, was also supported by double-digit growth in emerging wind markets such as India, Brazil and Mexico; GAMESA has a strong position in all three. The sound sales positioning, supported not only by a diversified geographic presence but also by an extensive customer base and a portfolio of products and services aimed at maximising the return on wind assets, and a presence throughout the wind value chain enabled the company to sign orders for **1,148 MW[6] in the fourth quarter of 2014 (30.8% more than in Q4 2013), which raised total order intake in 2014 to 3,315 MW, 58% higher than in 2013 and twice the 2012 figure.** As a result, GAMESA ended 2014 with an order book totalling 2,494 MW, 38.4% higher than at 2013 year-end, **which covers 64%[7] of the sales guidance for 2015** and enhances medium-term visibility of sales.



[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])**.

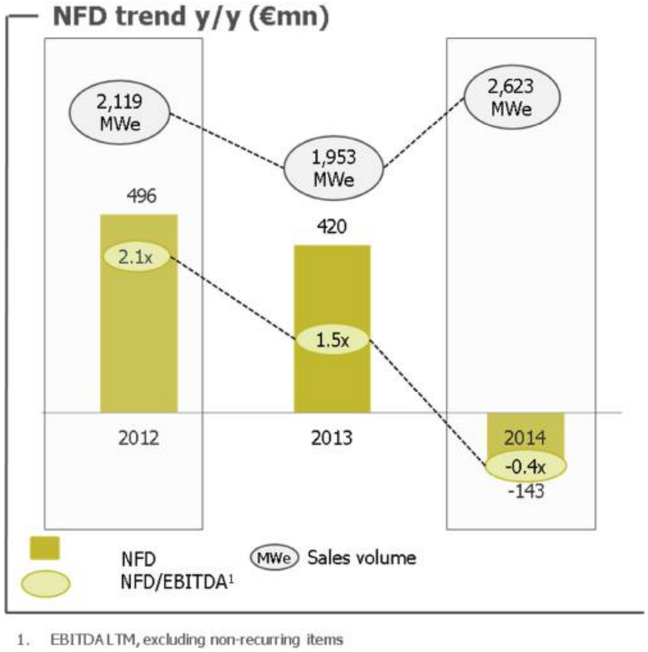
Solid growth in volume and O&M revenues combined with higher business profitability and the decline in exchange losses and in losses from certain investees, partially offset by the increase in the tax burden, resulted in **GAMESA doubling net profit to €101 million in 2014.**

[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.**



Faster-than-expected sales growth due to strong commercial activity, rising profitability and the reduction in debt enabled GAMESA not only to exceed its targets for 2014 but also to achieve the 2015 vision ahead of schedule. In particular, capital has been managed efficiently since the plan commenced, and working capital has been reduced by €365 million in the context of rising activity, while focusing capital expenditure has enabled this item to be cut from €190 million in 2012 (7.1% of revenues) €109[10] million in 2014 (3.8% of revenues) at the same time as the company has launched new products to fulfil the goal of optimizing the cost of energy.

	2014	2014 Objectives		2015 Vision (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 million[11], 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

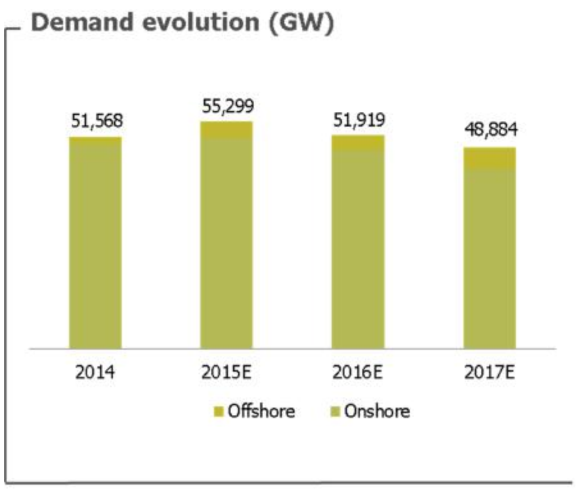
14 CAPEX figure does not include investments linked to pilot parks (2 MM EUR in 2014)

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.



Source 2015-17: Gamesa for onshore installations and average of the projections by MAKE, BTM and BNEF for offshore.
Source 2014; GWEC

The Americas, China and emerging countries are the main growth drivers in the immediate future

Projections for installations/connections to the grid in 2015 vary from 48GW[12] 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

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[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.

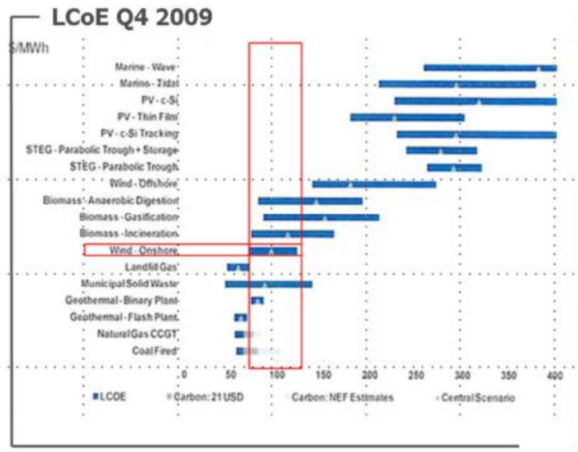
In addition to regulatory developments in the mature economies growing economies such as China, Brazil, Mexico and India continue working to reduce energy dependency while meeting the rising demand for energy.

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.

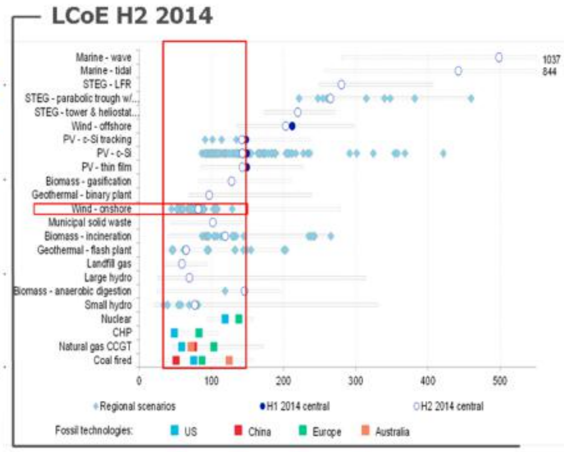
The new government in India has introduced major reforms that support investments in renewable energies in general and wind in particular. Accelerated depreciation has been reinstated for calculating the tax base for wind investments (up to 80% of the value in one year), tax holidays for wind generation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

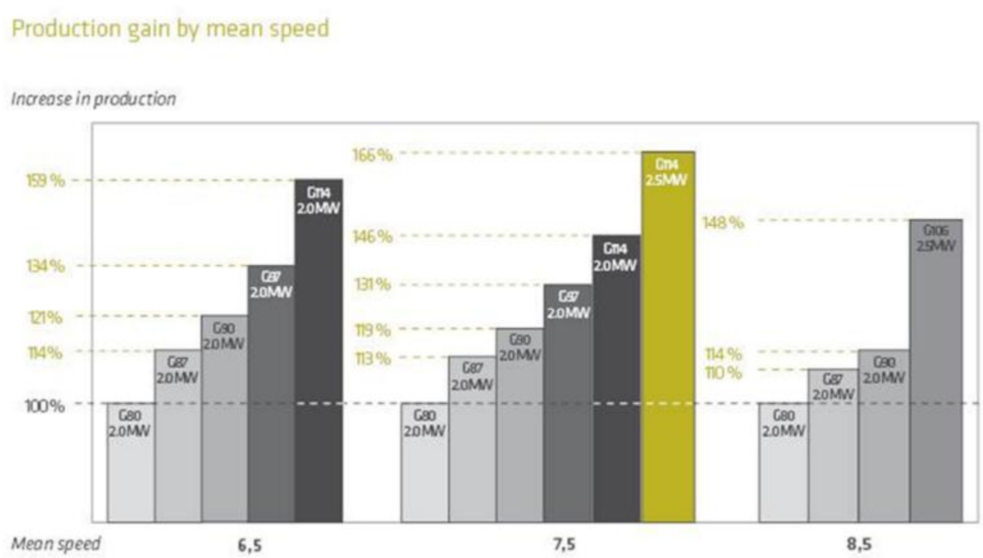


Source: Bloomberg New Energy Finance

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%.**

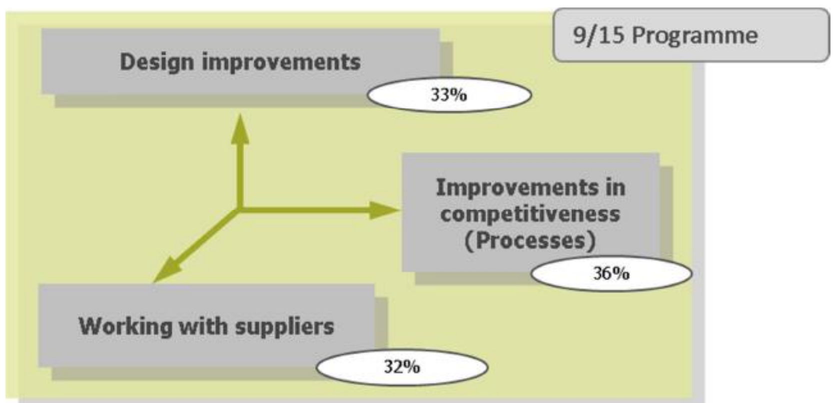


* NOTE: theoretical production calculated for k=2, density 1,225 kg/m3, with average speed at hub height.

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 rates[14], 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 2015**[15], 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.

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18 Excluding non-recurring item amounting to €9.4 Million

19 At the 2013 average exchange rate.

20 Hedging 2013 to 2014 calculated according to order book to December 2013 to 2014 on current sales activity 2014 (2,623 MWe).

21 Coverage calculated as orders for production in 2015 with respect to the mid-point of volume guidance for 2015 (2,800-3,100 MWe). 2014 coverage using actual sales for 2014 (2,623 MWe).

3. MAIN BUSINESS RISKS

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

The risk associated with changes in exchange rates assumed for GAMESA's transactions involve the purchase and sale of products and services relating to its activity that are denominated in various currencies.

In order to mitigate this risk, GAMESA has obtained financial hedging instruments from financial institutions.

4. USE OF FINANCIAL INSTRUMENTS

GAMESA Group uses financial hedges which allow The Group to mitigate risks involving exchange rates, interest rates, and equity volatility that could affect the Group estimated results based on estimates of expected transactions in its various areas of activity.

5. SUBSEQUENT EVENTS

There were no significant events subsequently to the year end.

6. RESEARCH AND DEVELOPMENT ACTIVITIES

Technological development is established within a multi-year framework that is rolled out in the Annual Technological Development Plan, where activities and deliverables are established for each year in question, and to which a budget is finally assigned.

In 2014 the main addition to “Research Development” under intangible assets was due to the development by GAMESA Innovation and Technology, S.L. of new wind turbine models and to the optimisation of the performance of their components amounting, in total for the entire Group, approximately €45.473 thousands (approximately €53,485 thousands in 2013):

7. TREASURY SHARE OPERATIONS

At 31 December 2014 GAMESA holds a total of 3,154,218 treasury shares representing 1.129% of share capital.

The total cost for these treasury shares totals €24,873 thousands, each with a par value of €7,886.

A more detailed explanation of transactions involving treasury shares is set out in Note 18.e of the Notes to the Consolidated Financial Statements at December 31, 2014.

8. CAPITAL STRUCTURE

THE CAPITAL STRUCTURE, INCLUDING SECURITIES TRADED ON A COMMUNITY REGULATED MARKET, INDICATING, WHERE APPROPRIATE, THE DIFFERENT NATURE OF SHARES AND FOR EACH TYPE OF SHARES, THE RIGHTS AND OBLIGATIONS GRANTED AND PERCENTAGE OF CAPITAL REPRESENTED:

In accordance with Article 4 of the Bylaws of GAMESA Corporación Tecnológica, S.A., in the wording approved on September 8, 2014 by the board of directors *"Share capital amounts €47,475,693.79 divided into 279,268,787 ordinary shares with a par value of seventeen cents each, numbered sequentially from 1 to 279,268,787, consisting of a single class and series."*

SIGNIFICANT DIRECT AND INDIRECT SHAREHOLDINGS

According to public information in the possession of GAMESA CORPORACION TECNOLOGICA, S.A. the capital structure at 31 December 2014 is as follows:

Name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% total voting rights
IBERDROLA, S.A.	54,977,288	-	19.686
BLACKROCK, INC.	-	8,971,980	3.213
NORGES BANK	8,421,434	-	3.016
DIMENSIONAL FUND ADVISORS LP	-	7,473,500	2,676[1]

[1] It is expressly stated that in accordance with the records of the National Stock Market Commission, the company DIMENSIONAL FUND ADVISORS LP holds a stake exceeding 3% of the share capital of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. and is therefore a significant shareholder.

(*) Through:

Name of direct holder of the stake	Number of direct voting rights	% total voting rights

9. RESTRICTIONS ON THE TRANSFER OF SHARES

There are no restrictions on the transfer of shares.

10. SIGNIFICANT DIRECT AND INDIRECT SHAREHOLDINGS

See point 8.

11. RESTRICTIONS ON VOTING RIGHTS

There are no restrictions of any kind on voting rights.

12. SHAREHOLDER AGREEMENTS

GAMESA Corporación Tecnológica, S.A. is not aware of the existence of any shareholder agreements.

13. REGULATIONS APPLICABLE TO THE APPOINTMENT AND REPLACEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS AND AMENDMENT OF THE CORPORATE BY LAWS

Pursuant to the provisions of article 32 of the GAMESA CORPORACIÓN TECNOLÓGICA, S.A. Corporate By-laws, members of the Board of Directors are *"appointed by the General Meeting"* and *"should a vacancy arise during the term of office of a Director, the Board may appoint a shareholder to fill the vacancy until the first General Meeting is held",* always in compliance with the provisions of the Spanish Capital Companies Act and the Corporate Bylaws.

Pursuant to articles 19.5. b) and 23.2 of the Board of Directors Regulations, candidatures for the office of Director submitted by the Board of Directors for deliberation by the Shareholders General Meeting and the appointment decisions made by the said body pursuant to the interim powers conferred by law on the said body shall be preceded by the corresponding proposal by the Appointments and Remuneration Committee in the case of independent Directors, or by a report by the said Committee in the case of all other categories of Directors. Article 23.3 of the Board of Directors Regulations provides that *"where the Board of Directors should reject the proposal or the report of the Appointments and Remuneration Committee, it must state its reasons for this and record the said reasons in the minutes."*

Article 24 of the said Regulations provides that *"the Board of Directors and the Appointments and Remuneration Committee, within the scope of their powers, shall seek to ensure that the proposal and election of candidates corresponds to persons of renowned respectability, solvency, competence, and experience, and this rigour must apply even more strictly in the appointment of persons to the office of independent Director.*

In the case of Directors which are legal persons, the natural person who is to represent them in the exercise of the powers associated with the office of Director shall be subject to the same requirements of respectability, solvency, competence, and experience as stated in the previous paragraph, and the duties incumbent on Directors laid down in these Regulations shall be applicable to said representative personally".

Finally, article 19.5. p) of the Board of Directors Regulations makes it the responsibility of the Appointments and Remuneration Committee *"to ensure that when filling vacancies on the Board of Directors, the selection procedures used are not subject to any implicit bias resulting in any discrimination of any kind.*"

With regard to the re-election of Directors, article 25 of the Board of Directors Regulations provides that *"any proposals for the re-election of Directors that the Board of Directors may decide to submit before the Shareholders General Meeting must be subject to a formal evaluation process, which shall necessarily include a proposal or report issued by the Appointments and Remuneration Committee assessing the quality of the work and the dedication to the office shown by the proposed Directors during their previous mandate.*

For these purposes, the Directors that form part of the Nominations and Compensation Committee will be evaluated by the Committee and the members must abstain from being involved with any deliberations and votes that involve themselves.

The Chairman, the Vice Chairmen, and where appropriate, the Secretary and the Vice Secretary of the Board of Directors who are re-elected as Directors following a resolution of the General Meeting shall continue to hold the offices they held previously within the Board of Directors, without needing to be re-elected, and without prejudice to the powers of revocation held by the Board of Directors in respect of said offices."

The dismissal of Directors is governed by article 27 of the Board of Directors Regulations, which provides that *"Directors shall cease to hold office upon the expiry of the term for which they were appointed (without prejudice to the possibility of being re-elected), and upon a decision in this regard taken by the Shareholders General Meeting in accordance with the powers conferred on it by law and by the by-laws. Likewise, the Board of Directors may propose the dismissal of a Director to the Shareholders General Meeting"*.

The procedures and circumstances with regard to the dismissal shall be those laid down in the Spanish Capital Companies Act and in the Commercial Registry Regulations.

Pursuant to the provisions of Article 27.2 of the Board of Directors Regulations, *"Directors shall tender their resignation to the Board of Directors, and where the Board should consider it appropriate, shall step down-following a report by the Appointments and Remuneration Committee-in the following circumstances:*

> *a) In the case of Directors appointed to represent shareholder interests, where said Directors or the shareholders they represent should cease to hold a significant and stable shareholding in the Company, or where the said shareholders should revoke the representation conferred on the Director.*
>
> *b) In the case of executive Directors, where the Board of Directors should consider this appropriate.*
>
> *c) In the case of external Directors, where they should join the executive line of the Company or any of the Group companies.*
>
> *d) In the case of independent Directors, where they should incur for any reason in any of the circumstances envisaged by Article 8.2 point two of the Regulations, which are incompatible with the status of independent Directors.*
>
> *e) Where, for supervene in reason, they incur in any of the circumstances of disqualification or prohibition envisaged in the current regulations, the Corporate Bi-laws, or these Regulations.*
>
> *f) Where they are charged with an alleged criminal offense, or are served with notice that they are to be tried for any of the offenses listed in the provisions relating to disqualification from holding the office of director envisaged in the Spanish Capital Companies Act, or are the subject of disciplinary proceedings for a serious or very serious offense commenced by the regulatory authorities.*

g) When they cease to hold the executive positions to which their appointment as a Director is associated.

h) Where they should receive a serious reprimand from the Audit and Compliant Committee, or should be punished for a serious or very serious offense by a public authority, for having infringed their duties as Directors.

i) When their remaining on the Board may jeopardise the Company's interests or when the reasons for which they were appointed no longer exist.

j) Where, for reasons attributable to the Directors in their capacity as such, serious harm has been caused to the Company's standing, or they should lose the commercial and special respectability necessary in order to be a Director of the Company."

Rules applicable to the amendment of the Corporate By-laws

The amendment of the GAMESA Corporación Tecnológica, S.A. Corporate By-laws is governed by the provisions of Articles 285 to 290 of the Spanish Capital Companies Act, approved approved by Royal Legislative Decree 1/2010 of July 2 (the "Capital companies Act").

As is stated by Article 16.1.h) of the Bylaws and Article 7 of the Shareholder Meeting Regulations, the authority to amend the bylaws resides with shareholders.

Article 40.2 m) of the Bylaws indicates that the Board of Directors will propose changes to the bylaws to shareholders.

Article 35.3 of Shareholder Regulations indicates that the Board of Directors will prepare proposals for different res9olutions for those matters that are substantially independent, so that shareholders may separately exercise their voting preferences. This rule is particularly applicable in the case of amendments to the bylaws, with votes taken on all articles or groups of articles that are materially different.

Upon the calling of the General Meeting at which the amendment of the bylaws will be proposed, the Company's website will include the complete text of the proposed resolution and the reports from the competent bodies, in accordance with Article 518 of the Spanish Companies Act 2010.

14. POWERS OF ATTORNEY OF THE MEMBERS OF THE BOARD OF DIRECTORS AND, IN PARTICULAR, THOSE RELATING TO THE POSSIBILITY OF ISSUING OR REPURCHASING SHARES

Power-of-attorney granted to Members of the Board of Directors

The Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., at the meeting held on 23 May 2012, unanimously agreed, following a favourable report by the Appointments and Remuneration Committee to appoint Mr. Ignacio Martín San Vicente as Executive Chairman of the Board of Directors and Managing Director, delegating all powers corresponding to the Board of Directors pursuant to law and to the Corporate By-laws to him, with the exception of those that may not be delegated pursuant to law or to the Corporate By-laws. Mr. Martín San Vicente accepted his appointment at the same act.

Powers relating to the possibility of issuing or repurchasing shares

At the date of the approval of this Report, the authorization granted by the Annual General Meeting held on May 28 2010 remains in force, pursuant to which the Board of Directors has powers to acquire treasury shares. There follows below a verbatim transcription of the resolution approved by the Meeting under item 10 the Agenda.

"To expressly authorize the Board of Directors, with express powers of substitution, pursuant to the provisions of article 75 of the Spanish Companies Act, to proceed to the derivative acquisition of shares in GAMESA Corporación Tecnológica, Sociedad Anónima, subject to the following conditions:

a. - Acquisitions may be made directly by GAMESA Corporación Tecnológica, Sociedad Anónima, or indirectly through its controlled companies.

b.- Acquisitions of shares, which must be fully paid up and free from all charges and/or encumbrances, shall be made through sale and purchase transactions, exchanges, or any other method allowed by law.

c. - Acquisitions may be made, at any time, up to the maximum figure allowed by law.

d. - The minimum price for the shares will be their par value and the maximum price may not exceed ten percent (10%) of their listed price on the date of acquisition.

e. - A restricted reserve may be set up in the Company's equity equivalent to the calculated value of the own shares in the assets. This reserve must be maintained for as long as the shares are not disposed of or amortized.

f. - The shares acquired may be subsequently disposed of under such conditions as may be freely agreed.

g. - This authorization is granted for a maximum term of 5 years, and expressly renders of no effect the authorization granted by the Company's Annual General Meeting on May 29 2009, in that part left to run.

For the purposes of the provisions of paragraph two section 1 of article 75 of the Spanish Companies Act, to grant express authorization for the acquisition of shares in the Company by any of the controlled companies subject to the same conditions as under this agreement.

Finally and in relation to the provision of the last paragraph of section 1 of article 75 of the Spanish Companies Act, in the wording thereof given by Law 55/1999 of 29 December, it is stated that the shares acquired pursuant to this authorization may be used by the Company, inter alia, for the purpose of being allotted to employees or directors of the Company, either directly or as a result of the exercise of option rights or any other rights envisaged in the Incentive Plans of which they are the holders and/or beneficiaries pursuant to the provisions laid down by law, the by-laws, or the regulations."

15. SIGNIFICANT AGREEMENTS ENTERED INTO BY THE COMPANY AND WHICH COME INTO FORCE, ARE AMENDED, OR COME TO AN END IN THE EVENT OF A CHANGE OF CONTROL AT THE COMPANY AS A RESULT OF A TAKEOVER BID, AND THE EFFECTS THEREOF, EXCEPT WHERE THE DISCLOSURE THEREOF SHOULD BE SERIOUSLY PREJUDICIAL TO THE COMPANY. THIS EXCEPTION SHALL NOT APPLY WHERE THE COMPANY SHOULD BE UNDER A STATUTORY DUTY TO MAKE THIS INFORMATION PUBLIC.

Pursuant to the framework agreement dated December 21, 2011 (Relevant event 155308) between Iberdrola, S.A. and the subsidiary of GAMESA Corporación Tecnológica, S.A., GAMESA Eólica, S.L. Unipersonal, in the event of any change in control of GAMESA Corporación Tecnológica, S.A. would allow Iberdrola, S.A. to terminate the framework agreement without the parties having any claim against such termination.

Also in accordance with the Joint Venture agreement signed as of July 7, 2014 (Significant Event number 208151) between AREVA, SA and GAMESA Corporación Tecnológica, SA, among other companies within their respective groups, the eventual change in control of GAMESA Corporación Tecnológica, SA in favor of a competitor would authorize the parties to the AREVA group to terminate the agreement, a situation that could lead to the sale of AREVA's participation held by GAMESA in the Joint Venture or, ultimately, to the dissolution and liquidation of that company Joint Venture.

16. ANY AGREEMENTS BETWEEN THE COMPANY AND ITS BOARD MEMBERS OR EMPLOYEES PROVIDING FOR COMPENSATION IF THEY RESIGN OR ARE MADE REDUNDANT WITHOUT VALID REASON OR IF THEIR EMPLOYMENT CEASES BECAUSE OF A TAKEOVER BID.

The Chairman and CEO and some of the members of the executive team at the Company have contractual agreements to receive financial compensation in the event of termination for reasons attributable to the Company and, in some cases, due to the occurrence of objective circumstances, such as a change in control. The financial compensation agreed for such termination consists, in general, of the payment of compensation up to a maximum of three years' salary, depending on personal and professional circumstances and the time at which the agreement was concluded.

In general with regard to non-managerial employees, in the event of the termination of their employment relationship, their contracts do not clearly financial compensation other than as required by current legislation.

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)

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 X**

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 Ciarsolo, 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 %

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 X**

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 X**

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 X**

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 Anómina’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 X**

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 X**

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 X**

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 X**

	% 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 X**

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				
			% distance voting		
General meeting date	**% physical presence**	**% represented**	**Electronic vote**	**Others**	**Total**
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 X**

Number of required shares to attend the general meeting	**1**

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 Ciarsolo, 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 Sagastasoloa, 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

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

otal 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	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. 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). 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). 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.

	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). 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 of Fundación Proyecto Hombre de Pamplona.
Lada Díaz, Luis	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. 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. After a short period in the Superior Board of Scientific Investigations (Consejo Superior de Investigaciones Cientificas) 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

	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. 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. 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.
Aldecoa Sagastasoloa, José María	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. Holds a Degree in Electronic Technical Engineering by the University of Mondragón and PADE (Programa de Alta Dirección de Empresas) by the IESE. 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.

	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. He was also Chairman of the Engineering School of the Univeristy of Mondragón (1998-2002). 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. Currently he holds the position of external independent Director in VISCOFAN, S.A. and member of its Audit Committee.
Arregui Ciarsolo, Juan Luis	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. 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. 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

	Appointment and Remuneration Committee (2004-2010) and Deputy Chairman of the Board of Directors (2006-2010). 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.
Vázquez Egusquiza, José María	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. 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. 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. 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). 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. He has developed an intensive educational and disclosed work.

Moreu Munaiz, Manuel	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. 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). 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. 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. 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. 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.

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 "*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*."

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 X**

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 GAMESA 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 X **No** ☐

Explanation of the rules
Article 7 of the Board of Director's Regulations establishes rules on the number of boards its directors may be a part of: ***"Article 7.- Incompatibilities for becoming a Board member*** *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:* *a) Any person acting in the capacity of administrator of three or more enterprises whose shares are traded on domestic or foreign markets.* *(...)"*

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 Barrnea, 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

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 X**

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.

<u>Selection and appointment procedure:</u>

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 X **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
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: 1. <u>Appointment of one of the Company's independent directors as Vice Chairman</u> 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. 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. 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. 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 the Vice Chairman, given his/her condition of independent director, entails a limit on the accumulation of powers of one person.

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. <u>Evaluation of the Chairman and CEO</u>

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
In accordance with Article 22.4 of the Board of Director's Regulations *"the decisions shall be adopted by an absolute majority of votes cast by present or represented directors, except when they refer to:* *(…)* *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."*

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
Article 22.5 of the Board of Director's Regulations establishes that *"in case of a tie, the chairman of the Board of Directors shall have a casting vote."*

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 X**

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 X**

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 is 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
Article 13.3 of the Regulations of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. establishes *that "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:* *a) Observe the required formal and material legality and comply with the provisions emanating from the regulatory bodies and, where appropriate, with their recommendations.*

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 X **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 X**

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 X **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 X

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
In accordance with the provisions in Article 30 of the Board of Director's Regulations *"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.* *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:* *a) it is not necessary in order to prop performance the functions entrusted to the external directors;* *b) its cost is unreasonable when compared to the importance of the issue and the Company's assets and revenues;* *c) the required technical assistance can be adequately provided by the in-house experts and technicians;* *d) it may entail a risk to the confidentiality of the information that has to be handled."* 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. Regarding the Appointment and Remuneration Committee, to better perform its duties, in accordance with Article 19.12 of the Board of Director's Regulations, *"may request external professional advice, in which case the provisions set forth in these Regulations shall apply."*

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
Article 37.3 of the by-laws, establishes that "*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, tax, telegram, email or any other digital means allowed by law that ensures correct receipt."* Likewise, Article 32.2 a) of the Board of Director's Regulations establishes that directors are required to *"inform and prepare themselves properly for the meetings of the Board and the governing bodies to which they may belong."* Additionally, Article 29 of the Board of Director's Regulations empowers the director to *"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, weather national or foreign.* *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."* Last, we point out that Article 20.2 of the Board of Director's Regulations establishes that *"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."*

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
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. These include cases which may negatively affect the company's credibility/standing and reputation.

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, though 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 X**

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 of 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) 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 X**

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 fr 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 o 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 X 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 X

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 X 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 X 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 X 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 X 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 X 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 mentionedin 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

H 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:

<u>EXECUTIVE DIRECTORS</u>

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 hold 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 hold the posts of Chief Executive Officer (2002-2010) and Executive Deputy Chairman (2010-2011) in the aforementioned company.

Currently he is Independent Director in Bankoa-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 beginnging of 2013 she has hold 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 X

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 consolidated Director’s Report for 2014 of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. authorised for issue by the Board of Directors at its meeting held on February 25 2015 is the content of the preceding 126 sheets of unstamped paper, on the obverse only, and for authentication purposes, bear my signature and that of the Chairman of the Board of Directors.

The directors listed below hereby so ratify by signing below, in conformity with Article 253 of the Spanish Limited Liability Companies Law.

____

Ignacio Martín San Vicente
Chairman and CEO

____

Juan Luis Arregui Ciarsolo
Deputy Chairman

____

Luis Lada Díaz
Member of the Board of Directors

____

José María Aracama Yoldi
Member of the Board of Directors

____

José María Vázquez Egusquiza
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

Madrid, February 25 2015 In witness whereof

Approval of the Chairman

____

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

Gamesa

ANNUAL FINANCIAL REPORT STATEMENT OF RESPONSABILITY

The members of the Board of Directors of Gamesa Corporación Tecnológica, S.A. state that, to the best of their knowledge, the individual annual accounts and the consolidated annual accounts for the fiscal year ended on December 31, 2014, issued at its meeting of February 25, 2015, and prepared in accordance with applicable accounting standards, present a fair view of the assets, financial conditions and results of operations Gamesa Corporación Tecnológica, S.A. as well as of the subsidiaries included within scope of consolidation, taken as a whole, and that the management report supplementing contains a fair assessment of performance and results and the position of Gamesa Corporación Tecnológica, S.A. and of the subsidiaries included within its scope of consolidation, taken a whole, as well as a description of the principal risks and uncertainties facing them.

And in order that this way it consists to the opportune effects, the present declaration is sent in conformity with arranged in the article 8.1.b) of the Royal decree 1362/2007, of October 19

February, 25, 2015.

Ignacio Martín San Vicente Chairman and CEO	Juan Luis Arregui Ciarsolo Deputy Chairman
José María Aldecoa Sagastasoloa Member of the Board of Directors	José María Aracama Yoldi Member of the Board of Directors l
Luis Lada Díaz Member of the Board of Directors	Ramón Castresana Sánchez Member of the Board of Directors
José María Vázquez Eguskiza Member of the Board of Directors	Sonsoles Rubio Reinoso Member of the Board of Directors
Carlos Rodríguez-Quiroga Menéndez Member-Secretary of the Board of Directors	